



Pedro "Pete" M. Sanchez, Mayor
Jane Day, Mayor Pro-Tem
Sam Derting
Michael J. Hudson
Michael A. Segala

First and Third Tuesday
Every Month

CITY OF SUISUN CITY

701 Civic Center Blvd.
Suisun City, California 94585

Incorporated October 9, 1868

June 2, 2009

Honorable Mayor and Members of the City Council:

We are pleased to submit to you the proposed Fiscal Year 2009-10 Annual Budget, which begins on July 1, 2009. As we transition from the current fiscal year into the new fiscal year, there are a number of important themes to keep in mind:

- We are living through historic economic times that cause both tremendous challenges and unique opportunities;
- Our short- and long-term priority continues to be fiscal stability, which means we need to operate within our means and maintain strong reserves to weather the uncertain future, while providing the business community and our residents with the highest level and quality of services possible; and
- Our service focus is on all segments of our community – services and programs that support long-term economic vitality, strong and safe neighborhoods, and a community that is a desirable place to visit, live, work and raise a family.

In spite of the challenging times facing us on so many fronts, the proposed FY 2009-10 budget continues us on this path consistent with the City Council's commitments and goals. We are largely able to do so because of the eminent opening of the new Hampton Inn & Suites on the Waterfront, and by diligent efforts of staff to:

- Stretch limited resources through renewed operating efficiencies;
- Take advantage of grant and other new revenue opportunities available through the Federal stimulus program and other grant programs; and
- Complete a comprehensive review, audit and assessment of all special project and program accounts to match resource needs to projected demands and liabilities.

To put these strategies into perspective, when the budget process was initiated for FY 2009-10, staff faced a \$1.1 million gap in the General Fund, or roughly 10% of our operating budget. Our initial challenge was to close this gap without reducing service

DEPARTMENTS: AREA CODE (707)

ADMINISTRATION 421-7300 ■ PLANNING 421-7335 ■ BUILDING 421-7310 ■ FINANCE 421-7320
FIRE 425-9133 ■ RECREATION & COMMUNITY SERVICES 421-7200 ■ POLICE 421-7373 ■ PUBLIC WORKS 421-7340
REDEVELOPMENT AGENCY 421-7309 FAX 421-7366

levels, cutting staff or instituting hiring freezes – all while maintaining healthy reserves in recognition of the uncertain economic times we are working through. Unlike virtually every city in our area and beyond, we have met this challenge.

In broad terms, staff has taken the following measures to close the \$1.1 million initial gap:

- Identification of a total of \$200,000 for “holds” and “cuts” from departmental and division programs, which are identified in more detail in the budget document;
- Another \$200,000 has been saved through identified operating efficiencies, based on current workload demands in both Public Works and the Police Department;
- Through a detailed audit of various funds and accounts maintained by the accounting system, a series of public works development project accounts have been identified and closed out, resulting in \$452,000 being available to the General Fund on a one-time basis; and
- Similarly, through a detailed audit and assessment of our workers’ compensation liability account and our IT internal service fund, another roughly \$200,000 has been allocated back to the General Fund.

The C Section of the budget document, which presents the individual budgets by department and program, as well as accomplishments and proposed work programs into the new fiscal year, provides the detail associated with the above noted strategies.

Looking beyond and planning for the next two or three years, new commercial development, such as the Wal-Mart Supercenter, Main Street West and other remaining properties within the City, along with a revived economy, will be critical to meeting our longer-term needs.

The proposed FY 2009-10 budget is basically a *status quo* budget that is structurally balanced, built upon conservative assumption, and maintains strong reserves. Highlights include:

- After allocating this year’s \$400,000 payment from the sale of the Twin Sisters property as a “bridge” to future revenue streams from future development, as was initially anticipated when this property was sold, an \$82,500 General Fund structural operating surplus is realized. The last payment from this sale will be made in FY 2010-11.
- The structural surplus is the result of ongoing General Fund resources of \$9.42 million and ongoing expenditures of \$9.34 million.
- Revenue assumptions used in building the budget include the following:
 - A 10% reduction in projected tax increment monies; this is on top of a 10% reduction factored into the FY 2008-09 Estimated budget.

- A property tax reduction of about 6%; this is on top of a reduction of just over 5% in the current fiscal year.
- A slight dip in sales tax collections despite new commercial properties coming on line in the upcoming year and anticipated spikes in gas prices, which represent a significant percentage of our sales tax monies.
- Nine-month operation of the Hampton Inn & Suites (versus the projected 10 months anticipated at this time).
- A slight increase in vehicle license fees of roughly \$16,000 based on projections provided by the State Controller's Office.
- Development fees from the Wal-Mart Supercenter assumed in spring 2010 rather than fall 2009.
- Anticipates a General Fund reserve of just over \$5.1 million million, which reflects a repayment of \$2.5 million from the Agency for the Harbor Center extension project.
- Anticipates a continued strong and viable Redevelopment Agency that, with all nine RDA Funds combined, includes:
 - Beginning balance of nearly \$17.4 million and another \$14.8 million in resources after distributing \$4.5 million to other Agencies in the form of pass-throughs.
 - Annual tax increment after pass-throughs to other agencies (excluding Housing Set-Aside funds) amounts to \$14.8 million.
 - Operating budget of \$2.8 million, debt service of nearly \$5.0 million, major capital of \$10.1 million and \$7.6 million ending balance.
 - Housing set-aside beginning balance of \$10.8 million and another \$3.0 million in new resources, of which \$2.7 million represents the annual 20% tax increment contribution and \$250,000 in interest.
 - Housing set-aside operating budget of \$8.5 million, which includes distribution of about \$8.0 million to the housing capital projects fund and an ending balance of \$5.2 million.

Operationally, we are poised to continue to provide the services that the community expects and demands, with the constant caveat that our non-emergency response times and turnaround times may not always be at the level we desire - something the community, overall, seems to respect and understand given our historically limited resources.

Building upon the discussions with Council during the budget goal-setting session held back in March, which for the most part directed staff toward a status quo budget consistent with the goals and priorities established in earlier years, the following goals serve as the foundation for this budget:

1. Economic Development – *New business attraction/long-term fiscal health.*
2. Neighborhood Reinvestment – *Streets, residential rehab, related infrastructure.*
3. Public Safety – *Equipment replacement, technology enhancement.*
4. Recreation & Leisure Services – *Youth and building a sense of community.*
5. Strong Dedicated Workforce – *Striving to be competitive.*

Highlights of our service capabilities incorporated into the proposed FY 2009-10 budget to address these goals and priorities include:

- A continued commitment to new business development through, among other things, implementation of Year 2 of the marketing and branding study undertaken and approved by Council in the prior fiscal year.
 - Leverage of partnerships to increase opportunities to “do more” downtown, while pushing new tourism efforts in sync with efforts of the new Waterfront Hotel opening in September 2009.
 - A special events calendar that compares more than admirably with communities our own size – not to mention communities much larger in size and population.
 - Finalizing efforts to bring in a new operator of the old YMCA facility and expand services directly to our youth and senior citizens.
 - Continued efforts on multiple fronts to increase the viability of our neighborhoods including increased funding for our neighborhood reinvestment program and increased funding for first-time home buyer and other programs designed to turnover foreclosed properties – including \$955,000 through Federal Stimulus monies.
 - Renewed Redevelopment Agency funding for blight removal including a component of downtown beautification to address visual blight of vacant lots and dilapidated buildings owned by the Agency.
 - An aggressive capital improvement program that takes advantage, for the part, of non-general fund monies. Includes recommendations from the Parks and Recreation Commission regarding the allocation of Park Development funds.
- Major project highlights include:
- \$700,000 in street improvements along Sunset Avenue and Main Street as part of the Federal stimulus program.
 - \$1.53 million neighborhood street maintenance program that consists of Federal Gas Tax monies and coordination of street improvements with SSWA’s maintenance efforts.

- \$145,000 for facility repairs including painting and related at the train station, roof repair at the Harbor Master building, renovation of waterfront restrooms, and renovation of the Marina fishing pier.
 - \$60,000 for landscaping to complete the Gap Closure bikeway project as initially proposed (grant funding was unable to cover this part of the project)
 - A placeholder of \$80,000 to repair the Lawler Ranch Falls park (outside soils engineer assign failures and repair options at this time)
 - \$20,000 to remove unsafe and inoperable batting cage equipment and plan for Phase I improvements.
- Preparing to fund General Plan update with an initial allocation of \$400,000 in a General Fund reserve. The actual update will be initiated in FY 2010-11.

For more detailed and expanded information on what's been presented in this budget message, key sections of the budget document to consider spending more time with include:

- **Section B – Budget Overview**, which provides an Executive Summary of the FY 2009-10 Annual Budget with an emphasis on the General Fund and Redevelopment Agency. A comprehensive summary of revenue and expenditure trends is presented, as well as a summary of major service refinements to the departmental operating budgets.
- **Section C – Department Operating Budgets**, which includes program and staffing organization charts; departmental accomplishments, goals, work programs and service refinements; and supporting expenditure, staffing and funding data.
- **Section D – Major Capital Improvement Program**, which includes a listing of major capital improvement projects for both the City and Agency; the same listing of projects cross sorted by funding source and project category; and a more detailed description and timing schedule for each individual project.

In addition to the presentation of proposed programs and services for the upcoming fiscal year, along with the City's supporting fiscal position, the transition into a new fiscal year is likewise a time to review operational changes tied to the City's classification and compensation plan. For the new budget year, one modification to the classification plan is proposed involving the position of Computer Technician. Given the skill sets that the current employee brings to the position, this position is functioning more as a IT Systems Administrator with responsibilities for networks, phones and related peripherals. As such, it is recommended that the class plan be modified to add a new class of "IT Systems Administrator" with a salary pegged 5% above the current Computer Technician classification. Operationally, there will be no net additional cost for this modification as the new position assumes tasks that have in the past been contracted out. Furthermore, the new classification, based on FLSA designations, would not be eligible for overtime.

With the focus on next year and so many programs and projects that are happening because of the effort made over the past several years, it would be remiss to overlook the significant accomplishments of the past year. Highlights include:

- Harbor Square (and the courtyard plaza) is schedule to be completed by the time this budget goes into effect – and that includes the opening of the new *Cast Iron Grill and Bar*. *Subway* is already open and *Demetrius' Lounge by the Bay* is slated to open in August.
- The new *Hampton Inn & Suites on the Waterfront* is nearing completion with a targeted fall 2009 opening.
- Traffic circulation enhancements between Lotz Way and Driftwood Drive are nearing completion, along with streetscape improvements on both sides of Lotz Way and Driftwood Drive.
- The City's every five- to seven-year cyclical dredging of the Marina was completed on time (which means a very, very small window because of environmental constraints when working within the marsh) and under budget.
- The City's EIR withstood its first legal challenge for the Wal-Mart Supercenter proposed on Walters Road and State Route 12, with the project now working its way through the final permitting process involving the Regional Water Quality Control Board, and an appeal of the legal judgment that found the EIR solid.
- Completion of a \$1.5 million street improvement program covering a number of neighborhood streets identified in our Pavement Management System.
- Acquisition of a new fire ladder truck, which will ultimately be funded through new development.
- Completion of the McCoy Creek bikeway project and nearing completion of the Gap Closure bikeway project, which amounted to roughly \$4.1 million funded through grants.
- Safety improvements at Sunset and Railroad Avenues are nearing completion – a joint \$3.8 million project with the City of Fairfield and coordinated with the Union Pacific Railroad and the CPUC.
- New and replacement signage on State Route 12 has been designed and installed to more clearly define Suisun City's Downtown Business District and the various amenities available in the Waterfront District.
- Our neighborhood reinvestment program continues to be a tremendous success with funding for the program doubled in the mid-year to \$100,000.

- The City's first-time home buyer/foreclosure eradication program has been revamped and expanded – with 10 loans closed to date valued at more than \$535k, 1 loan pending close of escrow, 10 active applications (applicants pre-approved and are looking for property to buy) and 7 applications are in the process of review for approval. Overall, staff has received over 200 formal inquiries since program inception.
- Supporting efforts to further reduce the blighting impacts of foreclosed properties, staff revamped our nuisance and abatement ordinances to include specific provisions that address maintenance and other responsibilities for bank-owned properties.
- Community events now fill virtually every weekend from Memorial Day through Labor Day, and are publicized in Rack Cards distributed throughout the region, as well as a calendar that was distributed to all residents through our Discovery newsletter.
- Goepf Park has been refurbished and upgraded, and the new Child Development Centers (CDI) Continuing Developing Inc. has opened and offers both preschool and after-school programs
- Completion of improvements and upgrades to Senior Center drainage infrastructure, as well as improved lighting and walkways.
- The Salvation Army was selected to replace the San Francisco YMCA as the operator of the old community center after working through a comprehensive selection process that involved community stakeholders. Negotiations are underway to craft an arrangement to move forward that take into account the new realities of the economic and financial climate that we all operate under.
- In the interim, staff picked up all non-facility programming previously undertaken by the YMCA including Jr. Giants Baseball, afterschool program at Suisun Elementary, youth basketball leagues, youth summer camps and coordinated provision of Tae Kwon Do classes at the Senior Center.
- Through the implementation of three-year contracts with both the SCPOA and SCEA, we are moving closer to our policy objective of 90% of the market for nearly two-thirds of our workforce, though with a slight delay as salary adjustments for the majority of the workforce are triggered to new development and new revenue streams to pay for the adjustments.

This brief summation of the accomplishments of the past year barely does justice to the efforts of our Team. I encourage you to all delve into the individual departmental budgets (**Section C**), where staff has identified departmental accomplishments and goals, as well as the specific departmental/division work programs for the coming year.

In closing, special thanks to Ron Anderson, Assistant City Manager/Administrative Services Director, and Mark Joseph, Financial Services Manager, for taking the lead on pulling this year's budget together. Other staff members that warrant special thanks and appreciation include Elizabeth Luna, Alysa Majer, Donna Pock, and Sheila Jones.

I also want to thank our Management Team Members and their staffs. I've said it for each of the last four budgets that I've been involved with since I came to the City in 2005 and I'll say it again: Given the financial constraints that we work under, we all understand that we still have a significant distance to travel before we are able to provide the highest level of service that we know we are capable of providing. But regardless, it is refreshing to work with a team that understands the big picture and is willing to be patient in addressing pent-up demands and needs until the City's financial position stabilizes and solidifies. Once again, "Staff gets it." I continue to be personally honored to be a part of this organization.

We look forward to your review and consideration of this budget.

Respectfully submitted,

Suzanne Bragdon
City Manager