

June 10, 2004

Honorable Mayor and Members of the City Council:

I am pleased to submit the Fiscal Year 2004-2005 Preliminary Budget and Financial Plan for City Council review and consideration. This year's proposed budget projects that **General Fund expenditures will exceed General Fund revenues by \$3,136,282**. The Preliminary Budget includes the use of prior years' reserves dedicated for the **Senior Center (\$1,850,174)** and **Downtown / Open Space (\$744,319)**. The Preliminary 2004-2005 Budget also includes a carryover of **\$613,524** from the projected 2003-2004 year-end surplus for capital projects which are in progress but will not be completed in Fiscal Year 2003-2004. Including Net Transfers of **\$219,978**, Staff projects a 2004-2005 net year-end surplus of **\$291,713** in the General Fund.

### **2004-2005 BUDGET OVERVIEW**

Total recommended appropriations for Fiscal Year 2004-2005 are **\$92,228,406**. Total recommended net expenditures for Fiscal Year 2004-2005 are **\$81,756,964**. The difference between total appropriations and net expenditures is attributable to the following: a) Internal Service Fund expenditures which are funded by charges to the City's operating departments and are already reflected in each respective Activity Budget in the amount of \$2,309,746; b) A \$4,500,000 loan from the City's Affordable Housing Fund to the Fairway Ranch Project; and c) Anticipated appropriations to Reserves for all funds in the amount of **\$3,661,696**. Of the amount allocated to Reserves, **\$3,369,983** is appropriated to Restricted Funds and **\$291,713** is appropriated to the General Fund.

Fiscal Year 2004-2005 recommended net expenditures reflect an increase of **\$25,529,882**, or **45.4%** compared to estimated net expenditures for Fiscal Year 2003-2004.

#### **Net Expenditure Comparison**

	<b>Estimated Fiscal Year <u>2003-2004</u></b>	<b>Recommended Fiscal Year <u>2004-2005</u></b>	<b><u>Difference</u></b>	<b>Percentage <u>Difference</u></b>
<b>Operating</b>				
General Fund	\$ 34,284,537	\$ 38,824,510	\$ 4,539,973	13.2%
Other Funds	<u>5,245,420</u>	<u>3,948,272</u>	(1,297,148)	-24.7%
<b>TOTAL OPERATING</b>	\$ 39,529,957	\$ 42,772,782	\$ 3,242,825	8.2%
<b>Capital</b>				
General Fund	\$ 5,490,741	\$ 5,631,418	\$ 140,677	2.6%
Other Funds	<u>11,206,364</u>	<u>33,352,764</u>	<u>22,146,400</u>	<u>197.6%</u>
<b>TOTAL CAPITAL</b>	\$ 16,697,105	\$ 38,984,182	\$ 2,287,077	133.5%
<b>TOTAL</b>	<u>\$ 56,227,062</u>	<u>\$ 81,756,964</u>	<u>\$ 5,529,902</u>	<u>45.4%</u>

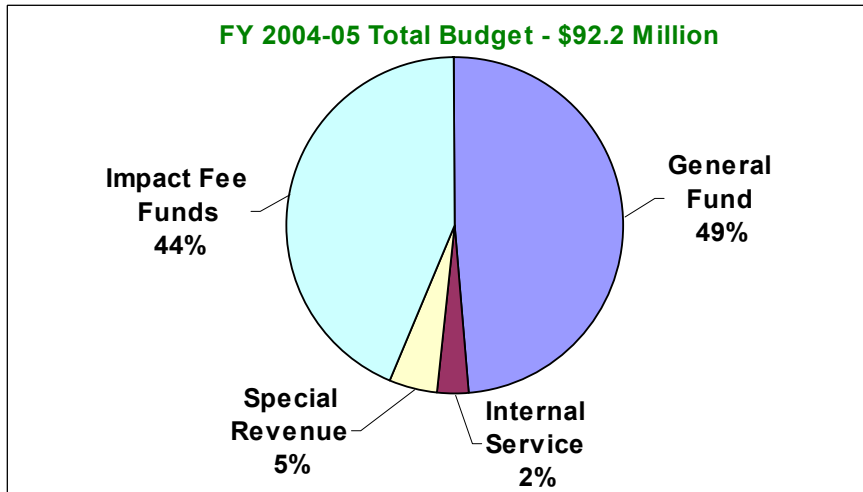
## BUDGET SUMMARY FOR FISCAL YEAR 2004-2005

The Budget Summary is designed to provide the reader with an overview of the City's anticipated revenues and expenditures contained in the 2004-2005 Adopted Budget. The budget serves as a business plan to help the City prioritize programs and services for funding, outline future goals for the community and maintain financial stability.

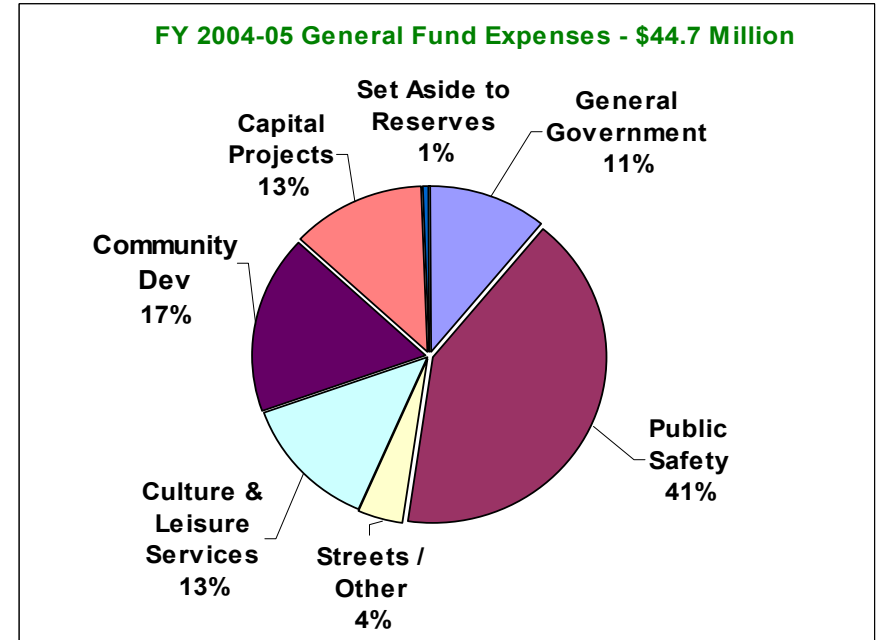
## BUDGETED APPROPRIATIONS FOR FY 2004-2005

The City's budget for Fiscal Year 2004-2005 is balanced and totals \$92.2 million. The City of Dublin categorizes its funds into four types:

- **General Fund** - contains unrestricted funds largely from property and sales taxes which are available for funding a wide variety of programs as determined by the City Council
- **Special Revenue** – contains funds (such as gas taxes) and grants received from other agencies for specific projects.
- **Capital Projects** – contains funds received from developers used to fund new public facilities and improvements needed as a result of the impact of new development.
- **Internal Service** – contains funds designated for the replacement of City equipment, vehicles, building components and fire apparatus, as well as for the funding of retiree health benefits.



Of the four types of City funds, the General Fund can be allocated largely by the City Council's discretion. The other types of funds contain monies that can only be used for specific programs and are not general purpose in nature. The City's General Fund Budget for Fiscal Year 2004-2005 is \$44.7 million, allocated to the following:



**General Government** - \$5.0 Million – Provides funding for Council activities, legal, insurance and administrative services for the City.

**Public Safety** - \$18.5 Million – Provides Police and Fire Protection, Disaster Preparedness, Traffic Signal and Street Lighting, Animal Control and Disaster Preparedness services for the City.

**Streets / Other** - \$1.8 Million – Provides for the General Fund portion of Public Works Administration, Affordable Housing, Street Maintenance, Street Sweeping and Landscaping.

**Culture & Leisure Services** - \$5.9 Million – Provides for Recreation programs as well as maintenance of the City's parks and public facilities.

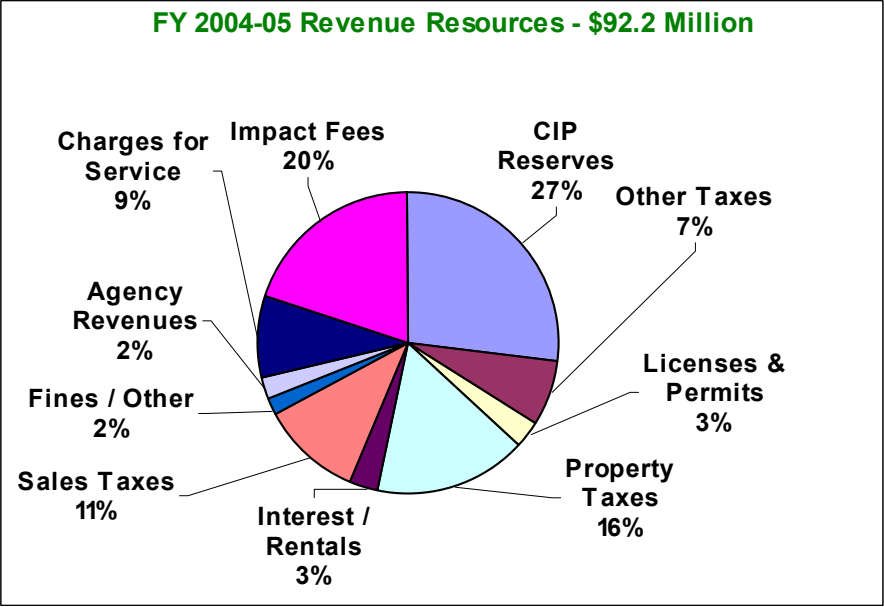
**Community Development** - \$7.8 Million – Provides for Building, Planning, Economic Development and Engineering services for the City.

**Capital Projects** - \$5.6 Million - Including funding for Senior Center

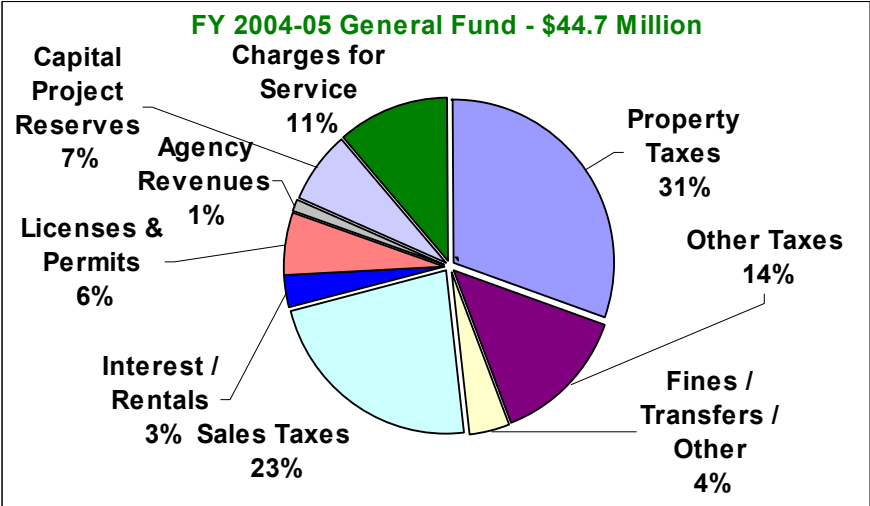
**Set Aside to Reserves** - \$251,000 for Economic Uncertainty

**ESTIMATED REVENUE RESOURCES FOR FY 2004-2005**

Total funds available to fund City operations and capital improvements total \$92.2 million for the following revenues and other funding sources:



For the General Fund, the City’s forecast shows a small anticipated increase for Fiscal Year 2004-2005. Approximately 54% of the General Fund’s revenues are from sales and property taxes, as shown below:

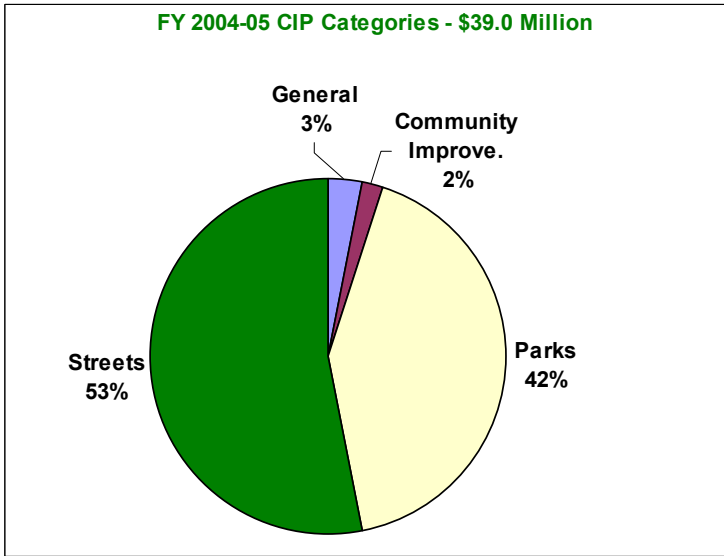


The most significant changes in General Fund revenues for Fiscal Year 2004-2005 are anticipated to result from the following:

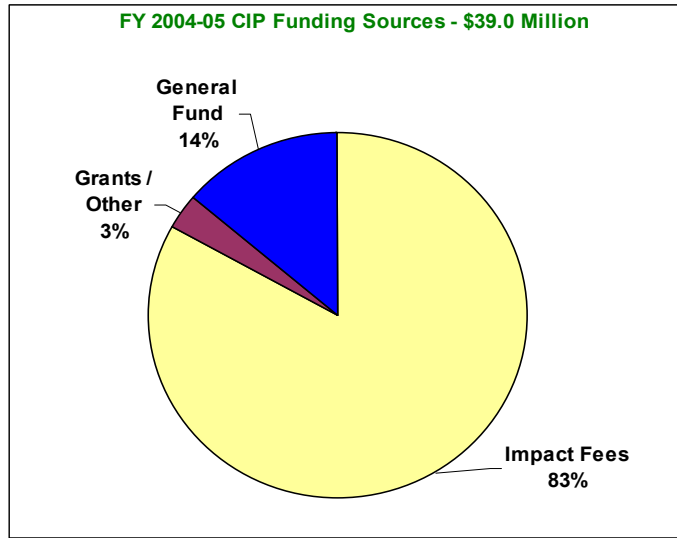
- Increased property tax revenues resulting from new development
- An increase in Fire Plan Check and Inspection Fees, Zoning Subdivision Fees and Engineering Plan Check and Inspection Fees due to additional developer reimbursed work and increases in the rates of several categories of impact fees
- An increase in reimbursement revenue due to one time partial reimbursements to be received from outside entities for the I-580 Fallon Road Interchange, St. Patrick Way project and for the Dublin Boulevard Underground Utilities project
- An increase in interest revenues due to higher interest rates and a higher average cash balance due to the carryover of some capital projects to Fiscal Year 2004-2005
- Decreased Vehicle License fees due to the elimination of the "backfill" portion as part of the proposed State budget for Fiscal Year 2004-2005.

**CAPITAL IMPROVEMENT PROGRAM (CIP) FOR FY 2004-2005**

The City has adopted a CIP totaling \$39.0 million for FY 2004-2005 consisting of the following types of capital projects:



The capital improvement projects for Fiscal Year 2004-2005 are funded from the following revenue sources:



Some of the more significant Capital Improvement Projects for Fiscal Year 2004-2005 include the following:

Name of Project / Estimated Completion Date (FY)		Projected Cost FY 2004-05
Civic Center Roof Repair	2004/05	\$181,800
CTV Studio Remodel	2004/05	\$410,000
Downtown Improvement Implementation	2004/05	\$781,090
Dublin Historic Park	2004/05	\$150,000
Office Space / Civic Center Modifications	2004/05	\$258,174
Senior Center	2004/05	\$4,241,418
Traffic Signal Amador Valley Blvd/Starward	2004/05	\$480,650
Traffic Signal at Dublin Blvd/Inspiration Dr	2004/05	\$216,320
Emerald Glen Park (S/W Section of Park & Land Acquisition)	2004/05	\$10,696,776
Fallon Sports Park (Master Plan Dev. Phase)	2004/05	\$152,000
I-580/Fallon Road Interchange	2005/06	\$2,154,875
St. Patrick Way - Regional to Golden Gate	2005/06	\$572,135
Street Light Pole Replacement	2005/06	\$219,990
Dougherty Road Improv. - Houston to I-580	2006/07	\$4,018,313
Park Play Area Renovations	2006/07	\$214,698
Emerald Glen Park Recreation Center	2007/08	\$131,600
Dublin Sports Grounds Renovation	2008/09	\$456,250

## CONTACT INFORMATION

To obtain additional information regarding the City's budget, capital improvement program, or other services provided by the City,

- Email the City at [cityofdublin@ci.dublin.ca.us](mailto:cityofdublin@ci.dublin.ca.us);
- Go to the City's website at [www.ci.dublin.ca.us](http://www.ci.dublin.ca.us);
- Contact one of the Councilmembers or City departments below:

### CITY COUNCIL

833-6650

Janet Lockhart  
George Zika  
Claudia McCormick  
Tony Oravetz  
Tim Sbranti

Mayor  
Vice Mayor  
Councilmember  
Councilmember  
Councilmember

### CITY MANAGER / CITY CLERK

833-6650

### ECONOMIC DEVELOPMENT

833-6650

### COMMUNITY DEVELOPMENT / PLANNING

833-6610

### BUILDING INSPECTION / CODE ENFORCEMENT

833-6620

### PUBLIC WORKS / ENGINEERING

833-6630

### ADMIN SERVICES / FINANCE

833-6640

### PARKS AND COMMUNITY SERVICES

Administration 833-6645  
Heritage Center 803-4128  
Senior Center 829-6316  
Swim Center 829-4055  
Shannon Community Center 556-4500  
Stager Community Gym 833-6645

### POLICE (Dial 911 for Emergencies)

833-6670

### FIRE (Dial 911 for Emergencies)

833-6606

## **OPERATING BUDGET**

The recommended Operating Budget for Fiscal Year 2004-2005 totals \$42,772,782. Of this amount, \$41,450,221 is required to maintain the Current Service Level for all City programs, and \$1,322,561 is recommended to fund Higher Service Levels (*see pages xv and xvi*).

The recommended 2004-2005 Operating Budget exceeds Estimated 2003-2004 Operating Expenditures by \$3,242,825, or 8.2%. The major factors contributing to this increase are discussed below:

## **GENERAL GOVERNMENT**

The total recommended expenditures for General Government are \$5,020,272 for Fiscal Year 2004-2005. This represents an increase of \$234,063, or 4.9% over estimated expenditures for Fiscal Year 2003-2004.

Significant changes in General Government for Fiscal Year 2004-2005 include the following:

1. Increased salary and benefit costs.
2. Funding for a new contract for independent auditing services, a Strategic Planning process update and an increase in the membership costs for the United States Conference of Mayors. (*Budget No. 10100*)
3. Funding for a Higher Service Level to increase the hours for the Office Assistant II position in the City Manager's division from 30 to 40 hours per week; to provide additional clerical support for the Assistant City Manager and more oversight for the increased number of task forces, liaison committees, and the Dublin Pride Week activities. (*Budget No. 10200*)
4. Apportion funding for the Senior Administrative Analyst, to more appropriately align costs over the areas of functional responsibility (in Central Services, Disaster Preparedness and Waste Management); allocating one-third of the salary costs across these three activities. (*Budget No. 10210*)
5. Funding Legal Services associated with two Higher Service Level items directly linked to several City Council high priority goals; General Plan Workshop with the Planning Commission, Amador Plaza Road retail development, Arroyo Vista Housing renovations for the Community Development Department and the implementation of the First Time Homebuyers Program for the City's Housing Program. (*Budget No. 10300*)
6. Funding for increased contract service costs in both the Finance and Information Systems Divisions; and, the inclusion of three Higher Service Levels for: funding consultant services to conduct an asset valuation for the City; funding for a part-time Information Systems Technician to provide additional computer support for the City's various remote site locations and a growing PC network; and, consultant services to update the City's overhead rate and to analyze the development fee structure. (*Budget No. 10400-10410*)
7. Lower Building Management expenditures due to the reassignment of Internal Service Charges and building maintenance costs for the Shannon Center and the Dublin Swim Center to the Parks and

Community Services budget (80400-81000), to more accurately reflect the cost of these programs. (Budget No. 10500)

8. Lower Insurance expenditures due to a decrease in the County's insurance premium allocated for Police Services (Budget No. 10600)
9. Funding for the City's 2004 General Municipal Elections. (Budget No. 10700)
10. Higher Service Level funding to provide a \$62,500 contribution for technical support for the "Computer for Our Schools" project and an appropriation to expand the City's credit card program to various City Departments. (Budget No. 10800)

## **PUBLIC SAFETY**

The total recommended expenditures for Public Safety are \$19,459,082 for Fiscal Year 2004-2005. This represents an increase of \$2,141,437, or 12.4% over estimated expenditures for Fiscal Year 2003-2004.

Significant changes Public Safety for Fiscal Year 2004-2005 include the following:

1. Increased City and contract employee salary and benefit costs.
2. Increased costs for Police Dispatch Services; increased operating costs for police vehicles and motorcycles; increases in County Booking Fee charges; and increased costs for CAL ID Services. (Budget No. 20100)
3. Funding for an additional Crossing Guard at Dougherty Elementary School and the addition of limited summer school coverage at Frederiksen Elementary School. (Budget No. 20200)
4. Higher Animal Control expenses due to an increase in Dublin's proportionate share of shelter services; rising costs for fuel and utilities; an increase in the County's indirect costs at the Shelter; and additional costs associated with conducting Vicious Dog Hearings. (Budget No. 20300)
5. Increased maintenance and energy costs associated with new traffic signals & streetlights; conversion of several yellow signal indicators to LED; and the addition of power and maintenance costs for the I-580 Smart Corridor Project. (Budget No. 20400)
6. Increased costs associated with the addition of one full-time Fire Inspector to enable the City to keep pace with the projected increase in development activities. This cost is offset by associated revenues. (Budget No. 20600)

## **TRANSPORTATION**

The total recommended expenditures for Transportation are \$2,365,410 for Fiscal Year 2004-2005. This represents an increase of \$159,264, or 7.2% over estimated expenditures for Fiscal Year 2003-2004.

Significant changes in Transportation for Fiscal Year 2004-2005 include the following:

1. Increased contract labor, supply, vehicle and insurance costs for the City's maintenance contracts. *(Budget No. 30100)*
2. Increased street maintenance costs due to the acceptance of new streets and bike paths and a proposed rate increase in contract services. *(Budget No. 30200)*
3. Higher costs due to the addition of curb miles and a projected 2% contract increase for street sweeping. *(Budget No. 30300)*
4. Decreased Street Tree Maintenance expenditures due to a one-time tree inventory and assessment study that was performed in Fiscal Year 2003-2004 and a major pruning project (of the flowering pear trees on San Ramon Road) that was also completed in Fiscal Year 2003-2004. *(Budget No. 30400)*
5. Increased maintenance costs due to the acceptance of substantial new landscaped areas in eastern Dublin; increased costs for performing irrigation inspections related to the use of recycled water and a proposed 2% overall rate increase for contract labor, vehicle and insurance related to Street Landscape Maintenance. *(Budget No. 30500)*

## **HEALTH & WELFARE**

The total recommended expenditures for Health & Welfare are \$2,278,708 for Fiscal Year 2004-2005. This represents a decrease of \$1,426,915, or 38.5% under estimated expenditures for Fiscal Year 2003-2004.

Significant changes in Health & Welfare for Fiscal Year 2004-2005 include the following:

1. Increased garbage collection and recycling costs due to residential growth and consultant service costs associated with the solid waste franchise procurement process and, as mentioned previously, the allocation of one-third of the salary for the Senior Administrative Analyst to more accurately reflect the Analyst's responsibilities. *(Budget No. 50200)*
2. Lower Child Care activity expenditures due to a special project completed in Fiscal Year 2003-2004 to enhance recruitment efforts, training and services for family child care providers in eastern Dublin. *(Budget No. 50300)*
3. Funding to continue the current level of services for social programs and activities such as Meals on Wheels and the Kaleidoscope After-School Program. *(Budget No. 50400)*
4. Allocations to fund Higher Service Level items for continued study and progress in renovation or redevelopment of the Dublin Housing Authority's Arroyo Vista public housing project and for a First Time Home Buyer Program to accommodate younger emerging households. *(Budget No. 50500)*
5. In Fiscal Year 2003-2004, the City loaned \$2.2 million for the Eden Senior Housing Project. Due to the long term nature of the loan, the City was required to account for this loan as an expense in Fiscal Year 2003-2004. In addition, the City will also be issuing two loans during Fiscal Year 2004-2005 from the Housing In Lieu Fund totaling \$4.5 million for two of the Fairway Ranch projects. These

loans are accounted for separately from the housing activity due to the fact that they are repayable in full to the City within a stated period of time. *(Budget No. 50500)*

## **CULTURE & LEISURE SERVICES**

The total recommended expenditures for Culture & Leisure Services are \$5,823,186 for Fiscal Year 2004-2005. This represents an increase of \$647,190, or 12.5% over estimated expenditures for Fiscal Year 2003-2004.

Significant changes in Culture & Leisure Services for Fiscal Year 2004-2005 include the following:

1. Increased salary and benefit costs.
2. Increased costs associated with operating and maintaining the Dublin Public Library. *(Budget No. 80100)*
3. Increased costs associated with the Summer Concert Series (previously in Budget 80700 – Special Events). In addition, three higher service levels are recommended that would provide for a Winter Concert Series, an Arts Festival and funding for the Dublin Fine Arts Foundation to fund general operating expenses and to fund the proposed Art at the Crossings Festival. *(Budget No. 80110)*
4. More hours for part-time employees, due to anticipated increases in rentals and to staff evening programs; increased printing and advertising costs to promote the Heritage Center; increased contract services related to janitorial and alarm services. A Higher Service Level is proposed to increase the hours for the Heritage Center Director, due to the addition of new exhibits, workshops and school tours. *(Budget No. 80120)*
5. Funding for increased contract labor, vehicle and insurance costs; a full year of grounds maintenance for Emerald Glen Park Phase II and Bray Commons; cost increases in utilities resulting from Emerald Glen Park Phase II, Bray Commons and new sports field lighting at Dublin Sports Grounds; and an increased number of improvement projects at the parks such as fence repair and replacement; restroom partitions; drinking fountain and barbeque replacements. *(Budget No. 80200)*
6. A nominal increase to the Community Cable Television budget for funding the City's share of the operational costs associated with televising Council meetings and monitoring the franchise agreement. *(Budget No. 80300)*
7. Various appropriations for the following: a) Increased hours for part-time employees for Playgrounds, Teens, Youth Sports and Aquatics due to program expansion to accommodate growing population; b) Increased utility costs for City and School District Facilities; c) Inclusion of funds for building maintenance services for the Shannon Center, Dublin Swim Center and Senior Center (previously in Building Management budget); d) Additional operational costs for 3 months at the new Senior Center; e) Increased Building Attendant hours at the Shannon Community Center to accommodate more leisure classes; f) Full year of salary for the Recreation Coordinator for Special Events and g) Inclusion of funds for Internal Service Fund building charges that were previously in the Building Management budget.

In addition to the Current Service Level, two Higher Service Levels are recommended for funding. One Higher Service Level would fund a new ¾-time Recreation Technician position at the new Senior Center to assist with programs and services. The second Higher Service Level would provide funds for additional clerical support at the Shannon Community Center for processing permits for community use of school facilities, sports fields and the Stager Community Gymnasium, which have increased significantly over the past few years. (*Budget No. 80400-81000*)

## **COMMUNITY DEVELOPMENT**

The total recommended expenditures for Community Development are \$7,826,124 for Fiscal Year 2004-2005. This represents an increase of \$1,487,786, or 23.5% over estimated expenditures for Fiscal Year 2003-2004.

Significant changes in Community Development for Fiscal Year 2004-2005 include the following:

1. Increased salary and benefit costs.
2. Funding for additional contract building inspection services needed due to the increase in complex inspection services required for commercial and residential units that are under construction or will be under construction. (*Budget No. 90200*)
3. Funding for two Higher Service Level items: a previously authorized Senior Planner position to work on High and Medium Priority Fiscal Year 2004-2005 City Council Planning and Housing Goals and Objectives and additional related consulting services; and funding for a full-time (limited term) Permit Technician for the Building Division to improve the turn-around time for processing minor permits (*Budget No. 90100-90200*)
4. Funding for additional temporary part time engineering staff that will be used to assist with the review and completion of new development applications and capital improvement projects (*Budget No. 90300*)
5. Lower expenditures in the Economic Development budget due to one-time expenditures incurred in Fiscal Year 2003-2004 for studying the feasibility of a Downtown Business Association and a lower contribution required in Fiscal Year 2004-2005 for the Tri Valley Convention and Visitor's Bureau. Funding for the Tri Valley Convention and Visitor's Bureau is proposed as a Higher Service Level item. (*Budget No. 90400*)

## **DEBT SERVICE**

There is no outstanding debt service related to City activities for Fiscal Year 2004-2005.

The City has one 1915 Act Public Improvement District (Dublin Boulevard Extension Assessment District) which currently has outstanding improvement bonds; however, no City funds are at risk and the City merely acts as a conduit for monies collected on the property tax bills of properties benefiting from the District. The funds are transferred to a trustee, who makes payments to the bondholders; therefore, all debt service associated with this Improvement District has been excluded from the Annual Budget. A

section on Improvement District Activities has been included in the budget document for information only.

**CAPITAL IMPROVEMENTS**

A new Five-Year Capital Improvement Program (CIP) for 2004-2009 has been prepared. The first year of the CIP (Fiscal Year 2004-2005) includes projects totaling \$38,984,182.

The financing of this year’s Capital Budget is comprised of the following revenue sources:

General Fund Revenues	\$ 2,423,401
General Fund Reserves	3,208,017
Intergovernmental Revenues	1,033,855
Development Impact Fee Revenues	19,442,054
Development Impact Fee Reserves	<u>12,876,855</u>
Total	\$ 38,984,182

Please refer to the 2004-2009 Proposed Five Year Capital Improvement Program for a more detailed description of the projects proposed for Fiscal Year 2004-2005.

**REVENUES**

Estimated Revenues (net of adjustments for Internal Service Fund Equipment Charges and Retiree Health Charges) for Fiscal Year 2004-2005 total \$65,177,144, if the City Council adopts the recommended Higher Service Level Budget. This represents an increase of \$6,663,237, or 11.4% over estimated revenues for Fiscal Year 2003-2004. This year’s estimated revenues are based on the Governor’s proposed budget recommendations for local government.

**General Fund Revenues** for Fiscal Year 2004-2005 are estimated at \$41,319,646. This represents an increase of \$2,679,983, or 6.9% more than Fiscal Year 2003-2004. The most significant changes in General Fund revenues are as follows:

1. An increase in Property Taxes (\$2,436,280) due to new development and the addition of a new revenue entitled "In Lieu Property Tax" which represents a proposed partial reimbursement from the State for the elimination of the "backfill" portion of the Vehicle License Fee, as part of the proposed State budget for Fiscal Year 2004-2005. In Fiscal Year 2004-2005, the City’s property tax estimate takes into consideration an allocation of approximately \$745,000 to Alameda County in accordance with the City/County Tax Exchange Agreement.
2. The addition of a new revenue entitled "In Lieu Sales Tax" which resulted from the "Triple Flip" enacted by the State. This revenue represents the substitution by the State of in lieu sales tax payments to replace the portion of the local sales tax (1/4 of one percent) that was repealed by the State.
3. An increase in Fire Plan Check and Inspection Fees (\$196,015), Zoning Subdivision Fees (\$118,856) and Engineering Plan Check and Inspection Fees (\$62,217) due to additional developer reimbursed work and a proposed increase in fire fees.

4. An increase in interest revenue (\$240,596) due to higher interest rates that are expected to continue through Fiscal Year 2004-2005.
5. An increase in reimbursement revenue (\$982,000) due to one time reimbursements to be received from the City of Pleasanton for the I-580/Fallon Road Interchange, from a developer for land to be purchased for the St. Patrick Way project, and from private corporations for the Dublin Boulevard Underground Utilities project.

These increased revenues are partially offset by anticipated decreased revenues from decreased Vehicle License fees (\$ 1,371,000) due to the elimination of the "backfill" portion of the Vehicle License Fee as part of the proposed State budget for Fiscal Year 2004-2005 (which is proposed to be partially reimbursed to the City from the State through the "In Lieu Property Tax" noted above).

**Special and Capital Project Revenue Funds** for Fiscal Year 2004-2005 are estimated at \$22,952,692. This represents an increase of \$3,066,606, or 15.4% more than Fiscal Year 2003-2004. These are restricted funds, which can only be used for authorized expenditures. The most notable factor responsible for increased City Special Revenue and Capital Project Funds are due to the following:

1. An increase in Development impact fees and housing in lieu fees of approximately \$6,771,000 due to additional new residential and commercial development in east Dublin and advances of traffic impact fees to be received from developers to fund construction of improvements to the Fallon Road Freeway Interchange.
2. A one time State Park Bond Fund grant of \$310,713 to fund capital expenditures for Dublin Sports Grounds, Phase III and for Shannon Park Play Equipment.
3. Increased Gas Tax Funds and Garbage Service Charges of approximately \$53,000 and \$71,000 respectively due to the increase in residential population in the City.

These increased revenues are partially offset by a decrease in intergovernmental revenues due to one time grant funds anticipated to be received in Fiscal Year 2003-2004 for the following:

1. State Transportation Improvement Program (STIP) grants of approximately \$2.9 million to fund the Dublin Boulevard Widening project from Village Parkway to Sierra and improvements to the I-580 Tassajara Road Interchange.
2. Intermodal Surface Transportation Grant funds of approximately \$126,000 for the Traffic Signal Upgrade project at the intersection of Village Parkway and Amador Valley Boulevard.
3. Transportation Clean Air Act Grant funds of \$107,000 for the Alamo Creek Bike Path project.

**Assessment District Revenues** for Fiscal Year 2004-2005 are projected to decrease in Fund 716 (Emerald Glen Park Landscape Districts) due to the one-time collection of prior year assessments in Fiscal Year 2003-2004.

## **APPROPRIATIONS LIMIT**

The Appropriations Limit for Fiscal Year 2004-2005 is \$116,167,430. Those recommended appropriations which are funded by "Proceeds of Taxes" are \$85,876,766 below the City's limit. The proposed limit is included in the budget document as required by State Law.

### **STAFFING LEVEL**

The proposed Position Allocation Plan (see pages xviii - xx) for Fiscal Year 2004-2005 includes a total of 208.03 positions to support the City's Current Service Level. This represents an increase of 10.73 Full-Time Equivalent (FTE) positions over Fiscal Year 2003-2004. This increase includes a Senior Planner, Permit Technician and additional contract building and fire inspectors hours to keep pace with the new development expected to occur in Dublin in Fiscal Year 2004-2005. The increase also includes additional Staff to support new programs in Culture and Leisure Services, a part-time Housing Assistant to oversee the proposed First Time Home Buyer Program, a part time Information Systems Technician to provide additional computer support for City and contract staff and some additional clerical support in the City Manager's Office to keep pace with the City Council's and City Manager's Office work load. The total recommended staffing for Fiscal Year 2004-2005, not including temporary part-time Recreation Staff, is 208.03 FTE.

### **FISCAL YEAR 2003-2004 RECAP**

In February of this year, Staff projected that the Fiscal Year 2003-2004 year-end surplus would be approximately \$521,000. All of that amount was allocated to the Economic Contingency Reserve by the City Council in June 2003. Staff currently estimates the projected year-end surplus to be approximately \$2.0 million or \$1.1 million more than the City Council had previously allocated in the adopted budget for Fiscal Year 2003-2004. This difference is attributable primarily to General Fund Revenues being approximately \$1 million more than the budget.

### **2004-2005 BUDGET ISSUES**

The following issues have been identified to facilitate the City Council's review of the Fiscal Year 2004-2005 Budget. These issues are as follows:

1. **Determine which Community Group requests should be funded.** A total of eighteen (18) Community Group requests are recommended for Fiscal Year 2004-2005. These groups are requesting a total of approximately \$713,606. The Council has already finalized its approval of those groups funded by Community Development Block Grant funds for \$44,927. (*See page xvi*)

During the City Council Budget Study Session, the City Council directed Staff to place all of the Community Group requests in the Current Service Level budget, with the exception of the Dublin Unified School District's Computer Technician Support, Dublin Fine Arts Foundation, Tri Valley Convention Bureau, and the Bay Area Buy Recycled Paper Campaign. These four (4) requests are shown in Higher Service Levels.

The City Manager is recommending that the City not fund the request of \$10,000 from the Pacific Chamber Symphony for Fiscal Year 2004-2005.

The total recommended funding for these Community Groups is \$713,606.

2. **Determine whether the Higher Service Level options should be funded.** A total of twenty-two Higher Service Levels costing \$1,373,000 have been identified in the Proposed Budget for Fiscal Year 2004-2005. Funding totaling \$1,322,561 for nineteen of these Higher Service Levels is recommended. Funding these Higher Service Levels will result in an increase of \$221,225 in General Fund Revenue for a total net cost of \$1,101,336.

These Higher Service Levels reflect the cost of implementing the rest of the City Council's High Priority Objectives (identified in April, 2004), the Community Group requests for funding not included in the Current Service Level and additional costs associated with the work flow demands of the organization.

These Higher Service Levels are described in more detail on pages xiv and xv as well as in the individual activity budgets.

3. **Review and prioritize those Capital Improvements and Projects proposed for Fiscal Year 2004-2005.** As indicated in the Capital Improvement Program, there are several projects that impact the City's General Fund, including the Sports Grounds Renovation, CTV Studio Remodel, Traffic Signal at Amador Valley Boulevard and Starward Drive, Downtown Improvement Implementation, Senior Center, I-580 and Fallon Road Freeway Interchange Improvements, the latter three being funded by either dedicated revenues or reserves.

The Capital Improvement Program also does not include the cost of acquiring Open Space. Staff has been working with the East Bay Regional Park District to develop an acquisition and improvement plan for Open Space in the western hills of Dublin. It is possible that the City may need some acquisition funding during Fiscal Year 2004-2005; however, the amount of that acquisition is unknown at this time. The City does have an Open Space/Downtown reserve that could be utilized to fund the projects if necessary.

4. **Determine the appropriate use for the projected Fiscal Year 2003-2004 year-end surplus.** Of the total \$2.0 million projected surplus, Staff is recommending that the Council allocate the amount as follows:
  - a) \$390,531 to the Economic Uncertainty Reserve. This amount could be available in Fiscal Year 2004-2005 in the event there are additional State budget cuts that impact cities.
  - b) \$613,524 to be carried over to Fiscal Year 2004-2005 to complete the projects that are currently under construction.
  - c) \$977,199 for Capital Projects. This amount could be utilized to assist the City with improvements to the Shannon Community Center, once the extent of those improvements is determined.
5. **Determine the appropriate use for the projected Fiscal Year 2004-2005 year-end surplus.** The Preliminary Fiscal Year 2004-2005 Budget projects a General Fund year-end surplus of \$291,713.

As of this date, the State of California has still not adopted a State Budget. Potential reductions in local government revenue have been discussed as part of the State Budget crisis. Some of the potential revenue reductions that would affect the City of Dublin have already been incorporated into the proposed budget for Fiscal Year 2004-2005.

Given the tenuous nature of local government funding as a part of the State Budget, it is recommended that the Council consider allocating these projected General Fund surplus funds to the Reserve for Economic Uncertainty. At this time, it is also recommended that the Council revisit the issue of the projected year-end surplus for Fiscal Year 2003-2004 and 2004-2005 once the State Budget is adopted.

## **CONCLUSION**

Although the State Budget deliberations certainly could impact the City's final budget, I believe the City is in solid financial shape and should be able to manage the impacts imposed upon the City by the State.

The Fiscal Year 2004-2005 spending plan provides a number of Capital Projects that will enable the City to keep pace with growth, and at the same time maintain a high quality of life for its residents and visitors. It will also provide the resources necessary to continue to provide the excellent services that our community has come to expect.

As always, this budget document would not be possible without the dedicated Staff who have worked so diligently in not only preparing the budget, but also providing excellent services to our community. I would also like to express my appreciation to the City Council and those members of our community who volunteer on City commissions and committees who devote so much effort in making Dublin a great community.

Respectfully submitted,

Richard C. Ambrose  
City Manager

## HISTORICAL COMPARISON OF EXPENDITURES BY PROGRAM

	ACTUAL	BUDGET	ESTIMATED	CURRENT	HIGHER	ADOPTED
	2002-2003	2003-2004	2003-2004	SERVICE LEVEL BUDGET 2004-2005	SERVICE LEVELS 2004-2005	2004-2005
<b><u>GENERAL GOVERNMENT</u></b>						
City Council	\$ 196,233	\$ 250,580	\$ 212,794	\$ 252,910	\$ 0	\$ 252,910
City Manager/Clerk	740,856	828,110	827,974	916,378	11,895	928,273
Central Services	292,316	370,244	340,038	350,911		350,911
Legal Services	874,724	838,545	862,693	691,093	53,700	744,793
Administrative Services	982,222	1,361,492	1,260,334	1,443,459	113,636	1,557,095
Building Management	757,324	717,595	766,126	641,134		641,134
Insurance	362,023	430,405	388,272	358,986		358,986
Elections	10,919	2,800	2,958	15,670		15,670
Non-Departmental	146,625	151,932	125,020	108,000	62,500	170,500
<b>TOTAL-General Government</b>	<b>\$ 4,363,242</b>	<b>\$ 4,951,703</b>	<b>\$ 4,786,209</b>	<b>\$ 4,778,541</b>	<b>\$ 241,731</b>	<b>\$ 5,020,272</b>
<b><u>PUBLIC SAFETY</u></b>						
Police Services	\$ 8,157,308	\$ 8,772,598	\$ 9,057,456	\$ 10,003,819	\$ 0	\$ 10,003,819
Crossing Guards	61,879	71,462	58,600	72,283		72,283
Animal Control	164,565	197,194	232,483	266,362		266,362
Traffic Signal & Street Lighting	342,411	470,336	436,841	540,924		540,924
Disaster Preparedness	66,497	79,001	78,769	65,413		65,413
Fire	5,213,227	7,474,051	7,453,496	8,510,281		8,510,281
<b>TOTAL-Public Safety</b>	<b>\$ 14,005,887</b>	<b>\$ 17,064,642</b>	<b>\$ 17,317,645</b>	<b>\$ 19,459,082</b>	<b>\$ 0</b>	<b>\$ 19,459,082</b>
<b><u>TRANSPORTATION</u></b>						
Public Works Administration	\$ 633,875	\$ 699,615	\$ 682,798	\$ 740,011	\$ 0	\$ 740,011
Street Maintenance	248,490	247,583	267,131	316,552		316,552
Street Sweeping	122,570	145,676	132,077	149,207		149,207
Street Tree Maintenance	86,100	147,956	143,289	124,451		124,451
Street Landscape Maintenance	759,908	994,150	980,851	1,035,189		1,035,189
<b>TOTAL-Transportation</b>	<b>\$ 1,850,943</b>	<b>\$ 2,234,980</b>	<b>\$ 2,206,146</b>	<b>\$ 2,365,410</b>	<b>\$ 0</b>	<b>\$ 2,365,410</b>
<b><u>HEALTH &amp; WELFARE</u></b>						
Waste Management	\$ 1,065,383	\$ 1,330,666	\$ 1,283,431	\$ 1,407,369	\$ 2,000	\$ 1,409,369
Child Care	15,000	18,500	18,500	15,000		15,000
Social Services	34,427	45,935	45,935	44,927		44,927
Housing Programs	237,273	2,525,667	2,357,757	180,027	629,385	809,412
<b>TOTAL-Health &amp; Welfare</b>	<b>\$ 1,352,083</b>	<b>\$ 3,920,768</b>	<b>\$ 3,705,623</b>	<b>\$ 1,647,323</b>	<b>\$ 631,385</b>	<b>\$ 2,278,708</b>
<b><u>CULTURE &amp; LEISURE SERVICES</u></b>						
Library Service	\$ 485,281	\$ 553,662	\$ 536,455	\$ 552,730	\$ 30,000	\$ 582,730
Cultural Activities	121,198	138,563	118,006	136,818	22,900	159,718
Heritage Center	92,804	114,773	104,585	125,207	16,148	141,355
Dublin Cemetery	31,341	54,858	55,588	53,602		53,602
Park Maintenance	1,200,225	1,457,804	1,419,228	1,532,409		1,532,409
Community Cable TV	76,233	64,634	62,901	62,999		62,999
Parks & Community Services	2,393,354	2,733,475	2,623,237	2,998,201	51,179	3,049,380
Parks & Facilities Management	211,126	253,285	255,996	280,993		280,993
<b>TOTAL-Culture &amp; Leisure Services</b>	<b>\$ 4,611,562</b>	<b>\$ 5,371,054</b>	<b>\$ 5,175,996</b>	<b>\$ 5,742,959</b>	<b>\$ 120,227</b>	<b>\$ 5,863,186</b>

## HISTORICAL COMPARISON OF EXPENDITURES BY PROGRAM

	ACTUAL 2002-2003	BUDGET 2003-2004	ESTIMATED 2003-2004	CURRENT SERVICE LEVEL BUDGET 2004-2005	HIGHER SERVICE LEVELS 2004-2005	ADOPTED 2004-2005
<u>CAPITAL IMPROVEMENT BUDGET</u>						
General	\$ 12,574,732	\$ 2,906,039	\$ 2,307,641	\$ 1,025,815	\$ 0	\$ 1,025,815
Community Improvements	478,310	1,763,280	800,988	881,538		881,538
Parks	2,370,372	8,748,374	6,173,596	16,340,635		16,340,635
Streets	14,115,206	21,129,031	7,414,880	20,736,194		20,736,194
TOTAL-Capital Improvements	<u>\$ 29,538,620</u>	<u>\$ 34,546,724</u>	<u>\$ 16,697,105</u>	<u>\$ 38,984,182</u>	<u>\$ 0</u>	<u>\$ 38,984,182</u>
<u>DUBLIN INFORMATION INC BUDGET</u>						
Total Dublin Information Inc.	\$ 20	\$ 20	\$ 20	\$ 0	\$ 0	\$ 0
<u>INTERNAL SERVICE FUND BUDGET</u>						
Total Internal Service Fund	\$ 2,344,964	\$ 1,496,152	\$ 1,407,203	\$ 2,309,746	\$ 0	\$ 2,309,746
TOTAL EXPENDITURES- ALL FUNDS	\$ 63,466,969	\$ 76,275,050	\$ 57,634,285	\$ 82,754,149	\$ 1,352,561	\$ 84,106,710
Less Internal Service Fund	<u>\$ (2,344,964)</u>	<u>\$ (1,496,152)</u>	<u>\$ (1,407,203)</u>	<u>\$ (2,309,746)</u>	<u>\$ 0</u>	<u>\$ (2,309,746)</u>
NET TOTAL EXPENDITURES ALL FUNDS	\$ 61,122,005	\$ 74,778,898	\$ 56,227,082	\$ 80,444,403	\$ 1,352,561	\$ 81,796,964