

CITY OF EAST PALO ALTO

PRELIMINARY PROGRAM BUDGET

1984-1985

CITY COUNCIL

BARBARA A. MOUTON

JAMES E. BLAKEY

RUBEN ABRICA

OMOWALE SATTERWHITE

GERTRUDE WILKS

MAYOR

VICE-MAYOR

COUNCILMEMBER

COUNCILMEMBER

COUNCILMEMBER

SUBMITTED BY:

**FREDERIC A. HOWELL
CITY MANAGER**

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CITY GOAL STATEMENT

TO THE EXTENT OF OUR FINANCIAL RESOURCES, PROVIDE A FULL-RANGE OF LOCAL GOVERNMENTAL SERVICES THAT ARE ACCOUNTABLE, UNDERSTANDABLE, CONSISTENT, DEPENDABLE, AND RESPONSIVE--PRIMARILY TO THE NEEDS OF RESIDENTS AND BUSINESSES, AND ALSO TO VISITORS.

ENSURE THAT OTHER PUBLIC AGENCIES EQUITABLY PROVIDE SERVICES TO EAST PALO ALTO AND SEEK FUNDS FROM GRANTS PROVIDED THEY ARE COST EFFECTIVE, DO NOT REQUIRE THE ADOPTION OF UNACCEPTABLE POLICIES, AND THAT THEY WILL BE BENEFICIAL TO THE COMMUNITY.



CITY OF EAST PALO ALTO

MEMBERS OF THE COUNCIL

BARBARA A. MOUTON
Mayor
JAMES E. BLAKEY, JR.
Vice-Mayor
RUBEN ABRICA
OMOWALE SATTERWHITE
GERTRUDE WILKS

FREDERIC A. HOWELL
City Manager

MUNICIPAL SERVICES BUILDING • 2415 UNIVERSITY AVENUE, EAST PALO ALTO, CA 94303 (415) 324-1308

June 29, 1984

The Honorable Mayor & Councilmembers
East Palo Alto, California

Dear Mayor and Councilmembers

Transmitted herewith is the City of East Palo Alto proposed budget for the fiscal year beginning July 1, 1984 and ending June 30, 1985.

This is the first budget for our new City; thus, a comparison of programs, service levels, & costs in different years is impossible. Moreover, developing a budget for a city out of whole cloth raised a wide array of problems, issues, and concerns. The Council is to be commended for taking on this enormous task in such a responsible fashion with the imposed staffing and time constraints.

The significance of the proposed budget, from my perspective, is that it clearly reflects policy direction for City activities in coming years. Community input for the budget was obtained through a series of public hearings held on June 4, 11, 12, 18, 19, 25, and 26. All of the changes requested by the Council at these hearings are included in this document.

In summary, the City is projected to begin the next fiscal year with a fund balance of approximately \$1.5 million. Revenues are estimated at \$4.8 million, expenditures at \$4.1 million, reserves of \$143,000 are budgeted, the Capital Improvement Program calls for expenditures of nearly \$1 million, and budgeted use of the fund balance amounts to roughly one-half million dollars. The total budget is \$ 4 .8 million and the fund balance at the end of next fiscal year should be about \$ 1 million. Details for these items are provided in the attachments.

negotiated settlement

The proposed budget was prepared with the assumption that \$750,000 of service subsidy would be provided to the City by San Mateo County. It is now believed that the actual amount to be received will be approximately \$400,000, and it is unclear whether the subsidy will be services or fixed assets. Because the Council will act upon the City's budget before the Board of Supervisors acts on the subsidy issue, it will be necessary for the Council to specify the further assumptions to be made in revising the proposed budget.

The proposed Capital Improvement Program includes projects that the Council has approved in prior actions, and it reflects a single-year program rather than five-year. Following adoption of the budget and subsequent hiring of staff, future Capital Improvement Programs will reflect a five-year time frame.

The appropriation limit required by the State Constitution has been calculated by staff and recommended for approval. This budget is, as required by law, within the recommended appropriation limit. There appears to be enough of a cushion to accommodate the shortfall anticipated from a lower County subsidy than projected

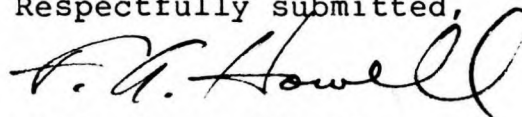
The Jarvis proposal on the November ballot would cause a substantial loss of City revenues if it is approved. Property tax refunds would be required in the following fiscal year. The operations plan for the City takes this matter into account, but drastic cost-reduction measures would be necessary unless the proposal were defeated. Obviously, such measures would produce a corresponding reduction in service levels, something that must be considered before November but not at this time.

I am compelled to express my deep gratitude to the Council for its guidance and support in developing this proposed budget. I also wish to thank Russell Averhart and Jiranee Kovatana, two extremely dedicated staff members without whose help there would very likely be no budget of the scope presented here.

Conclusion

The proposed City budget for FY 1984-85 represents a major milestone in the history and development of East Palo Alto. It is the transition year budget. It is an important bridge between dependency and independence. It marks a new era of responsibility. It is realistic but, admittedly, conservative. It should be approved with whatever further changes the Council desires and some direction regarding the County subsidy.

Respectfully submitted,



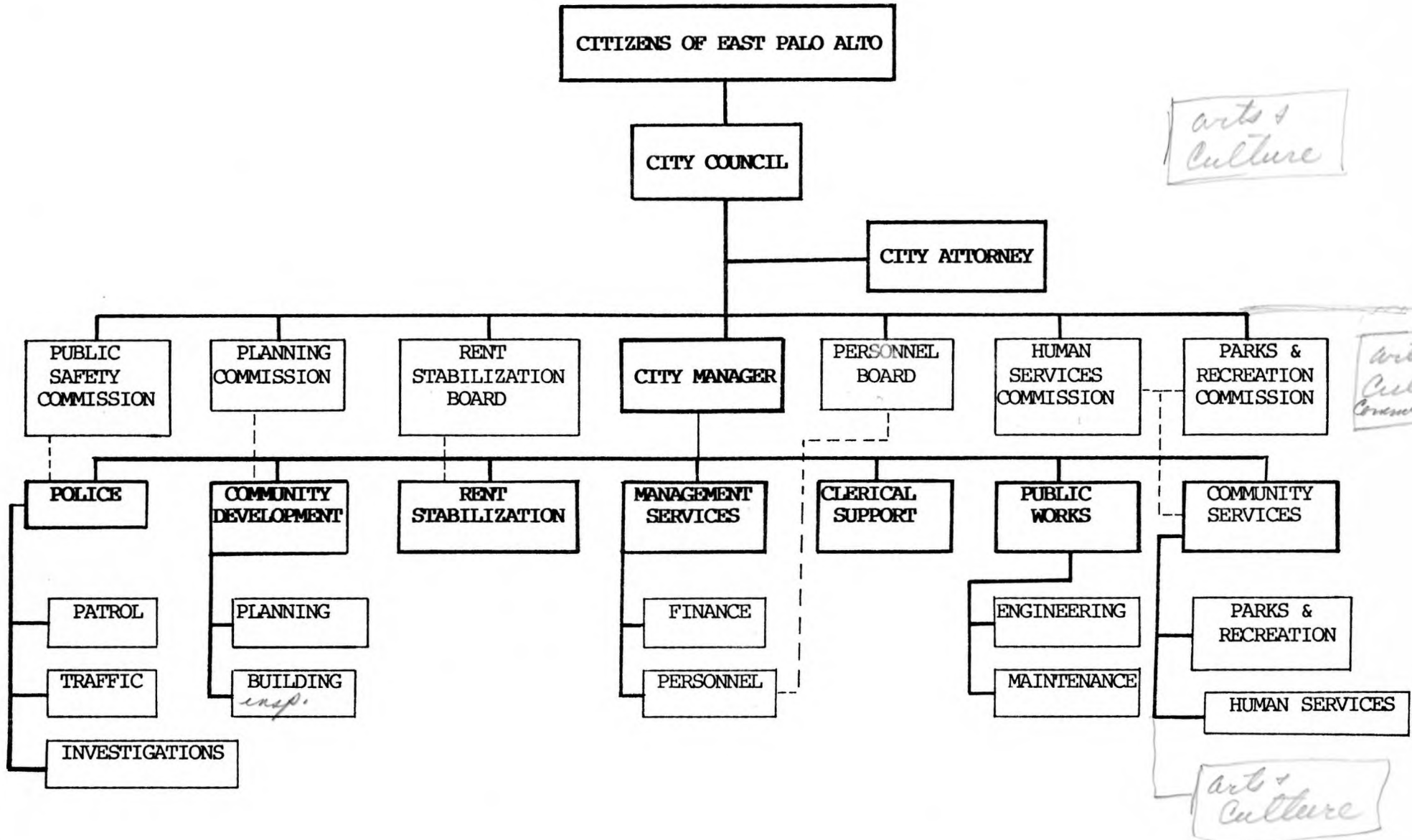
Frederic A. Howell
City Manager

Basis

BUDGET HIGHLIGHTS

For an entirely new budget, it is almost unnecessary and somewhat difficult to highlight budget changes. However, this section of the proposed budget is provided because it will be a standard feature in future budgets and some general comments on the proposal seem warranted. Future highlights will be presented on a departmental bais, different from the format below.

- The program budget was chosen as the preferred way to translate City policy into measurable activities and track the cost of services.
- All members of the City's Management Unit are expected to be selected and on staff during the first quarter of the fiscal year.
- A contract with San Mateo County will cover planning, building inspection, public works, and police services - the first three for six months and the latter for the entire year.
- The budget reflects a phasing in of a municipal police department that will be fully operational on July 1, 1985.
- The subprograms and performance measurements in the proposed budget represent desired activities and service levels, and all items are not expected to be fully accomplished in this transition year.
- The budget reflects a centralized clerical function for all operating departments.
- On-site services will be provided by the City Attorney in this fiscal year.
- The Bell Street Gymnasium renovations will be underway in calendar year 1984 and the facility is expected to be operational in early 1985.
- All administrative infrastructure is budgeted for FY 84-85 including a central computer and City-owned telephones.
- All standing Boards and Commissions will be seated.
- Authorized positions and salaries are included on an interim basis with a salary survey scheduled for the first quarter of the fiscal year and adjustments, if required, planned for the second quarter.



arts & Culture

arts & Culture Commission

arts & Culture

NUMBER OF MERIT SYSTEM EMPLOYEES BY DEPARTMENT
(FULL-TIME EQUIVALENT)

<u>Department</u>	<u>Employees</u>
MANAGEMENT SERVICES	2.83
CLERICAL SUPPORT	5.01
COMMUNITY DEVELOPMENT	1.92
PUBLIC WORKS	1.5
POLICE	8.91
COMMUNITY SERVICES	<u>4.585</u>
	<u>24.755</u>

SUMMARY OF REVENUES

General Fund

Property Transfer Tax	\$ 5,400
Cigarette Tax	42,000
Vehicle In-Lieu Tax	625,987
Property Tax	1,171,088
Sale Tax	<u>80,000</u>

\$1,924,409

Designated

Off-Highway	\$ 300
Gas Tax	358,775
Transportation Safety	<u>3,500</u>

Subtotal \$ 362,575

Fees

PG&E Franchise	\$ 55,000
Garbage Franchise	12,000
Garbage Administration	10,000
Building Permits	50,000
Planning Applications	8,500
Parks & Recreation	5,000
Rent Stabilization	<u>119,220</u>

Subtotal \$ 259,720

Grants

State P&R	\$ 106,000
CDBG Carryover	730,643
CDBG 1984-85	400,000
AB-90	<u>41,670</u>

Subtotal \$1,278,313

Revenue Sharing

15th Entitlement Period	\$ 78,000
16th Entitlement Period	<u>37,500</u>

Subtotal \$ 115,500

Miscellaneous

Investments, rebates, and other interest income	\$ 75,000
San Mateo County	<u>750,000</u>

Subtotal 825,000

TOTAL \$4,765,517

75,000
400,000

475,000

350
4415317

SUMMARY OF EXPENDITURES BY PROGRAM

Public Relations

City Council

Personnel	\$ 12,150
Operating	52,000
Capital	<u>0</u>
Total	\$ 64,150

↓ **Management Services**

Personnel	\$ 155,146
Operating	294,381
Capital	<u>32,750</u>
Total	\$ 482,277

Clerical Support

Personnel	\$ 114,979
Operating	87,500
Capital	<u>17,521</u>
Total	\$ 220,000

Legal Services

Personnel	\$ 0
Operating	58,720
Capital	<u>0</u>
Total	58,720

↓ **Community Development**

Personnel	\$ 74,034
Operating	401,234
Capital	<u>0</u>
Total	\$ 475,268

↓ **Public Works**

Personnel	\$ 99,142
Operating	248,840
Capital	<u>73,000</u>
Total	\$ 420,982

Police

Personnel	\$ 280,308
Operating	1,681,848
Capital	<u>40,034</u>
Total	\$2,002,199

}

✓ **Community Services**

Personnel	\$ 206,059
Operating	51,900
Capital	<u>25,000</u>
Total	\$ 282,959

Rent Stabilization Program

Personnel	\$ 15,300
Operating	103,920
Capital	<u>0</u>
Total	\$ 119,220

Capital Improvement Program \$ 979,196

Contingency Reserve \$ 143,000

BUDGET SUMMARY BY PROGRAM

DEPARTMENT & PROGRAMS

City Council

Legislative Operation	\$ 16,037.50
Community Promotion	32,075
Intergovernmental Relations	16,037.50
	<u>\$ 64,150</u>

Management Services

City Administration	\$ 96,474
Community Relations	48,238
Elections	14,466
Treasury	48,238
Central Services	33,675
Fiscal Control	96,474
Personnel Selection	96,474
Employee Services	48,238
	<u>\$482,277</u>

Clerical Support

General Support	\$176,000
Record Management	44,000
	<u>\$220,000</u>

Legal Services

Legal Counsel	\$ 58,720
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Community Development

Current Planning	\$ 42,972
Future Planning	28,648
Environmental Protection	28,648
Building Safety	75,000
Housing	200,000
Economic Development	100,000
	<u>\$475,268</u>

Public Works

Administration & Engineering	\$ 25,439
Street & Drains	152,120
Street Cleaning	90,809
Waste Disposal	30,527
Building Maintenance	25,439
Traffic	96,648
	<u>\$420,982</u>

Police	
Patrol	\$1,101,209
Traffic Control	500,550
Investigation	200,220
Support Services	200,220
	<u>\$2,002,199</u>
Community Services	
Technical & Administrative Services	\$ 42,444
Cultural Arts	59,592
Aquatics/Athletics-Youth Outreach	113,182
Landscape Resources	67,739
	<u>\$ 282,959</u>
Rent Stabilization Program	
Registration	\$ 35,766
Counseling & Public Information	59,610
Hearing	23,844
	<u>\$ 119,220</u>
Capital Improvement Program	\$ 979,196

**SUMMARY OF GENERAL AND DESIGNATED
MUNICIPAL REVENUES AND EXPENDITURES
BY MAJOR CATEGORY
AND ESTIMATED END OF FISCAL YEAR FUND BALANCE ~~BUDGET~~**

	<u>Estimated FY 1983-84</u>	<u>Recommended FY 1984-85</u>	
Beginning of Year Fund Balance	<u>0</u>	<u>\$1,493,827</u>	
<u>OPERATING BUDGET</u>			
REVENUE			
Gen'l Fund	\$ 949,905	\$1,924,409	
Designated	416,496	362,575	
Fees	2,000	259,720	
Grants	-	1,278,313	
County	711,449	750,000	
Rev. Sharing	-	115,500	
Misc.	<u>157,425</u>	<u>75,000</u>	
Subtotal	<u>\$2,237,275</u>	<u>\$4,765,517</u>	4,415,517
EXPENDITURES			
Personnel		\$ 957,118	
Operating		2,980,343	
Capital		<u>188,305</u>	
Subtotal	<u>\$ 743,448</u>	<u>\$4,125,766</u>	3,825,766
Reserves: Legal (\$43,000)			
Contingency (\$100,000)		\$ 143,000	
CAPITAL IMPROVEMENT PROGRAM		\$ 979,196	
Budgeted Use of Fund Balance		<u>482,445</u>	532,445
Grand Total		<u>\$4,765,511</u>	4,415,517
End of Year Fund Balance			
General Fund		\$ 551,203	501,203
Designated		(54.5%) 460,179 (45.5%)	
	<u>\$1,493,827</u>	<u>\$1,011,382</u>	961,382

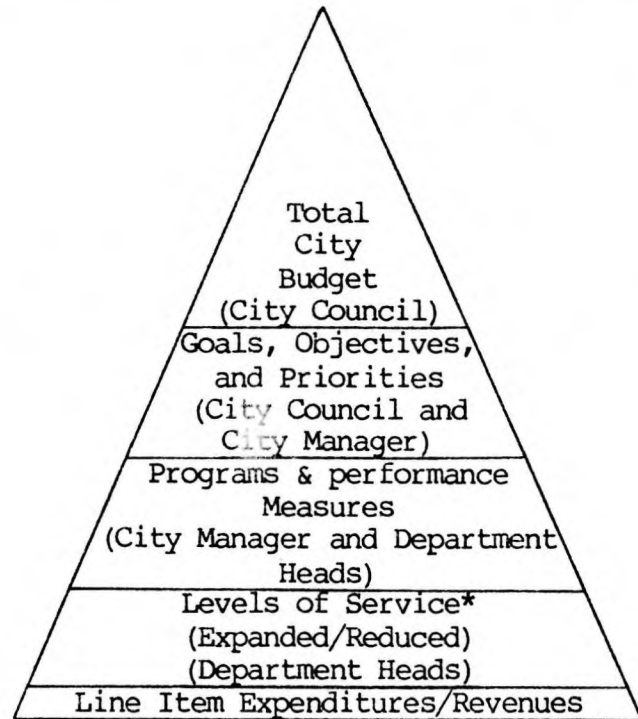
USING THE PROGRAM BUDGET

The budget's basic purpose should be to provide direction. The program budget provides useful information in better selection that direction. The emphasis of program budgeting is on the level and cost of each City service, what service is being proposed, and the effect of these activities on the general public welfare.

THE PROGRAM BUDGET

GOALS

Goals are defined as broad statements of intended accomplishment. Each departmental section is preceded by a goal statement plus programs, personnel, and revenue.



Summary Programs

Several words in bold print at the start of each program are used to describe each function (such as "Records Management" or "Street cleaning") being provided. Each program also indicates a total dollar cost. This is the basis from which the budget is developed.

Objectives

The objective statement simply means that we fix our ultimate purpose in mind before we start our journey. This then becomes a target, a desired outcome, and along the route becomes a criterion for measuring progress.

Subprograms

Subprograms are the actual activities that are performed to accomplish the program objective. Dollar costs are also assigned to each subprogram.

Performance Measurements

Each subprogram will eventually have several indicators which best determine the level of service and measurement of accomplishments.

Relating the Program Budget to Line Item Detail

Should the need arise, the program budget can be referenced to line item accounting detail. Simply find the appropriate department page and locate the program heading. City staff have a detailed dollar breakdown of each program by line item.

*Performance measures marked with an asterisk are tracked and reported on quarterly.