

# City of Calistoga

## Staff Report

**TO:** Honorable Mayor and City Council

**FROM:** Richard Spitler, City Manager  
Bill Mushallo, Administrative Services Director

**DATE:** June 21, 2011


**SUBJECT:** Presentation of the draft City of Calistoga Fiscal Year 2011/12 Budget

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**APPROVAL FOR FORWARDING:**

  
Richard Spitler, City Manager

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**ISSUE:** To present the draft City of Calistoga Fiscal Year 2011/12 Budget for adoption.

**RECOMMENDATION:** Adopt the attached resolution to adopt the City of Calistoga Fiscal Year 2011/12 Operating and Capital Budget

**BACKGROUND:**

The City began the 2011/12 budget process in February. After the mid-year financial update was presented, departments were given direction to prepare their budgets for the upcoming fiscal year. The budgets were reviewed by the City Manager and then prepared for review with the City Council.

The City Council held two budget workshops (May 31, 2011 and June 9, 2011) to review all of the proposed departmental, capital, enterprise and special fund budgets. At these workshops the Council received presentations from each department head and then public comment. The Council then gave informal direction to staff. The attached draft budget reflects City Council direction to date.

On June 15<sup>th</sup> a public hearing was held to receive formal public testimony on the proposed draft budget. At the hearing an overview of the Fiscal Year 2011-12 budget was presented and public input was received. The Council gave staff direction on the preparation of the final draft budget. The Council item this evening is to present and formally adopt the draft budget recommendation.

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**DISCUSSION:**

The proposed \$16.1 million budget covers all fund categories (general fund, enterprise, special funds and capital). Of this, \$6.6 million represents the general fund budget. It shows a proposed general fund reserve of \$758,000 at the end of the FY 2011/12 fiscal year. This is after \$200,000 was added to the reserve. This is a budget reserve of 12%. Our target is to have this reserve up to 25% within three years.

As the City Council has been previously informed, the financial situation in the City remains fragile. Without a significant reduction in expenditures, the City will not have any funds in its General Fund reserves in another year.

Cash flow will also continue to be a concern over the next 12 to 18 months. On June 30, 2009 the City had approximately \$3.0 million in undesignated cash on hand. As of June 30, 2010 that amount dropped to approximately \$1.7 million. The \$1.3 million was spent on significant legal fees, debt service on the Police Station and 2007 financing; and, shortfalls in the water and wastewater utilities. It is anticipated that the City will have less than \$1 million of undesignated cash at the end of the current fiscal year.

The bottom line is that the City should continue to minimize capital spending and diligently attempt to conserve cash over the next 12 to 18 months.

With the above in mind, the proposed FY 2011/12 budget contains \$1.3 million in reduced expenditures to reach a balanced budget, while enhancing its General Fund reserves over the next three years.

A significant change in this budget is the elimination of funding for the Administrative Secretary position in the Planning and Building Department. Also, a reorganization of the Community Services division to a Recreation Services division is proposed. This reorganization is proposed to reduce salary expenditures in a manner that maintains most of the recreational programs that the division offers, while increasing the opportunity to generate added revenues. This reorganization requires the elimination of funding for the Recreation Technician and Recreation Superintendent positions.

**ATTACHMENTS**

- Draft City of Calistoga FY 2011/12 Budget
- Resolution adopting the FY 2011/12 Operating and Capital Budget

## RESOLUTION

### RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA, COUNTY OF NAPA, STATE OF CALIFORNIA, ADOPTING THE OPERATING AND CAPITAL BUDGETS FOR ALL FUNDS FOR FISCAL YEAR 2011/2012

**WHEREAS**, the Calistoga Municipal Code requires the City Manager to prepare and submit an Annual Budget to the City Council for its approval; and

**WHEREAS**, it is good management practice to have comprehensive Operating and Capital Improvement Budgets to implement the various policies, programs and projects of the City Council, and the City Council has established a policy to review, adopt, and provide multiple updates to Fiscal Year (FY) Budgets; and

**WHEREAS**, the City Council reviewed preliminary FY 2011/2012 revenue, expenditure and capital budgets at two City Council workshops on May 31<sup>st</sup> and June 9<sup>th</sup> and provided direction; and

**WHEREAS**, the City Council held a public hearing on the proposed budget on June 15<sup>th</sup> and received public comment and provided direction; and

**NOW, THEREFORE BE IT RESOLVED** that the City Council of the City of Calistoga does hereby adopt Operating and Capital Budgets for all funds for Fiscal Year 2011/2012.

**NOW THEREFORE BE IT FURTHER RESOLVED** that,

1. Funds are appropriated from various accounts for total expenditures by Department as summarized in Exhibit A, attached hereto.
2. Transfers between funds are authorized and reserve amounts are established as shown in Exhibit A, attached hereto.
3. The City Manager is authorized to approve budget changes between accounts within each Department and that any budget changes in the total budget of the Department, Capital Project or Fund requires City Council approval.
4. The Fiscal Year 2010/2011 Budget is amended as a Final Budget as summarized in Exhibit A, attached hereto, and that any unreserved and undesignated funds remaining on June 30, 2011 are hereby designated as reserved for appropriation in future Fiscal Years.
5. The City Manager is authorized to enter into voluntary separation agreements with employees that are laid off as a result of the adopted budget; the terms at his discretion upon advice of the City Attorney, provided the funds

expended in the separation agreements does not exceed the budgeted amount listed in Non Departmental budget.

**PASSED, APPROVED, AND ADOPTED** by the City Council of the City of Calistoga at a regular meeting held this \_\_\_\_\_ day of \_\_\_\_\_ by the following vote:

**AYES:**

**NOES:**

**ABSTAIN/ABSENT:**

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**JACK GINGLES, Mayor**

**ATTEST:**

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**SUSAN SNEDDON, City Clerk**