

City of Richmond

Mid-Year Budget Review

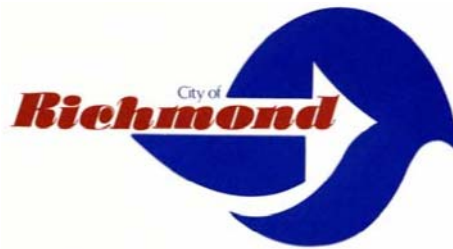


February 17, 2009

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**FY2008 - 2009
Mid-Year Review
Of
Revenues & Expenditures**

For the



City of Richmond

February 17, 2009

Prepared for:

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Tom Butt, Councilmember

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City of Richmond



Mid-Year Review of Revenues and Expenditures Fiscal Year 2008-09

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Finance Department



Overview

City of Richmond

Mid-Year Review of Revenues and Expenditures, Fiscal Year 2008-09

DATE: February 17, 2009
TO: Mayor McLaughlin and Members of the City Council
FROM: James C. Goins, Finance Director/Treasurer
SUBJECT: FY 2008-09 Mid-Year Budget Review

It is my pleasure to present the Fiscal Year (FY) 2008-09 Mid-Year Budget for your review which is an accounting of both General Fund & Non-General Fund revenues and expenditures as of December 31st, 2008, and the City's cash balances for the first half of the year.

The mid-year review process included departmental analysis of personnel expenditures, operating expenditures and capital expenditures as requested by the various departments of the City and recommendations for budget adjustments for the remainder of this fiscal year. The process is an ongoing activity which requires each department to analyze on a monthly basis their budgeted allocations compared to projected expenditures and revenues.

At mid-year, a thorough review of budget variances and requested adjustments were conducted by the the City Manager, Assistant City Manager and the Finance Director.

Revenue projections have been adjusted to reflect actual revenues received as of December 31, 2008. A detailed analysis of each revenue source is included.

Regionally, the real estate market continues to deteriorate at an alarming rate impacting every city. Richmond is seeing a decrease in both Property Taxes and Documentary Transfer Taxes, however, because of the stability of long term residences within the City there has been less market appreciation, and the reassessed property values have not been as hard hit as in other parts of Contra Costa County. The local economy is not continuing the growth of prior years and we have seen a slow down of the Sales Tax revenue after several years of steady growth. The addition of the Target Store this past year helped maintain the Sales Tax revenue stream in spite of slowdown of nearly every sector of the local economy, especially car sales and business to business.

Property Taxes are expected to decrease \$1.7 million below the projected \$34 million budgeted in FY 2008-09. Documentary Transfer Tax was over \$7 million in FY2006-07 and is now expected to be under \$1 million this year.

Additionally, the City is impacted by State and Federal Grants being frozen for lack of funding totaling \$12,820,345. These grants are across several funds affecting various projects such as: Plunge, Skate Park, Martin Luther King Park, Bay Trail, Integrated Video Surveillance and Lighting Improvements for Point Potrero Marine Terminal (PPMT). The dollar amounts for these frozen grants are included in this report on pages 35-37.

With the Passage of Measure T, an initiative measure placed on the ballot by citizens of Richmond changing the way the Business License Tax is calculated, staff is anticipating a significant increase in Business License Taxes which are not reflected in this report. Measure T financial impacts and allocations will be discussed in the upcoming FY 2009-2010 budget hearings.

Departmental expenditures for mid-year are at 50%, including 77 vacant positions. Staff is requesting adjustments of \$3,184,574 for the General Fund and \$4,599,679 for Non-General Fund expenditures.

The General Fund remains balanced between projected revenues and expenditures. Salary savings are being used to fund \$3,184,574 in additional expenditures. Increased expenditures are detailed on pages 24-26 and include \$327,479 for Paratransit operations, \$700,000 for Stormwater legal costs, \$200,000 for additional legal services and \$52,744 for the Hilltop Landscape General Fund operating requirement. General Fund revenues are discussed in detail on pages 5-18.

Non-General Fund adjustments include \$1.6 million for various Employment and Training programs funded by Richmond Community Benefit Agreement; \$6.9 million Capital Improvement Projects for Richmond Community Redevelopment Agency funded by Housing and Urban Development (HUD) and other grants. These are discussed on pages 33-34.

As reflected by the cash balances of funds on pages 28-30, fund expenses are consistent with fund revenues and available cash balances.

