

STAFF REPORT



ITEM NO. 19

CITY OF OCEANSIDE

DATE: June 21, 2006
TO: Honorable Mayor and City Councilmembers
FROM: Nita McKay, Director of Financial Services
SUBJECT: **FY 2006-2008 OPERATING AND CAPITAL IMPROVEMENT PROGRAM BUDGETS**

SYNOPSIS

It is recommended that the City Council, the Community Development Commission and the Harbor District Board take the following actions to adopt the FY 2006-2008 operating and capital improvement program budgets:

1. Adopt a resolution approving the Appropriation Limitation as required by Article XIII-B of the State Constitution, as modified by Proposition 111 for FY 2006-2008 as calculated in the attached resolution;
2. Adopt a resolution approving the FY 2006-2008 City of Oceanside Operating Budget;
3. Adopt a resolution approving the FY 2006-2007 Capital Improvement Program Budget;
4. Adopt a resolution approving the FY 2006-2008 Community Development Commission Operating Budget; and
5. Adopt a resolution approving the Harbor District Annual Operating Budget for FY 2006-2008.

BACKGROUND

Presented for your consideration are the Fiscal Year 2006-2008 biennial budgets for the City of Oceanside, the Community Development Commission, and the Harbor District.

The City Council, Community Development Commission, and the Harbor District Board held budget workshops on May 18, 2006, May 23, 2006, and May 24, 2006, to discuss the FY 2006-2008 operating and capital improvement program budgets. Additionally, the City Council, at a regular meeting on June 7, 2006, discussed certain decision packages (new programs and positions). These decision packages have been added to

the FY 2006-2008 budgets as approved at the conclusion of that meeting. The purpose of the public hearing is to provide the City Council and the public with an overview of the budgets, receive public comment, and give final consideration to the FY 2006-2008 operating and capital improvement program budgets. The City's Appropriation Limitation resolution required for FY 2006-2008 is also included for Council action.

ANALYSIS

The City of Oceanside's budget represents the operating and capital spending plans for the following fund types: General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds, Enterprise Funds and Internal Service Funds. The total appropriations for all budgeted funds for fiscal year 2006-2007 are \$327,137,592. The operating appropriations on an all-funds basis are \$271,077,837 and the appropriations for the Capital Improvement Program are \$56,059,755. For fiscal year 2007-2008, the total appropriations for all budgeted funds are \$276,199,199 for operating. The General Fund, which is the general operating fund of the City and provides the majority of City services, comprises 40.6% and 41.6%, for FY 2006-07 and FY 2007-08, respectively, of the total appropriations on an all-funds basis. The General Fund is projected to complete fiscal year 2006-07 with an operating surplus of \$91,349. Fiscal year 2007-08 shows an operating surplus of \$201,382.

The total appropriations for the Community Development Commission, which includes the budget for the Redevelopment Agency, total \$34,138,878 for FY 2006-07 and \$38,955,812 for FY 2007-08, as shown in Exhibit A to the resolution.

The appropriations for the Harbor District total \$5,381,260 for fiscal year 2006-07 and \$6,155,435 for fiscal year 2007-08. Appropriations include \$5,381,260 for operating for FY 2006-07. Appropriations for FY 2007-08 include \$5,655,435 for operating and \$500,000 for the capital improvement program.

In summary, this budget, which is the City's financial plan and policy document, continues to present the City Council's and staff's commitment to provide quality services that meet the needs of the residents of Oceanside in a cost-effective and efficient manner. Staff would like to thank the City Council for their continued positive leadership and direction that has assisted in the preparation of the 2006-2008 budget.

FISCAL IMPACT

Approval of attached resolutions will provide a balanced budget for all funds. The total appropriations are shown in each attachment to the resolutions.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

It is recommended that the City Council, the Community Development Commission and the Harbor District Board take the following actions to adopt the FY 2006-2008 operating and capital improvement program budgets:

1. Adopt a resolution approving the Appropriation Limitation as required by Article XIII-B of the State Constitution, as modified by Proposition 111 for FY 2006-2008 as calculated in the attached resolution;
2. Adopt a resolution approving the FY 2006-2008 City of Oceanside Operating Budget;
3. Adopt a resolution approving the FY 2006-2007 Capital Improvement Program Budget;
4. Adopt a resolution approving the FY 2006-2008 Community Development Commission Operating Budget; and
5. Adopt a resolution approving the Harbor District Annual Operating Budget for FY 2006-2008.

PREPARED BY:


Nita McKay
Director of Financial Services

SUBMITTED BY:


Barry E. Martin
Interim City Manager

REVIEWED BY:

Michelle Skaggs-Lawrence, Assistant to the City Manager _____

ATTACHMENTS:

- Resolution Adopting Appropriations Limit for Fiscal Years 2006-07 and 2007-08
- Resolution Approving City of Oceanside Operating Budget for Fiscal Years 2006-07 and 2007-08
- Resolution Approving City of Oceanside Capital Improvement Program Budget for Fiscal Year 2006-07
- Resolution Approving Community Development Commission Operating Budget for Fiscal Years 2006-07 and 2007-08
- Resolution Approving Oceanside Small Craft Harbor District Operating Budget for Fiscal Years 2006-07 and 2007-08

1 RESOLUTION NO.

2 **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF**
3 **OCEANSIDE, CALIFORNIA DETERMINING AND ADOPTING**
4 **APPROPRIATION LIMITS FOR THE FISCAL YEARS 2006-2007**
5 **AND 2007-2008 IN ACCORDANCE WITH ARTICLE XIII-B OF**
6 **THE CONSTITUTION OF THE STATE OF CALIFORNIA**

7 WHEREAS, Article XIII-B was added to the Constitution of the State of California
8 through a general election held on November 6, 1979; and

9 WHEREAS, Proposition 111 approved by the voters in June 1990, and SB 88 (Chapter
10 60/90) made modifications to Article XIII-B regarding the adjustment factors for inflation and
11 population; and

12 WHEREAS, the City Council desires to select the factors that are more indicative of
13 local conditions, or are considered more advantageous, as indicated in Exhibit "A"; and

14 WHEREAS, an annual appropriations limit must be determined for this City, effective
15 for the Fiscal Years 2006-2007 and 2007-2008, beginning July 1, 2006; and

16 WHEREAS, the appropriations limit must be adhered to in preparing and adopting this
17 City's annual budget; and

18 WHEREAS, it is necessary for the orderly adoption and administration of this City's
19 annual budget that the appropriations limits be determined and adopted in conjunction with
20 the adoption of the annual budget.

21 NOW, THEREFORE, the City Council of the City of Oceanside does resolve as follows:

22 SECTION 1. In accordance with Article XIII-B of the Constitution of the State of
23 California, as modified by Proposition 111 and SB 88 (Chapter 60/90) the appropriation limits
24 for Fiscal Years 2006-2007 and 2007-2008, beginning July 1, 2006, as set forth in the
25 attached Exhibit "A" are \$261,266,128 for FY 2006-2007 and \$274,172,675 for FY 2007-
26 2008.

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EXHIBIT "A"
CITY OF OCEANSIDE
Schedule of Annual Appropriation Limitation
for FY 2006-07 and FY 2007-08

	<u>2006-07</u>	<u>2007-08</u>
Cumulative Growth Rate	1.0494%	1.0494%
Appropriations Limit	\$261,266,128	\$274,172,675
Projected Revenues from Proceeds of Taxes	\$75,560,033	\$79,963,200
Amount of Projected Revenues Below the Maximum Revenue Allowed	\$185,706,095	\$194,209,475
Percentage Under Appropriation Limitation	71.08%	70.83%

Article XIIB of the California Constitution, more commonly known as the Annual Appropriation Limitation or "Gann Limit", specifies the amount of allowable revenue the City of Oceanside can appropriate from the proceeds of taxes. The City's Appropriation Limitation is projected to be approximately \$185.7 million or 71.08% below its Gann Limit for the 2006-07 fiscal year and \$194.2 million or 70.83% below its Gann Limit for the 2007-08 fiscal year. In accordance with Proposition 111 and SB 88 (Chapter 60/90) the Appropriation Limitation is calculated utilizing a format based on the percentage of growth in California Per Capita Income and County population.

1 RESOLUTION NO.

2 **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF**
3 **OCEANSIDE, CALIFORNIA APPROVING THE OPERATING**
4 **BUDGET FOR THE FISCAL YEARS 2006-2007 AND 2007-2008**

5 WHEREAS, an operating Budget for Fiscal Year 2006-2007 and 2007-2008 has been
6 prepared by the City Manager and presented to this Council; and

7 WHEREAS, this City Council has examined said Operating Budget at workshops from
8 May 18 – May 24, 2006, and at a public hearing on June 21, 2006, and conferred with the City
9 Manager and various department heads; and

10 WHEREAS, the City Council has, after due deliberation and consideration, made such
11 amendments in the Operating Budget as they considered necessary; and

12 WHEREAS, the City Council desires to establish reserves of the General Fund
13 Balance.

14 NOW, THEREFORE, the City Council of the City of Oceanside does resolve as follows:

15 SECTION 1. That the Operating Budget Appropriation Summary, attached hereto as
16 Exhibit "A" and by this reference incorporated herein as if set forth in full, is hereby approved
17 for Fiscal Year 2006-2007, effective as of July 1, 2006 and for Fiscal Year 2007-2008,
18 effective as of July 1, 2007 said appropriations are hereby made.

19 SECTION 2. That the City Manager and the Director of Financial Services, acting
20 concurrently, are hereby authorized to modify appropriations for continuing programs and
21 projects that have been specifically considered in the budgeted amounts in Exhibit "A." Such
22 appropriations are to be adjusted to actual remaining balances at June 30 each year and
23 carried forward to the next Fiscal Year.

24 SECTION 3. That the Reserve of General Fund Balance Summary, attached hereto as
25 Exhibit "B" and by this reference incorporated herein as if set forth in full, is hereby approved
26 for Fiscal Year 2006-2007 and 2007-2008.

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PASSED AND ADOPTED by the City Council of the City of Oceanside, California, this
_____ day of _____, 2006, by the following vote:

AYES:
NAYS:
ABSENT:
ABSTAIN:

MAYOR OF THE CITY OF OCEANSIDE

ATTEST:

APPROVED AS TO FORM:

CITY CLERK



CITY ATTORNEY

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
OCEANSIDE, CALIFORNIA APPROVING THE OPERATING
BUDGET FOR THE FISCAL YEAR 2006-2007 AND 2007-2008

EXHIBIT "A"

**CITY OF OCEANSIDE
 APPROPRIATION SUMMARY BY FUND
 OPERATING BUDGET, FISCAL YEAR 2006-2007 AND 2007-2008**

<u>FUND</u>	<u>APPROPRIATIONS</u> 2006-2007	<u>APPROPRIATIONS</u> 2007-2008
General Fund	\$110,327,298	\$114,957,146
Recreation Programs Fund	1,289,329	919,080
Library Fund	418,348	438,348
TransNet Fund	58,015	60,691
Gas Tax Fund	3,237,808	3,300,798
Supplemental Law Enforcement Fund	260,417	260,691
Oceanside Lighting District Fund	1,508,295	1,552,122
LLEBG Fund	67,062	75,316
CDBG Fund	1,440,763	2,045,865
Sunset Hills MD Fund	24,740	24,740
Mission Meadows MD Fund	39,531	39,531
Sunburst Homes MD Fund	10,094	10,094
Douglas Park MD Fund	137,203	137,203
Rancho Hermosa MD Fund	32,526	32,526
Santa Fe Mesa MD Fund	435,381	435,381
Del Oro Hills MD Fund	540,664	540,664
Mar Lado MD Fund	80,875	80,875
Guajome Ridge MD Fund	46,189	46,189
Peacock Hills MD Fund	17,095	17,095
Vista Del Rio MD Fund	7,429	7,429
Traffic Services Fund	616,441	653,683
State Grants Fund	211,846	71,689
Federal/State Pass Thru SR Fund	3,000	3,000
Federal Grants Fund	326,804	261,673
Private Grants Fund	99,700	99,700
Housing HOME Program Fund	868,244	811,685
Housing Resource Centers Fund	505,831	524,924
Housing Mobile Home Program Fund	203,500	209,164
Ocean Ranch Corp Ctr CFD Fund	1,500,124	1,518,524
City Debt Service Fund	2,590,251	2,694,772
Trendwest CFD Fund	103,875	106,000
Morrow Hills DS Fund	403,181	408,688
Morrow Hills CFD Fund	2,578,165	2,578,061
Public Facilities Fees Fund	600,845	605,143
SLRR-Major Water Course Fund	1,636,087	1,635,237
Community Facilities Fund	935,000	1,225,000
Park Fees Fund	92,441	95,964
Water Operating Fund	38,461,733	39,291,987

Resolution Adopting FY 2006-2008 Operating Budget

Water FA Replacement Fund	193,093	206,753
Water Debt Service Fund	1,802,513	1,798,513
Sewer Operating Fund	22,669,015	23,159,236
Sewer FA Replacement Fund	193,093	206,753
Sewer Expansion/Imprvmt Fund	3,755,551	3,747,383
Sewer Debt Service Fund	914,750	909,900
Solid Waste Disposal Fund	20,236,624	21,038,002
Airport Fund	467,791	477,103
Risk Management Fund	3,974,224	3,138,007
Employee Benefits Fund	20,566,009	20,873,418
Workers Comp Fund	2,780,246	2,839,905
Fleet Management Fund	7,532,467	5,608,851
Information Services Fund	5,152,851	5,278,227
City Building Services Fund	5,927,066	5,935,488
OBA-98COP Police/Library Fund	770,315	775,825
OBA-93COP Refunding Ser A Fund	2,173,553	2,177,153
Oceanside Lighting District DS Fund	252,546	252,004
Total All Funds	\$271,077,837	\$276,199,199

EXHIBIT "B"

**CITY OF OCEANSIDE
GENERAL FUND RESERVE BALANCES**

	Projected/ Recommended	Recommended	Recommended
	6/30/06	6/30/07	6/30/08
Cash Flow (Healthy City 10%)	\$ 9,740,000	\$10,900,000	\$11,500,000
Capital Projects Fund	5,500,000	0	0
Revenue/Econ Stabilization	4,100,000	4,100,000	4,100,000
Infrastructure Reserve	8,000,000	350,000	350,000
Unreserved – Addition to Healthy City Reserve	1,160,000	600,000	0
Unreserved - Available	1,537,726	1,029,075	1,230,457
Total	\$30,037,726	\$16,979,075	\$17,180,457

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PASSED AND ADOPTED by the City Council of the City of Oceanside, California, this _____ day of _____, 2006, by the following vote:

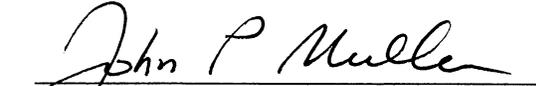
AYES:
NAYS:
ABSENT:
ABSTAIN:

MAYOR OF THE CITY OF OCEANSIDE

ATTEST:

APPROVED AS TO FORM:

City Clerk



City Attorney

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE APPROVING THE CAPITAL IMPROVEMENTS PROGRAM (CIP) BUDGET FOR THE FISCAL YEAR 2006-2007

EXHIBIT "A"

**CITY OF OCEANSIDE
 APPROPRIATION SUMMARY BY FUND
 CIP BUDGET, FISCAL YEAR 2006-2007**

<u>FUND</u>	<u>APPROPRIATIONS</u>
	<u>2006-2007</u>
General Fund	\$ 11,750,000
CDBG Funds	429,115
Drainage District Funds	4,490,400
Gas Tax Fund	865,000
General Capital Projects Fund	750,000
Major Thoroughfare Fees	2,525,000
Municipal Golf Course Improv	40,000
Park Fees	12,709,000
Public Facilities Fees Fund	270,000
Redevelopment Fund	400,000
Sewer Fund	4,923,946
SLRR - DD - 1/Zone - 1A Fund	30,000
Traffic Signal Fees Fund	350,000
TransNet Fund	4,315,000
Water Fund	12,212,294
Total All Funds	\$56,059,755

1 RESOLUTION NO.

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3 **A RESOLUTION OF THE COMMUNITY DEVELOPMENT**
4 **COMMISSION OF THE CITY OF OCEANSIDE, CALIFORNIA**
5 **APPROVING THE OPERATING BUDGET FOR THE FISCAL**
6 **YEAR 2006-2007 AND 2007-2008**

7 WHEREAS, an operating Budget for Fiscal Year 2006-2007 and 2007-2008 has been
8 prepared by the Executive Director and presented to this Commission; and

9 WHEREAS, this Commission has examined said Operating Budget at workshops from
10 May 18 – May 24, 2006, and at a public hearing on June 21, 2006, and conferred with the
11 Executive Director and various department heads; and

12 WHEREAS, this Commission has, after due deliberation and consideration, made such
13 amendments in the Operating Budget as they considered necessary; and

14 NOW, THEREFORE, the Community Development Commission of the City of
15 Oceanside does resolve as follows:

16 SECTION 1. That the Operating Budget Appropriation Summary, attached hereto as
17 Exhibit "A" and by this reference incorporated herein as if set forth in full, is hereby approved
18 for Fiscal Year 2006-2007, effective as of July 1, 2006 and for Fiscal Year 2007-2008,
19 effective as of July 1, 2007 said appropriations are hereby made.

20 SECTION 2. That the City Manager and the Director of Financial Services, acting
21 concurrently, are hereby authorized to modify appropriations for continuing programs and
22 projects that have been specifically considered in the budgeted amounts in Exhibit "A." Such
23 appropriations are to be adjusted to actual remaining balances at June 30 each year and
24 carried forward to the next Fiscal Year.

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PASSED AND ADOPTED by the Community Development Commission of the City of
Oceanside, California, this _____ day of _____, 2006, by the following vote:

AYES:
NAYS:
ABSENT:
ABSTAIN:

CHAIRMAN OF THE COMMUNITY
DEVELOPMENT COMMISSION

ATTEST:

SECRETARY

APPROVED AS TO FORM:



GENERAL COUNSEL

A RESOLUTION OF THE COMMUNITY DEVELOPMENT
COMMISSION OF THE CITY OF OCEANSIDE, CALIFORNIA
APPROVING THE OPERATING BUDGET FOR THE FISCAL
YEAR 2006-2007 AND 2007-2008

EXHIBIT "A"

**COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF OCEANSIDE
 APPROPRIATION SUMMARY BY FUND
 OPERATING BUDGET, FISCAL YEAR 2006-2007 AND 2007-2008**

FUND	APPROPRIATIONS	APPROPRIATIONS
	2006-2007	2007-2008
Housing Rehab Loan Program Fund	\$ 472,501	\$ 472,501
Housing Section 8 Fund	14,182,061	14,191,856
Admin/Program Development Fund	732,461	712,499
Housing Mortgage Revenue Bond Fund	225,434	191,610
CalHome Program Fund	500,000	0
Community Redevelopment DS Fund	9,610,797	9,934,901
Community Redev. Capital Projects Fund	8,236,638	13,263,985
Low&Mod Income Housing Fund	178,986	188,460
Total All Funds	\$34,138,878	\$38,955,812

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RESOLUTION NO.

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
OCEANSIDE SMALL CRAFT HARBOR DISTRICT APPROVING
THE OPERATING BUDGET FOR THE FISCAL YEAR 2006-2007
AND 2007-2008**

WHEREAS, an operating Budget for Fiscal Year 2006-2007 and 2007-2008 has been prepared by the Executive Director and presented to this Board; and

WHEREAS, this Board has examined said Operating Budget at workshops from May 18 - May 24, 2006, and at a public hearing on June 21, 2006, and conferred with the Executive Director and various department heads; and

WHEREAS, this Board has, after due deliberation and consideration, made such amendments in the Operating Budget as they considered necessary; and

NOW, THEREFORE, the Board of Directors of the Oceanside Small Craft Harbor District does resolve as follows:

SECTION 1. That the Operating Budget is hereby approved for Fiscal Year 2006-2007, effective as of July 1, 2006 in the amount of \$5,381,260 and for Fiscal Year 2007-2008, effective as of July 1, 2007 in the amount of \$5,655,435 and said appropriations are hereby made.

SECTION 2. That the City Manager and the Director of Financial Services, acting concurrently, are hereby authorized to modify appropriations for continuing programs and projects that have been specifically considered in the budgeted amounts. Such appropriations are to be adjusted to actual remaining balances at June 30 each year and carried forward to the next Fiscal Year.

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1 PASSED AND ADOPTED by the Board of Directors of the Oceanside Small Craft
2 Harbor District this _____ day of _____, 2006, by the following vote:

3 AYES:

4 NAYS:

5 ABSENT:

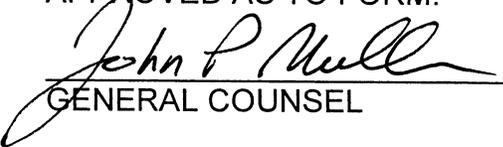
6 ABSTAIN:

7 _____
8 PRESIDENT OF THE BOARD OF
9 DIRECTORS OF THE OCEANSIDE
10 SMALL CRAFT HARBOR DISTRICT

9 ATTEST:

APPROVED AS TO FORM:

10 _____
11 SECRETARY


12 _____
13 GENERAL COUNSEL

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16 A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
17 OCEANSIDE SMALL CRAFT HARBOR DISTRICT APPROVING
18 THE OPERATING BUDGET FOR THE FISCAL YEAR 2006-2007
19 AND 2007-2008
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