

RESOLUTION NO. 2593

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YREKA
SETTING FORTH THE APPROPRIATIONS LIMIT FOR THE
CITY OF YREKA FOR FISCAL YEAR 2006-2007

WHEREAS, Article XIII B of the Constitution of the State of California as implemented by SB 1352 of 1980 and amended by Proposition 111 of 1990 specifies that the total annual appropriations limit of the City shall be adjusted for the change in population and the change in cost of living; and

WHEREAS, the Department of Finance has provided the population estimate for the City of Yreka as of January 1, 2006; and

WHEREAS, the annual percentage change population estimate for the City of Yreka is -0.94% and the change in the California per capita personal income is 3.96%.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Yreka that it does determine that the appropriations limit for Fiscal Year 2006-2007 is \$12,187,402. Appropriations subject to the Gann Limit are \$7,061,617.

Passed and adopted this 1st day of June, 2006, by the following vote:

AYES:
NAYS:
ABSENT:

Rory McNeil, Mayor

APPROVED AS TO FORM:

Mary Frances McHugh
City Attorney

ATTEST: _____
Liz Casson, City Clerk

RESOLUTION NO. 2594

A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF YREKA ADOPTING
THE BUDGET FOR FISCAL YEAR 2006-2007

WHEREAS, it is the desire of the City Council to adopt the 2006-2007 budget,

NOW THEREFORE, BE IT RESOLVED that the proposed budget for the 2006-2007 fiscal year consisting of Estimated Revenues of \$16,745,246 and Personnel, Operating, and Capital Outlay of \$17,379,222; is hereby adopted and shall be the financial plan for the 2006-2007 fiscal year. Expenditures of City funds are hereby authorized under this budget plan, titled "City of Yreka Fiscal Year 2006-2007 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 1st day of June, 2006, by the following vote:

AYES:
NOES:
ABSENT:

ATTEST:

by _____
Liz Casson, City Clerk

Rory McNeil, Mayor

APPROVED AS TO FORM

Mary Frances McHugh,
City Attorney

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City of Yreka 2006-07 Projected Budget City Manager's Comment and Budget Narrative

The City Manager and Finance Department are pleased to present the City Council and the Citizens of Yreka the Annual Budget for 2006-07. The budget was prepared with input from the City of Yreka department managers. In considering the budget it is important to step back and look at fiscal year 2005-06 and recall three key events in looking forward to 2006-07.

[1] In late December of 2005, the rainstorms and subsequent flood damage affected the whole County and the City. A tremendous amount of effort and overtime from the public works crew led to the immediate cleanup, assessment, and work to repair the damage to roads and parks. At the landfill, the public works crews labored long days and weekends to mitigate leachate outbreaks. Meanwhile, preliminary damage estimate for repairs at the Waste Water Treatment Plant's effluent disposal area is \$350,000. Public works is continuing to work closely with FEMA to recover allowable costs for the damage and repair to these City facilities.

[2] The City experienced a delay in the receipt of grant contracts from the State after the issuance of award letters. Until signed contracts are received, the City lacks the authorization to move forward on those projects. Most notably is the CDBG Sewer Rehabilitation \$1 million project. Also delayed was the Workforce Housing Grant for 2005-06 for \$213,177 and the Department of Water Resources Urban Streams Project Grant for \$300,000. Therefore many of the dollars budgeted in 2005-06 are brought forward to 2006-07 for the continuation of those projects.

[3] In 2005-06, the City experienced a high level of turnover in staffing. The unprecedented turnover ratio required management's effort to recruit and train the new personnel, while staffing shortages during the year affected the entire organization.

Successes to celebrate in 2005-06 include

- Settlement agreements with all but one of the City's bargaining units for 3 year contracts. The agreements include excellent Cost of Living Adjustments (COLA).

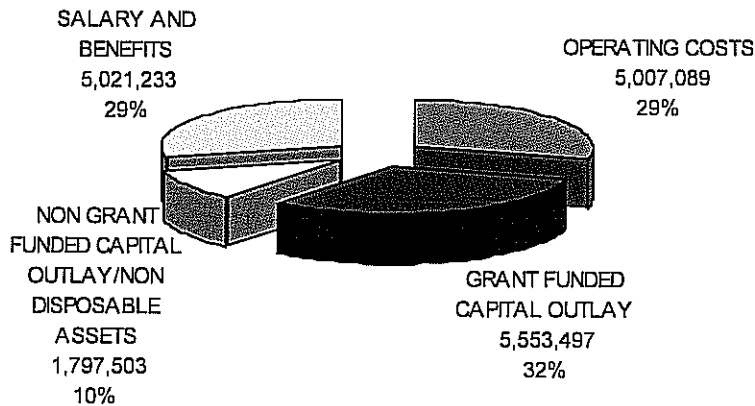
- The City also worked with the employee organizations to cap medical insurance at the end of the Year 3.
 - The award of a bid for park maintenance services to a local business.
 - Work on the Arboretum is to begin with the settlement of a lease with the Trailriders and Sheriff's posse to allow the use of that area for the arboretum.
 - Acquisition of the Blacks building and establishment of a Downtown Revitalization Committee.
 - The City received a \$300,000 Department of Water Resources grant for appraisal and negotiations to purchase key properties for the Yreka Greenway project. The grant funding will enable the City to accomplish a significant amount of flood-damage prevention projects.
 - A bid was awarded and work has commenced on the CDBG PTA for GIS Base mapping.
 - The Building Dept. continues to issue record number of construction permits and performance of inspections.
 - Water Master plan has been completed identifying critical future needs
 - Storm Drain Master Plan has been completed along with an application for a \$5 million grant to upgrade the system.
 - The City acquired the Yreka Community Portable Stage in partnership with community sponsors and a Ford Foundation Grant.
 - Motor starters, that are expected to reduce utility costs at the Fall Creek pump station, were installed.
 - The Greenhorn Park reclamation plan has been completed with active grants for implementation.
 - Nearing completion is the construction of affordable housing units off Foothill Drive.
 - Yreka Municipal code converted to electronic format and made available online.

Budget Highlights for 06-07

Grant Awards:

Highlights of the budget include the continued diligence of the City to leverage public dollars with grants awards. Capital improvements and operating grants would not be included in this budget if it were not for the successful and continued efforts of City staff to obtain these grants. (Chart 1)

**Chart 1
2006-2007
Total Budget Expenditures**



Additional information on pending and approved grants can be found in the grant supplement section, immediately following budget narrative, Supplement 1. Over 63% of the Grant funded projects relate to street repair and transportation projects. Supplement 2, is report on street maintenance for the City by the Public Works Director, Steve Neill.

General Fund Revenue Projections:

Revenue highlights include strong income from the building department. The elimination City's property tax offset to payoff the State bonds (Statewide Prop A) and optimistic projections for Sales Tax and Transit Occupancy Tax (TOT) revenue increased general fund tax revenue by \$230 thousand over 2005-2006 projections. (Table 1)

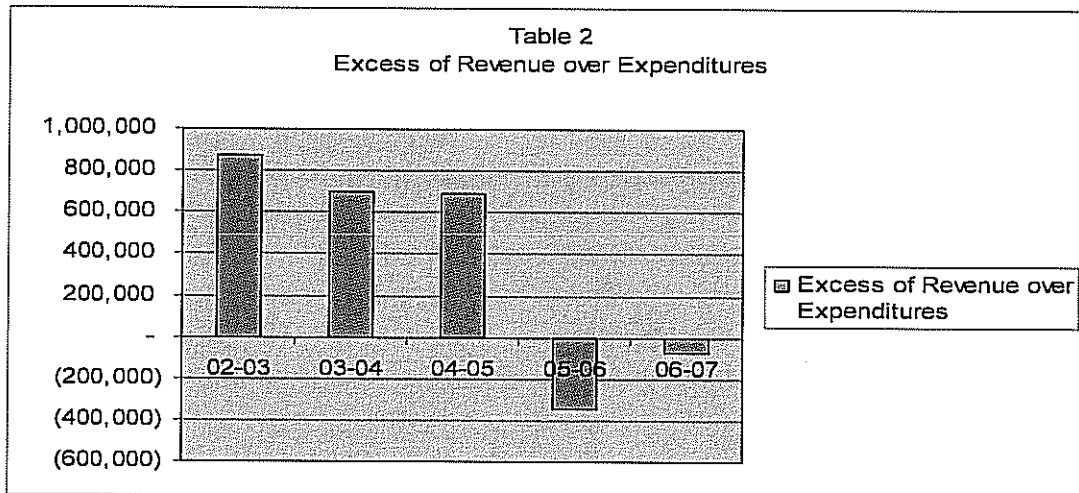
Table 1 General Operating Fund - Fiscal Year Main Stream Revenue Comparison		Actuals Fiscal Year 03-04	Actuals Fiscal Year 04-05	Operating Budget 05-06	Proposed Budget 06-07
Property Tax		674,178	644,592	650,000	725,000
Transient Lodging		355,321	607,645	600,000	625,000
Sales Tax		1,772,464	1,682,590	1,700,000	1,800,000
Franchises		143,097	218,104	215,000	200,000
Business Licenses		67,128	69,994	70,000	80,000
Animal Licenses		9,336	9,324	9,500	9,500
Building Permits		41,301	179,318	125,000	150,000
Motor Vehicle License Fees		329,024	⁽¹⁾ 579,291	450,000	450,000
Triple Flip In Lieu Sales Tax		N/A	⁽²⁾ 375,056	440,000	450,000
SubTotal General Fund Mainstream Revenue		3,391,850	4,365,914	4,259,500	4,489,500

(1) Includes one-time proceeds of \$109,442.14 from the sale of the VLF note receivable.

(2) Includes the tax shift impact of the Triple Flip in Lieu Sales Tax, whereas the State is withholding of 0.25% Sales Tax, that is offset by the Property Taxes ERAF shift to in-lieu Sales Tax that is payable to the City as in-lieu Sales Tax.

Enterprise Fund Revenue:

Use fee revenue is not keeping up with the infrastructure costs of maintaining the City's water and sewer systems. A proposed Rate Study will assist in determining a fee schedule to sustain current and future services, as well as to determine the revenues necessary to support ongoing maintenance. To date the City has been extremely diligent in pursuing grants and loans to finance water and sewer improvements. (Table 2)



Expenditure Control:

Staff is working hard to keep expenditures under control while continuing to maintain the historic levels of service that the citizens of Yreka have come to expect and rely upon. The balancing of services with resources continues to challenge most notably the Fire, Police and Public Works departments.

The City negotiated a three-year contract with four of five bargaining units. The City is currently in negotiations with YCEA, however no settlement or COLA assumptions have been included in the projected budget for 2006-07. A budget revision will be presented for City Council's review and approval following the settlement of negotiations with that represented group. The City is continuing to explore cafeteria plans, and has capped, in the settled contracts, the employer cost of medical benefits in the final year of the agreement. This is in response to the increased pressure of rising costs for defined benefit plans and medical insurance, which negatively affect the City's ability to increase salaries.

Horizon Issues:

Not reflected in the budget, but of concern, to the City are the following three issues:

[1] The City is exploring conversion of the Landfill to a transfer station, similar to the Black Butte Landfill in operation in south Siskiyou County. The City, in cooperation with co-owners, the County of Siskiyou, would need to invest several million dollars of capital outlay for such a conversion.

[2] The enterprise funds, particularly sewer services, are not keeping pace with the annual maintenance costs and debt servicing. In the coming year an independent evaluation will assess the cost of services and associated fee revenue.

[3] Fire protection services continue to be problematic, as the City cannot afford the capital outlay to acquire the equipment to maintain current ISO required standards. The City is continuing to look at the feasibility of a general assessment tax or the creation of a special fire assessment district for Fire Protection Services.

City of Yreka - Supplement 1
Report of Grants
As of May 20, 2006

Grants Budgeted 06-07 Active and in Process

- (SubFund 101) 2002 Resources Bond Act, 2002 Bond Act Per Capita (Prop. 40 Parks and Recreation) Revenue \$303,810
 - Miner Street Park Restroom \$102,585
 - Downtown Plaza Restroom \$104,385
 - Lewis Park Playground (spent \$28,056) budgeted 06-07 \$20,000
 - Ringe Park Playground (spent \$29,049) budgeted 06-07 \$20,000
- (SubFund 650) Roberti Z'berg-Harris Non Urban Needs
 - 2000 Parks Bond Act - YMCA finalization Expenses \$12,000 Revenue \$76,600
 - 2002 Resources Bond Act -Greenhorn Park Pedestrian Bridge \$423,000 (\$296K State, \$42,286 Crandall, and \$84,714 General Fund)
 -
- (SubFund 101) Work Force Housing Grant (WFHG) 2005-06 Revenue \$213,177
 - Theatre Projects
 - ADA restroom \$46,000
 - Parking Lot \$40,000
 - Storage Room \$35,000
 - Sound System upgrade \$3,500
 - Green Room backstage \$2,000
 - Remaining Lighting \$2,500
 - Completed in 05-06 Oleo act Drapes \$4,132, Storage Lockers \$950, Partial Lighting \$2,000
 - City Hall HVAC \$52,227 (bid specifications being prepared)
 - YPD Windows (completed 05-06 \$15,000)
 - Community Center \$10,500
 - Oven (Completed 05-06 \$4,585)
 - Construction of small office (completed 05-06 \$5,915)
- (SubFund 101 – Dept 40) Yreka Urban Stream Grant \$5,000 (05-06 spent \$12,000 appraisals and \$8,500 Young Property acquisition) City Match to Yreka Urban Streams \$300,000 DWR grant (see below)
- (SubFund 434) Arboretum USDA Grant \$23,565 required match \$44,258, Arboretum group will apply to Shasta Regional Community Found (McConnell) \$26,863 to offset City Match (unsuccessful appl. in 04-05). City in kind services \$17,000
- (SubFund 650) TEA Bikepath (Federal STIP \$227,000, Fed old STIP \$215,350, State STIP \$30,000, City Match from LTC SubFund 254) \$43,000 Project Est. \$500,000
- (SubFund 650) STIP Greenhorn Road \$638,000 (Construction Phase)
- (SubFund 650) STIP Oberlin Road \$388,000
- (SubFund 650) STIP Fairlane Road \$642,000

- (SubFund 650) STIP Cape Seal \$602,000
- (SubFund 650) STIP 4th Street Rehabilitation – Design Grant \$25,000
- (SubFund 650) STIP Various Collector & Residential Streets Rehab – Design Grant \$50,000
- Transit Buses, pending CTC Fund allocation in June, STIP –UTA, \$250,000
- (SubFund 101 – Dept 6) CDBG PTA GIS Base Mapping \$35,000 award; expected cost \$65,000 (\$32,000 budgeted 06-07)
- (SubFund 302) CDBG PTA WWTP Expansion Study \$35,000 award, budgeted \$50,000
- (SubFund 651) 2005-06 Economic Development Grant \$300,000 multi-year, budgeted \$100,000 from 03-04 Grant and \$0 in 05-06. Divert \$140,000 Program Income to CDBG Ph3 Sewer Rehabilitation.
- (SubFund 651) *Pending Award Notification Letter*– Safe Schools \$375,300 State, \$41,700 Match (Streets SubFund 251) – Project Cost \$417,000
- CDBG 3 Year Grant (Years 1 & 2 are Budgeted)
 - (SubFund 302) \$1 million sewer rehabilitation with EDBG match of Program Income revenue of \$140,000
 - (SubFund 650) Housing Rehab (for 2007-08 budget \$500,000)
- (SubFund 700) SCADA software grant \$15,000

Recurring Operating Grants

- (SubFund 670) Sr. Programs Revenue Federal & State \$121,183, User Donations \$51,200 and Public Donation \$12,750, Volunteer Hours \$22,998, GF Cash Contribution \$92,222 and GF In kind (Building and Ins.) \$33,400
 - Expenses C1 Congregate Dining \$137,569, C2 \$104,033, IIB Sr. Transportation \$97,044
 - Total Program Rev and Exp \$338,646
- (SubFund 101 – Dept 20) OTS Seat Belt Grant \$3,000
 - Officer O/T \$3,000
- (SubFund 101 – Dept 19) COPS Supplement \$100,000, Community Police
 - Grant funds 2 officers, GF Match \$31,363
- (SubFund 101 – Dept 20) Prop. 172 (1/2% sales tax for safety) \$32,000
 - Funds are used to purchase and outfit one patrol car.

Other Community Promotional in 06-07 Budget

- (SubFund 101 – Dept 40) Ponytail Bathrooms City Match \$5,000 expense, no revenue
- (SubFund 437) DARE \$13,604 expense
- (SubFund 440) K-9 \$4000 expense (canine provision only does not include officer training costs)
- (SubFund 405) Channel 4 expense (\$23,868)
- (SubFund 101 – Dept 9) Chamber Rent and Support expense (\$8,500 rent and \$55,000 support)

Other Matched Funding Included in 06-07

- (SubFund 302) FEMA repairs WWTP \$350,000
- Greenhorn Park Bridges – FEMA repairs \$166,000
- Raymond Street Bridge Abutment – FEMA repairs, \$34,000

Not Budget and Pending Approval or if approved a Contract has been received or signed.

- Yreka Creek Urban Streams Restoration (DWR)
 - \$300,000; budgeted 06-07 \$0; budget amendment when contract received.
- Yreka Creek Greenway Development and Acquisition, River Parkways Grant \$1.3 million (Prop. 50)
 - 06-07 budget \$0, budget amendment when contract received.
- WFHG Partial Grant Application Included as final funding dollars are not known; applied for \$355,200. Propose budget amendment when contract is received.
 - Ringe Pool & Bathhouse Rehab \$100,000 (this was included in 06-07 budget)
 - Office Space Rehab \$15,000
 - Pave and Stripe Community Parking \$50,000
 - Yreka Community Theatre and Exterior Improvements \$179,500
- City Hall Storm Drain Demonstration Project
 - *Part 1 - City Hall demonstration storm drain \$29,350 w/ Shasta Regional (McConnell) – Received notice grant was denied.*
 - Part 2 – Ford Foundation \$47,310
- Yreka Creek Greenway Project \$1,741,196 Grant Request, Project Cost \$2,299,796 (St of CA Resources Agency - Prop 50)
 - Development Project \$835,225
 - Property Acquisition \$312,046
 - Floodplain restorations \$154,500
 - Planning/design and project admin \$351,875
- Storm Water Attenuation (Prop. 40) Grant Application (\$5 Million), possible city match of up to 25% - waiver requested, anticipate match with RAC Ecological Stormwater Mitigation Grant and City Funds of approximately \$100,000 over 2.5 years for grant admin, survey, legal, and starting the environmental review
- RAC Ecological Storm Drain Mitigation Grant \$81,400 (City Match \$57,000 – Storm Drain Master Plan) total project \$138,400 – (this is peripherally related to City Hall Storm Drain Demonstration project, and directly related to the Storm Water Attenuation grant proposal)
- FHWA repairs Streets Oberlin \$406,500
- FHWA repairs Fairlane \$305,725

CITY OF YREKA

INTEROFFICE MEMORANDUM

TO: Mayor and Councilmembers

FROM: Steve Neill, Director of Public Works

SUBJECT: Street Maintenance

DATE: May 18, 2006

INTRODUCTION

The Department of Public Works, Maintenance Division, is responsible for maintaining approximately 52 miles of streets. This includes all the streets in the City except State Route 3, State Route 263, and a small number of private streets. Caltrans maintains the two State Routes that include sections of the streets commonly known as Main Street, Fort Jones Road and Montague Road that are within the City Limits.

The street maintenance activities that are typically performed by the Department include street sweeping, patching, crack sealing, controlling weeds, repairing sidewalks, repairing curb and gutter, removing snow, striping, maintaining signs and street lights, maintaining records, responding to complaints and public inquiries, administering agreements and coordinating activities with Caltrans and Siskiyou County, engineering, managing the design and construction of capital improvement projects and development projects, and applying for and managing State and Federal transportation funds.

PAVEMENT MANAGEMENT SYSTEM

In 2001, a Pavement Management System was prepared for the City. All streets were inspected, rated, and assigned a pavement condition index. A treatment and year for the treatment was recommended for each street, and a cost for the treatment was estimated. At that time, the estimated cost to bring all the streets up to a "maintainable condition" was approximately \$8.5 million. If that could have been done or could be done now, major expenditures would still be needed each year to keep the streets in a "maintainable condition".

The Pavement Management System has been used as one of the criteria for spending the gas tax funds received from the State. It has also been used as the basis for selecting streets for State and Federal funds such as State Transportation Improvement Program (STIP) and Regional Transportation Planning Agency (RTPA) Exchange funds.

The Pavement Management System is due to be updated. However, we do not want to spend the money to do this yet, because we are still waiting for close to \$5 million for projects originally programmed in the 2000 and 2002 STIP's. We may be able to delay expenditure for updating

the System until we receive the money to complete these projects and have an opportunity to apply for additional funds.

CURRENT MAINTENANCE ACTIVITIES

The unusually large amount of rain last winter was very hard on the streets. There were many more potholes created, and sometimes recreated, than during a normal winter. We spent a lot more time and materials than we usually do to patch potholes. We are continuing to patch potholes with cold-mix asphalt concrete. When the local asphalt concrete plant opens this spring or early summer, we will do more extensive patching with hot-mix asphalt concrete.

We typically seal cracks in the streets every winter. This has not been done the last couple years because of staff shortages and the flood response and restoration work last winter. We plan to do this next winter.

FLOOD REPAIR PROJECTS

We have applied to the Federal Emergency Management Agency (FEMA) for reimbursement of approximately \$15,000 of maintenance staff time to respond to and repair flood damaged streets. This work was mainly repairing potholes.

We have also applied to the Federal Highway Administration (FHWA) for approximately \$407,000 for Oberlin Road and \$306,000 for Fairlane Road. These funds would pay to reconstruct portions of these streets that were damaged by the flood.

CURRENT CITY-FUNDED PROJECTS

The following projects are in this year's budget and are funded with gas tax monies:

Foothill Drive Chip Seal	\$69,000
E. Lennox Street, Herzog to Allen, S. side improvements	\$77,000
Oregon Street, Jackson to Miner, Chip Seal	\$43,000

The Oregon Street project and a portion of the Foothill Drive project will be completed by June 30, 2006. The remaining part of the Foothill Drive project will be completed next fiscal year. We were able to defer the Lennox Street project by performing work with our staff.

CURRENT STATE AND FEDERALLY FUNDED PROJECTS

We are advertising for bids for the Downtown Bicycle/Pedestrian Project. It will construct bicycle and pedestrian facilities along Foothill Drive, Miner Street, and Center Street, between Main Street and the Siskiyou Family YMCA. The project will be completed this summer at an estimated cost of \$527,500. The funds are from the federal Transportation Enhancement Activity (TEA) and Transportation Enhancement (TE) programs.

STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP) PROJECTS

The City has nine current STIP projects. The Greenhorn Road Reconstruction Project was programmed in the 2000 STIP and the other eight were programmed in the 2002 STIP. All of the projects were reprogrammed into the 2004 STIP because the State did not have the money to fund them. At the California Transportation Commission (CTC) meeting on April 27, 2006, some of the projects that were on the Projects Pending List were approved for funding and some were programmed in the 2006 STIP. As a result of the action taken by the CTC, the schedule for the projects is as shown below.

<u>Project</u>	<u>Engineering</u>	<u>Engineering</u> <u>Cost</u>	<u>Construction</u>	<u>Construction</u> <u>Cost</u>	<u>Total Cost</u>
Greenhorn Rd Reconstruction	Completed		FY 05-06	\$638,000	\$638,000
Oberlin Road Overlay	FY 05-06	\$58,000	FY 05-06	\$386,000	\$444,000
Fairlane Road Overlay	FY 05-06	\$45,000	FY 05-06	\$640,000	\$685,000
Collector & Residential Cape Seals	FY 05-06	\$25,000	FY 05-06	\$600,000	\$625,000
Collector & Residential Rehab.	FY 05-06	\$50,000	FY 10-11	\$1,032,000	\$1,082,000
Fourth Street Overlay	FY 05-06	\$25,000	FY 09-10	\$545,000	\$570,000
Hwy 3 & Ager/Quarry Lt. Turn Lane	Completed		FY 06-07	\$219,000	\$219,000
Oregon St Overlay	FY 09-10	\$30,000	FY 10-11	\$351,000	\$381,000
Bruce St Overlay	FY 09-10	\$25,000	FY 10-11	\$312,000	\$337,000
TOTALS		\$258,000		\$4,723,000	\$4,981,000

It is great that funds have finally been approved for our one remaining project from the 2000 STIP, Greenhorn Road Reconstruction, and three of the projects from the 2002 STIP. The engineering for three of these projects has to be completed and the contracts for construction of all four projects have to be awarded by October 27, 2006. This is an unusually large amount of work to complete in less than six months.

STREET MAINTENANCE BUDGET

The City receives approximately \$165,000 to \$170,000 every year in gas tax funds. It also receives Local Transportation Funds that are remaining after Siskiyou County meets its transit needs. These funds have varied between approximately \$32,000 and \$81,000 per year for the last six years. These funds could be reduced to nothing if the cost of the County operating the STAGE public transit continues to rise as projected.

The Street Maintenance Budget has ranged from approximately \$380,000 to \$700,000 per year for the last three years.

The figures in the above two paragraphs show that the General Fund has to contribute approximately \$200,000 to \$400,000 every year to augment the Gas Tax Funds the City receives in order to maintain the streets at the level that they have been maintained at for the last three years.

A CURRENT ISSUE

Yreka Transfer Company recently purchased larger and heavier trucks to pick up and haul municipal solid waste in the City. The trucks have created more damage to our streets due to their heavier weight.

The City has an agreement with Yreka Transfer Company that allows it to collect municipal solid waste and transport it to the Yreka Landfill. Yreka Transfer Co. pays the City 2% of its gross receipts for the right to do this. It generated approximately \$20,500 last fiscal year and is estimated to generate approximately \$24,500 this fiscal year in revenue for the City. The revenue has historically been designated for street maintenance.

The Department of Public Works recommends that the Council raise the fee when the agreement terminates on November 30, 2009, or sooner if possible. The additional revenue would help to pay for the additional damage that the trucks are doing to the streets.

CONCLUSION

Generally, the streets in the City are not in good condition and are not in a "maintainable condition." The majority of the maintenance recommended in the Pavement Management System has not been completed in the last five years because of the lack of gas tax and general fund money, and we have not received funds from the State for projects originally programmed in the 2002 STIP. We have been reluctant to spend significant amounts of money from the gas tax fund until we get the STIP funds from the State, because the streets in the worst condition are included in the STIP projects.

The Department of Public Works will continue to maintain the streets in the best condition it can with the resources it has. We will use the gas tax funds as efficiently as possible. We will also continue to try to get the STIP funds from the State and seek other sources of funds. Council may have to consider implementation of a "street fee" at some time in the future.

PROJECTED BUDGET: 2006-07

GLOSSARY OF BUDGET TERMS

ACCOUNT – A classification of expenditure or revenue. Example: "Office Expense" is an account in "Services and Supplies."

APPROPRIATION – An authorization granted by the City Council to make expenditures and to incur obligations for specific purposes. An appropriation expires at the end of the fiscal year.

APPROPRIATION LIMITS – Proposition 4 (November 1979) limited City-allowable expenditures to those budgeted in FY 1979 with annual increases for population and cost of living. This is also known as the "Gann limit."

ASSESSED VALUATION – A valuation set upon real estate or other property by the County or State Board of Equalization as a basis for levying taxes.

AUTHORIZED POSITIONS – Positions approved by the City Council and included in the City's Salary Resolution.

AVAILABLE FINANCING – All the components of financing a budget, including available fund balance, revenues, equity transfers and reductions of reserves.

AVAILABLE FUND BALANCE – The amount of fund equity available to finance the budget after deducting encumbrances, reserves and designations which identify limitations of its availability.

BUDGET – The planning and controlling document for financial operation with estimates of proposed expenditures and revenues for the fiscal year.

CAPITAL PROJECT – A program itemizing the City's acquisitions, additions and improvement to fixed assets, including buildings, building improvements and land purchases.

CHARGES FOR SERVICES – Revenues resulting from fees for services provided to businesses, individuals and other governmental agencies.

COLA – Cost of living adjustment.

COST CENTER – A grouping of accounts, generally by department, to record expenditures of salary, benefits, departmental operations and capital outlay.

CONTINGENCY – An amount not to exceed a designated percent of specified appropriations of the fund in which it is allocated, appropriated for unforeseen expenditure requirements.

CONTRACTED SERVICES – Expense of services rendered under contract by personnel who are not on the payroll of the City, including all related expenses covered by the contract.

NON-DEPARTMENTAL REVENUES – The main operating funds of the City's General Fund accounting for expenditures and revenues for Citywide activities.

DEPARTMENT – An organizational device used by City management to group programs and activities of like nature.

DESIGNATION – For government fund types, a segregation of a portion of the unreserved fund balance to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies, equipment replacement or financing receivables.

EMPLOYEE BENEFITS – Amounts paid on behalf of employees; these amounts are not included in the gross salary. Fringe benefit payments, while not paid directly to employees, are a part of the cost of salaries and benefits. Examples are group health or life insurance payments, contributions to employee retirement, Social Security taxes, workers' compensation payments and unemployment insurance payments.

ENTERPRISE FUND – A fund established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

E.R.A.F. – Refers to the Educational Revenue Augmentation Fund was first established by the State of California in FY 1992-93. This fund was established by the State to allow distribution of property tax funds that were shifted from cities, special districts and the County to offset cuts in State revenues to schools.

E.R.A.F. III: ERAF III is a two year (FY 04-05, and FY 05-06) property tax revenue reduction and shift to the State in exchange for Support for measure A. The revenue shift will be implemented through a temporary reduction in the City's local property tax allocation and a corresponding contribution to the County ERAF fund. The County ERAF fund provides for distributions back to the Cities for the Triple Flip and VLF Swap.

EXPENDITURE – The payment for the cost of goods delivered or services rendered during the fiscal year.

FINAL BUDGET – Approved legal spending plan for a fiscal year.

FISCAL YEAR – Represents the twelve-month period for which a budget is prepared. The fiscal year runs from July 1 through June 30.

FIXED ASSET – A tangible item of a long-term character such as land, buildings, furniture and other equipment with a unit cost in excess of \$5,000.

FUNCTION – A group of related budget units aimed at accomplishing a major service for which a governmental unit is responsible. The State Controller specifies these designations. Example: "Public Protection" is a function.

FUND – An independent fiscal and accounting entity with a self-balancing set of accounts. Revenue from property tax as well as other sources is deposited in the General Fund for the support of a wide variety of activities. Other revenues are deposited in special funds which support appropriations for limited purposes. Examples are the Gas Tax and LTC funds which exist to segregate money that is legally required to be expended for specific purposes.

FUND BALANCE – The excess balance of assets of a fund over its liabilities. A portion of this balance may be available to finance the succeeding year's budget. "Carryover" or "Carryover Funds" are terms synonymous with Fund Balance.

GASB 34 – GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, provides a new look and focus of reporting public finance. Under the new standard, anyone with an interest in public finance—citizens, the media, bond raters, creditors, legislators, and others—will have more and easier-to-understand information about their governments. Among the major innovations of Statement 34, governments will be required to:

- Report on the *overall* state of the government's financial health, not just its individual "funds"
- Provide the most complete information ever available about the cost of delivering services to their citizens
- Include for the first time information about the government's public infrastructure assets—such as bridges, roads, and storm sewers
- Prepare an introductory narrative section analyzing the government's financial performance.

GENERAL FUND – The main operating fund of the City. The use of this fund is unrestricted.

GENERAL RESERVE – An amount in a fund used to meet cash requirements, emergency expenditures, or future defined requirements. A reserve is not an appropriation, and there is no limitation on the amount of reserve that can be established.

GRANT – A contribution from one governmental unit to another - usually made for a specific purpose and time period.

INTRAFUND TRANSFER – An account used to budget for transfers of costs between budget units in the same fund. Intrafund transfers are used to distribute staff costs for budgetary and internal operating statement purposes.

MANDATED PROGRAMS – Mandated programs are those programs and services which the City is required to provide under specific State and/or Federal law.

MATCH – The term "match" refers to the percentage of local discretionary City monies in the General Fund which, by law, must be used to match a certain amount of State and/or Federal funds.

NEGOTIATED SALARY ADJUSTMENTS – Employee salary adjustments as approved by the City Council under contracts (Memorandum of Understanding) with the City's five bargaining units.

PROGRAM REVENUE – Revenue which is derived from and dedicated to specific program operations.

PROJECTED BUDGET – The City Manager's annual recommended budget to the City Council.

PROPOSITION 172 – Proposition 172, passed in November 1993, established a ½ cent sales tax to be used to fund eligible public safety activities. The Police Department is eligible for funding under this proposition.

REAL PROPERTY – Land and the structures attached to it.

REIMBURSEMENT – Payment received for services/supplies expended for another institution, agency or person.

RESERVE – An account used to earmark a portion of fund equity which is legally or contractually restricted for future use, or not available for expenditure.

RETAINED EARNINGS – An equity account reflecting the accumulated earnings of an Enterprise or Internal Service Fund.

REVENUE – Money received to finance ongoing City services. Examples: property taxes, sales taxes, fees and State and Federal grants.

SALARIES AND EMPLOYEE BENEFITS – An object of expenditure which establishes all expenditures for employee related costs.

SALARY SAVINGS – The dollar amount of salaries which can be expected to be saved due to vacancies and turnover of employees.

SERVICES AND SUPPLIES – An object of expenditure which establishes expenditures for the operating expenses of City departments and programs.

SPECIAL DISTRICT – Independent unit of local government generally organized to perform a function(s) for a specific area. Examples: street lighting, waterworks and libraries.

SPENDING LIMITS – Refers to the Gann Initiative (Proposition 4 on the November 1979 ballot) which imposed limits on the allowable annual appropriations of the State, schools, and most local agencies. The limit is generally prior year appropriations factored by Consumer Price Index and population changes.

SUBVENTION – Payments by an outside agency (usually from a higher governmental unit) for costs which originate in the City.

TRIPLE FLIP - Prior to 03-04 cities have generally received 1% of Bradley Burns state-wide sales tax, however, as of 7/1/04 the State reduced this to 0.25% with a dollar for

dollar allocation of local property tax from the County ERAF funds. The 0.25% is to pay for the State's Economic Recovery Bonds.

UNINCORPORATED AREA – The areas of the County outside city boundaries.

UNFUNDED MANDATE – An unfunded mandate is a requirement imposed by Congress or other governmental agencies on state and local governments with no funding to pay for it.

UNREIMBURSED COST – The difference between total appropriations and total revenues for a given department.

VLF SWAP – Vehicle License Fees previously assessed Motor Vehicle License fees at 2% of value, but during 03-04, the State dropped this fee from 2% to 0.67%. Except for the first three months of the year, the State has back-filled this fee reduction with additional allocation of local property tax from County ERAF fund.

RESOLUTION NO. 2594

A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF YREKA ADOPTING
THE BUDGET FOR FISCAL YEAR 2006-2007

WHEREAS, it is the desire of the City Council to adopt the 2006-2007 budget,

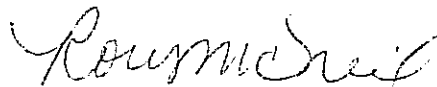
NOW THEREFORE, BE IT RESOLVED that the proposed budget for the 2006-2007 fiscal year consisting of Estimated Revenues of \$16,745,246 and Personnel, Operating, and Capital Outlay of \$17,379,222; is hereby adopted and shall be the financial plan for the 2006-2007 fiscal year. Expenditures of City funds are hereby authorized under this budget plan, titled "City of Yreka Fiscal Year 2006-2007 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 1st day of June, 2006, by the following vote:

AYES: Amaral, Bennett, Greiner, Harms, & McNeil

NOES: None

ABSENT: None



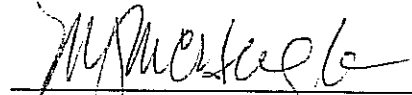
Rory McNeil, Mayor

ATTEST:

by 

Liz Casson, City Clerk

APPROVED AS TO FORM



Mary Frances McHugh,
City Attorney

RESOLUTION NO. 2593

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YREKA
SETTING FORTH THE APPROPRIATIONS LIMIT FOR THE
CITY OF YREKA FOR FISCAL YEAR 2006-2007

WHEREAS, Article XIII B of the Constitution of the State of California as implemented by SB 1352 of 1980 and amended by Proposition 111 of 1990 specifies that the total annual appropriations limit of the City shall be adjusted for the change in population and the change in cost of living; and

WHEREAS, the Department of Finance has provided the population estimate for the City of Yreka as of January 1, 2006; and

WHEREAS, the annual percentage change population estimate for the City of Yreka is -0.94% and the change in the California per capita personal income is 3.96%.

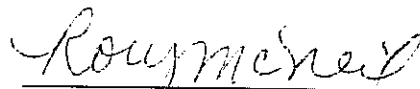
NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Yreka that it does determine that the appropriations limit for Fiscal Year 2006-2007 is \$12,187,402. Appropriations subject to the Gann Limit are \$7,061,617.

Passed and adopted this 1st day of June, 2006, by the following vote:

AYES: Amaral, Bennett, Greiner, Harms & McNeil

NAYS: None

ABSENT: None



Rory McNeil, Mayor

APPROVED AS TO FORM:



Mary Frances McHugh
City Attorney

ATTEST:



Liz Casson, City Clerk