

MEMORANDUM

June 29, 2007

TO: Mark Moses, Chief Financial Officer

FROM: J. Gordon Palmer, Jr., City Manager

SUBJECT: ADOPTED FY 2007-08 BUDGET IMPLEMENTATION

This report provides direction to Administrative Services Accounting staff for implementing the FY 2007-08 Budget that was adopted by Council Resolution No. 07-0194 on May 22, 2007. This report supplements the Adopted FY 2007-08 Budget by identifying procedures for certain City ISF charges, interfund transfers, and other fund charges.

OPERATING BUDGET IMPLEMENTATION

Internal Service Funds:

1. Post department charges in the following Internal Service Funds in an amount equal to one-twelfth of the total original budget in the following accounts:

10-20	Employee Separation Pay
20-41	Automotive Equipment Rental (posted by Fleet)
20-42	Office Equipment Rental
20-43	Computer Equipment Rental
20-44	Radio Equipment Rental
20-47	Telephone Rental

Except an additional \$500,000 rental rate charged to Development Services (048-1820-510.20-43, \$300,000 and 048-1830-530.20-43, \$200,000) to be posted to IT account 502-5101-365.20-00 quarterly, and only as revenue is collected in 048-1830-345.41-00.

Interfund transfers:

1. Post interfund transfers on July 1, 2007 or as early in the fiscal year as available fund balances allow, with the following exceptions:

General Fund transfer to Library Fund	Quarterly in advance.
General Fund transfer to Recreation Fund	Quarterly in advance.
Gas Tax Funds transfers to General Fund	Quarterly in arrears (to satisfy compliance requirements) up to the amount of funds available.

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|--|----------------------------------|
| Measure W to ISF Radio and Fleet | Following purchase of equipment. |
| Central Parking District Operating Transfers | As debt service is paid. |
| RDA loan repayment to CDBG | As requested by department. |
2. Risk Management ISF (541) loan to Central Parking District Construction Fund (417) should be booked July 1, 2007.
 3. Attached is a copy of the budget document's "2007-08 Interfund Transfers & Loans" exhibits (pages 36 – 39) that includes Transfers In and Loans and Transfers Out and Loans repayments, as well as the funds in which the transfer amounts have been posted in the budget system. Responsible departments will initiate loans and loan repayments.
 4. Make an expenditure appropriation of \$250,000 from the General Fund fund balance (010) to the Parks Tree Trimming Division (010-3622), quarterly in advance.
 5. Also attached is a copy of the Redevelopment Agency's Schedule of Transfers/ Loans from the budget document (pages 236-237). Redevelopment transfers should be completed as follows:

To RDA Administration Fund (330)	Quarterly in advance.
To Low/Mod Income Housing Fund (339)	As County checks are received.
To Debt Service Funds (201 and 230)	As debt service is paid.

Other:

1. Post the following charges and corresponding General Fund revenue in an amount equal to one-twelfth of the total original budget:
 - a. Indirect Cost Allocation in various funds, element object code 40-25; except for CDBG accounts, which will continue to be payroll-based, and capital project accounts, on which an overhead rate will be charged quarterly based on actual expenditures.
 - b. \$ 565,056 environmental maintenance in expenditure account: 431-4331-571.20 65 and revenue account 010-0000-343.28-02.
2. Post a charge of \$766,197 each payday to the Retirement Internal Service Fund and reimburse the General Fund for the pre-payment of the FY 2007-08 CalPERS employer contribution. Retirement rates charged through Payroll and credited to the Retirement Internal Service Fund are expected to provide sufficient funds to pay required debt service of \$6,455,136 on the 2007 Pension Obligation Bonds, in addition to the reimbursement of the CalPERS prepayment. The debt service for FY 2007-08 is \$6,455,136.

STANDARD LABOR DISTRIBUTION

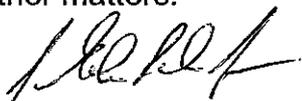
Budget staff will provide Payroll with a report that lists all regular full-time positions annotated to show changes to standard labor allocations to other funds/departments effective with the new fiscal year. Payroll used the report to input the standard labor allocation changes in the payroll system for the pay period beginning July 1, 2007.

Budget staff annotates the report to show changes in employee names or vacancies that occurred after the salary report was first prepared, if the position has a standard labor distribution.

INSURANCE AND BENEFIT RATES

Internal Service Fund insurance and benefit rates applied to payroll will be listed in a separate memo from the Director of Human Resources, to the Director of Administrative Services.

This information only supplements the City Council's resolution adopting the FY 2007-08 operating and capital budgets. If you have any questions, please contact Kimberly Trammel at 5088 regarding salary and benefit information and Mark Parrott at 8129 for other matters.



J. GORDON PALMER, JR.
CITY MANAGER

JGP/CT:cm

Attachment

cc: Dianna Garcia, Human Resources Director
Christine Tien, Deputy City Manager
Janet Salvetti, Assistant Director Administrative Services
Mark Parrott, Budget Officer
Carol Marshall, Program Manager III
Joe Maestretti, Program Manager III
Kimberly Trammel, Senior Administrative Analyst
Mahin Shah, Senior Administrative Analyst
Sally Praegitzer, Supervising Office Assistant
Cathy Lucas, Accounting Manager
Lynne Farrar, Supervising Accountant
Linda Ramirez, Supervising Accounting Office Assistant
Budget File

**2007-08 INTERFUND TRANSFERS
TRANSFERS IN & LOANS**

TO PUBLIC ART FUND (306) from:

Capital Improvement Fund (301)	\$41,520	
Water Revenue Fund (421)	\$66,480	
Wastewater Revenue Fund (431)	\$75,840	
Stormwater Revenue Fund (441)	\$6,840	
		\$190,680

Loan Repayments

TO COMMUNITY DEVELOPMENT BLOCK GRANT (054) from:

Merged Midtown Fund (337)	\$100,000	
Merged South Stockton Fund (338)	\$500,000	
North Stockton Fund (340)	\$10,000	
		\$610,000

Interfund Loans

TO CENTRAL PARKING CONSTRUCTION FUND (417) from:

Internal Service Fund Risk Management (541)		\$530,000
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TOTAL TRANSFERS-IN		\$29,509,890
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- (1) Gas Tax transferred as funds become available. Amounts are estimates; total revenues less appropriations will be transferred.
- (2) Transfer represents one-time monies from fund balance for capital purchases in FY 2007-08.
- (3) Vehicles and radio equipment will be purchased and capitalized in the appropriate equipment fund. The reimbursing transfer from Measure W will be for the actual amount of the purchase.

**2007-08 INTERFUND TRANSFERS
TRANSFERS OUT & LOANS**

Operating Transfers

FROM GENERAL FUND (010) to:

Library Fund (041)	\$7,033,487	
Recreation Fund (044)	\$7,147,616	
Information Technology EDMS (502) ⁽¹⁾	\$1,200,000	
Capital Projects (301) ⁽¹⁾	\$2,000,000	
		\$17,381,103

FROM GAS TAX 2105 FUND (030) to:

General Fund (010) ⁽²⁾		\$5,473,500
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FROM DEVELOPMENT SERVICES (048) to:

General Fund (010)		\$1,200,000
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FROM CENTRAL PARKING DISTRICT (416) to:

Debt Service Fund (201)	\$772,390	
Central Parking Construction Fund (417)	\$1,772,217	
		\$2,544,607

FROM COMPENSATED ABSENCES FUND (562) to:

Information Technology Fund (502)	\$500,000	
Recreation Fund (044)	\$55,000	
		\$555,000

FROM LONG TERM DISABILITY FUND (557) to:

Duplication Fund (508)	\$75,000	
Fleet (501)	\$500,000	
		\$575,000

Capital Transfers

FROM PUBLIC SAFETY TAX - MEASURE W (081) to:

Internal Service Fund Central Garage (501) ⁽³⁾	\$158,000	
Internal Service Fund Radio Equipment (503) ⁽³⁾	\$92,000	
		\$250,000

FROM CAPITAL IMPROVEMENT FUND (301) to:

Public Art Fund (306)		\$41,520
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FROM WATER REVENUE FUND (421) to:

Public Art Fund (306)		\$66,480
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FROM WASTEWATER REVENUE FUND (431) to:

Public Art Fund (306)		\$75,840
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FROM STORMWATER REVENUE FUND (441) to:

Public Art Fund (306)		\$6,840
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FROM CENTRAL PARKING DISTRICT (416) to:

Central Parking Construction Fund (417)		\$200,000
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**2007-08 INTERFUND TRANSFERS
TRANSFERS OUT & LOANS**

Loan Repayments

FROM MERGED MIDTOWN REDEVELOPMENT FUND (337) to:

Community Development Block Grant Fund (054) \$100,000

FROM REDEVELOPMENT AGENCY (NORTH STOCKTON) FUND (340) to:

Community Development Block Grant Fund (054) \$10,000

FROM REDEVELOPMENT AGENCY (SOUTH STOCKTON) FUND (338) to:

Community Development Block Grant Fund (054) \$500,000

Interfund Loans

FROM INTERNAL SERVICE FUND RISK MANAGEMENT (541) to:

Central Parking Construction Fund (417) \$530,000

TOTAL TRANSFERS-OUT \$29,509,890

Notes:

Interfund transfers related to the Redevelopment Agency are identified in the Agency section.

Transfers are permitted from fund balances to other funds and appropriate accounts, but only for capital/equipment liability, regulatory, and capital/equipment requirements.

Appropriations and transfers during the year for capital related projects may become loans as determined by the City Manager.

⁽¹⁾ Transfer represents one-time monies from fund balance for capital purchases in FY 2007-08.

⁽²⁾ Gas Tax transferred as funds become available. Amounts are estimates; total revenues less appropriations will be transferred.

⁽³⁾ Vehicles and radio equipment will be purchased and capitalized in the appropriate equipment fund. The reimbursing transfer from Measure W will be for the actual amount of the purchase.

STOCKTON CITY COUNCIL

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STOCKTON APPROVING THE FY 2007-08 PROPOSED BUDGET; FY 2007-12 CAPITAL IMPROVEMENT PROGRAM; AUTHORIZING FEE ADJUSTMENTS AS RECOMMENDED BY THE CITY MANAGER; AND AUTHORIZING VARIOUS FUND TRANSFERS AND ADMINISTRATIVE ACTIONS

WHEREAS, on May 8, 2007, by City Council motion, a public hearing was set for May 22, 2007, regarding the FY 2007-08 Proposed Budget, the FY 2007-12 Capital Improvement Program, and FY 2007-08 Fee Adjustments; and

WHEREAS, the City Council scheduled and conducted Council Budget Study Sessions on May 7, 8, 9 and 10, 2007, to review the City Manager's and Mayor's FY 2007-08 Proposed Budget, and Fee Adjustments; and

WHEREAS, the City Council conducted a duly noticed scheduled public hearing on the FY 2007-08 Proposed Budget, and Fee Adjustments on May 22, 2007; and

WHEREAS, the City Council recommends adoption of the FY 2007-08 Proposed Budget, now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. That the FY 2007-08 Annual Budget as proposed by the City Manager be adopted.
2. That the City Fee Schedule be amended effective July 1, 2007. Any fee changes that are not effective July 1, 2007, are noted in the Fee Schedule. Exceptions to the July 1 date include specific Parks and Recreation fees, as well as certain development and impact fees.
3. That the fees on development projects will take effect 60 days following the final action on the increases in the FY 2007-08 Fee Schedule, where Government Code 66017(a) applies.
4. That the FY 2006-07 Land Utilization transfer from MUD to the General fund (010) and General Fund Capital Projects fund (301) be eliminated. That the calculated expenditure for rent paid for use of General Fund properties be carried out; effective June 30, 2007, as a FY 2006-07 transaction to the General fund (010) and General Fund Capital Projects fund (301).

5. That balances of \$6,100,000 from the General Fund (010), be authorized as a transfer of: \$2,000,000 to the Capital Improvement Fund (301): \$2,150,000 to the Recreation Fund (044): and \$850,000 to the Emergency Communication Fund (042), effective June 30, 2007, as a FY 2006-07 transaction.
6. That an additional expenditure appropriation of \$1,200,000 to Non-Departmental (010-0131-510) be authorized to cover costs resulting from the change in accounting for the expenditures associated with the collection and auditing of General Fund revenues, effective June 30, 2007, as a FY 2006-07 transaction.
7. That a \$2,373,505 loan balance from the Capital Improvement Fund (301) to the Police Public Facility Fee Fund (960) that funded construction of the North Stockton Police Substation be repaid with interest, effective June 30, 2007, as a FY 2006-07 transaction.
8. That balances of \$250,000 from the General Fund (010), be authorized as an expenditure of \$250,000 to the Parks Tree Trimming Division (010-3622), effective July 1, 2007, as a FY 2007-08 transaction.
9. That the following administrative actions required to reorganize the Housing and Redevelopment Department into three new departments: the Economic Development Department, the Housing Department, and the Redevelopment Department be authorized and effective July 1, 2007:
 - a. Abolish the Housing and Redevelopment Department and establish the Economic Development Department, the Housing Department, and the Redevelopment Department.
 - b. The positions of Housing and Redevelopment Director, Deputy Housing and Redevelopment Director/Housing, and Redevelopment Manager are hereby abolished.
 - c. New positions are hereby created in the Unclassified Service and placed into the applicable representation unit, as set forth below:

New Unclassified Positions	Unit	Salary Steps					
		1	2	3	4	5	6
Deputy Economic Development Director	MB	7383	7761	8159	8577	9016	9478
Deputy Housing Director	MB	7383	7761	8159	8577	9016	9478
Deputy Redevelopment Director	MB	7383	7761	8159	8577	9016	9478
Housing Director	MA	9034	9497	9984	10,484	11,032	11,589
Redevelopment Director	MA	9034	9497	9984	10,484	11,032	11,589

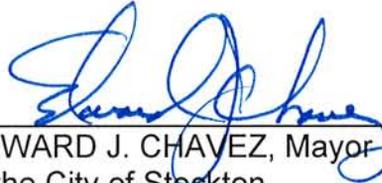
10. That the City Council make 'of benefit' findings pursuant to California Redevelopment Law in connection with adoption of the Redevelopment Agency's FY 2007-08 Budget including the use of monies from the Redevelopment Low/Moderate

Income Housing Fund to fund housing projects outside any redevelopment project areas, and that a resolution for that purpose be approved by the City Council.

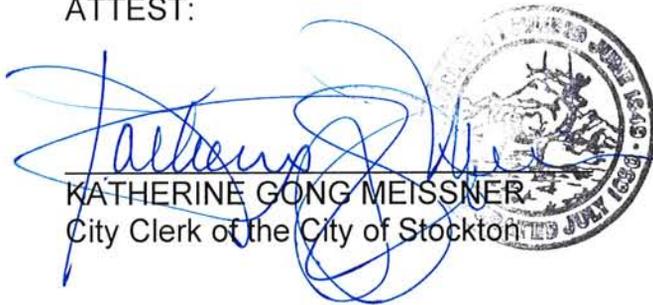
11. That the threshold for which contracts must be approved by the City Council is hereby increased by \$891 to \$28,737 effective July 1, 2007, for FY 2007-08, in accordance with the annual inflation adjustment authorized by Ordinance No. 007-94 C.S., which amended Section 3-103 of the Stockton Municipal Code.
12. That the indirect cost rate, as detailed in the City of Stockton Full Cost Allocation Plan and OMB-87 Plan, shall be charged to all applicable capital project funds and transferred to the General Fund (010), as project funding permits.
13. That the City Manager consolidate reserve funds of all Internal Service Funds (ISF) within the 500 fund number series, and authorize the City Manager to make transfers between these funds as needs and liabilities require during the year.
14. Approve a long-term loan from the Risk Management ISF (541) Fund to Central Parking District (417) Fund in the amount not to exceed \$530,000 for settlement costs. The loan will be repaid with interest with the first payment due in FY 2013-14.
15. That the following administrative actions required to implement the FY 2007-08 Annual Budget be authorized:
 - a. Authorize the City Manager to make salary adjustments in classifications to ensure comparability with similar classifications, as determined by a classification review, and to incorporate changes into the Salary Schedule, as appropriate. Authorize cost of living adjustments for all City Management, including the City Manager, City Attorney, City Clerk, and City Auditor equal to other City employees.
 - b. Authorize the City Manager to transfer funds from eligible capital project funds to Public Art Fund (306) to implement the FY 2007-08 Public Art Plan, as approved by Council, including transfers relating to mid-year appropriations to capital projects eligible for public art contributions.
 - c. Authorize the City Manager to make temporary loans between Public Facilities Fees fund balances in order to fund projects approved by the City Council.
 - d. Authorize the City Manager to move appropriations and transfer between funds within a single budget unit, such as the Central Parking District and the Federal grant funds, where multiple funds have been established for operating/tracking purposes and the fund relationship has been identified in the FY 2007-08 Annual Budget, or established by subsequent Council action.

- e. Authorize the expenditure of \$150,000 to Community Partnership for Families for the City's share of Juvenile Justice Program coordination and associated Community Partnership for Families administrative costs.
- f. Direct and authorize the City Manager to take such actions as are appropriate to carry out the intent of this resolution.

PASSED, APPROVED and ADOPTED MAY 22 2007.


EDWARD J. CHAVEZ, Mayor
of the City of Stockton

ATTEST:


KATHERINE GONG MEISSNER
City Clerk of the City of Stockton



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