

# *City of Pacifica California*



## *Adopted Budget Fiscal Year 2007-2008*

**CITY OF PACIFICA, CALIFORNIA  
2007-2008 ADOPTED BUDGET**

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CITY OF PACIFICA, CALIFORNIA  
2007-2008 ADOPTED BUDGET

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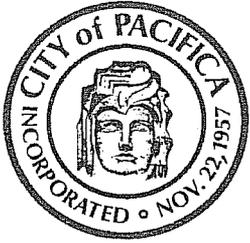
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*Scenic Pacifica*

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## ***City of Pacifica*** ***Budget Summary*** ***Fiscal Year 2007-2008***

### **MESSAGE FROM THE CITY MANAGER**

Honorable Mayor, Members of the City Council and Citizens of Pacifica:

On behalf of the Management Team and the Finance Department staff, I am pleased to present to you the City of Pacifica Annual 2007-2008 Operating and Redevelopment Budget. This budget was adopted on June 25, 2007 and includes \$1.5 million in budget reductions to balance the City's General Fund of \$23,929,290. The reductions include staffing layoffs and program consolidations. These reductions begin to address a structural deficit in Pacifica's financing, \$600,000 in the 2006-2007 fiscal year budget and \$1,200,000 in fiscal year 2005-2006. A structural deficit exists when expenditures are greater than revenues, not allowing for one-time monies, such as the sale of property, or legal expense reimbursements. This fiscal year, if economic assumptions are realized, the revenue budget is projected to match the expenditure budget, thus the General Fund budget will be balanced. The total City budget for all funds, including the Enterprise Fund and the Redevelopment Agency, is \$48,554,397.

The City Council, in considering this budget, hosted five budget study sessions where presentations were made regarding program objectives, staffing levels and recommendations regarding capital projects, enterprise funds and support of community organizations. The sessions and topics were:

<b>April 11, 2007</b>	<b>Department Goals</b>
<b>May 16, 2007</b>	<b>General Fund</b>
<b>May 30, 2007</b>	<b>General Fund</b>
<b>June 11, 2007</b>	<b>Enterprise &amp; Capital</b>
<b>June 20 2007</b>	<b>Capital Projects &amp; Final General Fund</b>
<b>June 25, 2007</b>	<b>Adoption of All Budgets</b>

As a guide in the development and adoption of the budget, the City Council utilized the 2005 Strategic Plan. The Strategic Plan, developed by the community and the City Council in 2006 includes a mission statement, goals and objectives. The goals include:

- Preserve and enhance Pacifica's natural resources and open space to ensure an ecologically vibrant community
- Evaluate land use issues to ensure that the goals, policies and programs of the General Plan reflect the community's vision and mission
- Maintain, modernize and beautify the City's infrastructure and facilities
- Broaden and enhance local revenues to provide stable, reliable and sufficient revenue sources
- Foster a vibrant business climate
- Promote cultural arts and community services
- Enhance economic development which emphasizes sustainable urban development, increase public sector revenue, increased investment in the community, and positively impacts the physical environment and quality of life



- Maintain a safe community that is prepared for emergencies
- Provide efficient & cost effective city government and excellent customer service and administration
- Implement measures that improve traffic congestion and enhance safety

The fiscal year 2007-2008 capital projects budget addresses many of these overall goals as they relate to economic growth, vibrant community, environmental improvements and infrastructure improvements. The City will be replacing the roof on the Community Center during this budget year. The City will complete the paving project on Palmetto and has scheduled paving projects on Terra Nova, Sharp Park and Oddstadt during this budget year. The City will develop a trail and Park at the 500 block of Esplanade and develop a trail and vertical access at the RV Park location. The City will also install new restrooms at the Skatepark.

### **The Budget**

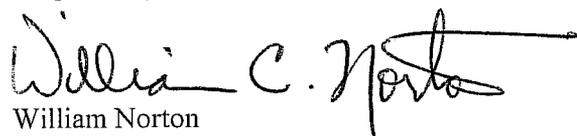
The budget document includes a listing of departmental accomplishments from the preceding fiscal year and goals for fiscal year 2007-2008. Development of the fiscal year 2007-08 budget began in February 2007 with individual departmental meetings. The initial step in this process was the dissemination of information and forms to City staff while the Finance Department prepared revenue projections. Departments returned their initial budget requests to the City Manager for review and revisions and the process of matching expenditures to revenues began. City Administration was committed to presenting the City Council with a balanced budget.

The City Manager balanced the budget using many operating expenditure reductions in each department as well as staff reductions in the Police Department, the Fire Department, the Planning Department, the Human Resources Department and the Finance Department.

Fiscal year 2007-2008 is the beginning of the fourth year of the community supported Fire Assessment funding allowing the City to fully staff both fire stations. Effective fiscal year 2007-2008, based on suggestions and input from the community, six firefighter salaries and benefits are paid out of the Fire Assessment Fund 8. In past years, the cost of salaries and benefits for these firefighters were transferred from Fund 8 Fire Assessment to the General Fund for the firefighter salaries. For clarity, the firefighters' salaries and benefits (only) are now in Fund 8. Overtime costs for these firefighters will continue to be charged to the General Fund in order to more closely budget against the set amount allowed for salaries and benefits out of the Assessment revenue.

On June 25, 2007, the City Council approved the fiscal year 2007-2008 General Fund expenditure budget of \$23,929,290, 7.70% lower than the fiscal year 2006-2007 budget.

Respectfully submitted,



William Norton  
Interim City Manager

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PACIFICA  
ADOPTING OPERATING AND CAPITAL BUDGETS FOR FY 2007-2008**

The City Council of the City of Pacifica hereby resolves as follows:

**SECTION 1.                    Adoption of Budget**

The City of Pacifica preliminary budget for FY 2007-2008, as submitted to the City Council on June 25, 2007, is hereby adopted as the budget for the City of Pacifica for FY 2007-2008. The appropriations for the General Fund Departments and other Funds shall be set forth as follows:

	<u>Adopted Budget 2007-2008</u>
<b>GENERAL FUND:</b>	
City Council	136,850
City Manager's Office	427,320
Human Resources	376,290
City Attorney's Office	743,105
Finance Department	1,007,978
Police Department	8,376,950
Fire Department	5,066,177
Planning & Economic Development	1,041,662
Public Works - Field Services	1,537,369
Parks, Beaches & Recreation Department	3,496,858
Non-Departmental (includes transfers)	<u>1,718,731</u>
<b>TOTAL GENERAL FUND:</b>	<u>23,929,291</u>
<b>CAPITAL PROJECT FUNDS:</b>	
Street Construction Fund	3,155,978
Highway 1 Improvement Fund	2,149,900
Aircraft Noise Project Fund	7,500
General Capital Improvement Fund	4,029,805
Sewer Facility Fund	1,100,062
Manor Drive Improvement Fund	480,000
Parks/Playfields Improvement Fund	185,020
PB&R - R. Davies Trust	<u>816,800</u>
<b>TOTAL CAPITAL PROJECT FUNDS:</b>	<u>11,925,065</u>
<b>OTHER OPERATING FUNDS:</b>	
Fire Assessment Fund	1,013,689
Supplemental Law Enforcement Fund	101,896
Gas Tax Maintenance Fund	1,282,506
NPDES Stormwater Fund	384,215
Planned Local Drainage Fund	228,855
WWTP Operations & Maintenance Fund	<u>9,688,880</u>
<b>TOTAL OTHER OPERATING FUNDS:</b>	<u>12,700,041</u>
<b>TOTAL ALL FUNDS:</b>	<u>48,554,397</u>

SECTION 2. Transfers of Funds Between Departments

The City Council of the City of Pacifica may, by simple motion and second, passed by affirmative vote of three (3) members, transfer funds between departments as set forth in the departmental budget summaries.

SECTION 3. Transfers of Funds Within Departments

The City Manager may, by his written instructions, transfer funds between object classifications within a department as set forth in the budget details. A copy of such instruction shall be provided to each Council member.

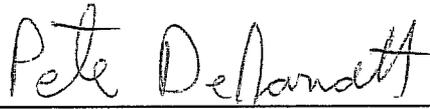
SECTION 4. Transfers of Funds Between Funds

Transfers of funds between funds as shown in the budget summary shall be made as expenditures warrant such transfers. Other transfers may be made by City Council Resolution adopted by affirmative vote of three (3) members.

\* \* \* \* \*

Passed and adopted at a meeting of the City Council of the City of Pacifica held on the 25th day of June 2007, by the following vote:

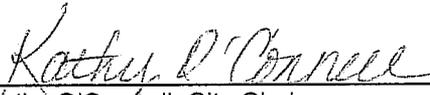
- AYES, Councilmembers: Lancelle, Hinton & DeJarnatt
- NOES, Councilmembers: None
- ABSENT, Councilmembers: Digre & Vreeland
- ABSTAIN, Councilmembers: None

  
 \_\_\_\_\_  
 Pete De Jarnatt, Mayor

APPROVED AS TO FORM:

  
 \_\_\_\_\_  
 Cecilia M. Quick, City Attorney

ATTEST:

  
 \_\_\_\_\_  
 Kathy O'Connell, City Clerk

RESOLUTION NO. 02-2007

A RESOLUTION OF THE AGENCY BOARD OF THE  
CITY OF PACIFICA REDEVELOPMENT AGENCY ADOPTING THE  
OPERATING BUDGETS FOR THE REDEVELOPMENT AGENCY GENERAL FUND  
AND HOUSING AUTHORITY FUND FOR FISCAL YEAR 2007-2008

**WHEREAS**, there has been submitted to the Agency Board a budget for the operation of Redevelopment Agency and Housing Authority programs and functions for the Fiscal Year 2007-2008, and there has been submitted to the Agency Board a preliminary budget for the capital expenditures related to Redevelopment Agency programs and activities for the Fiscal Year 2007-2008; and

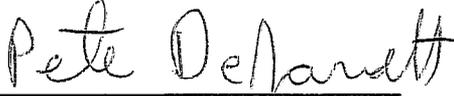
**WHEREAS**, the Agency Board held meetings to review the proposed RDA operating and capital budget and Housing Authority budget; and the Agency Board took action to accept the proposed RDA budget; and

**NOW, THEREFORE, BE IT RESOLVED** by the Agency Board that as of June 25, 2007, the amount of \$660,200 be fixed as the amount necessary to meet agency operating fiscal year 2007-2008 requirements, and the amount of \$17,000 be fixed as the amount necessary to meet the Agency's Housing Authority fiscal year 2007-2008 requirements, and that the same is hereby approved, confirmed and adopted.

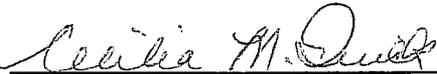
**PASSED AND ADOPTED** this 25th day of June, 2007, by the following roll call vote:

<b>AYES:</b>	Agency Members:	Lancelle, Hinton & DeJarnatt
<b>NOES:</b>	Agency Members:	None
<b>ABSENT:</b>	Agency Members:	Digre & Vreeland
<b>ABSTAIN:</b>	Agency Members:	None

**APPROVED:**

  
Pete DeJarnatt, Agency Chairperson

**APPROVED AS TO FORM:**

  
Cecilia M. Quick, City Attorney

**ATTEST:**

  
Kathy O'Connell, Agency Board Clerk

## **BASIS OF BUDGET PREPARATION AND MAJOR FUNDS SUMMARIES**

The City of Pacifica budget contains the revenues, appropriations and other financial information pertaining to all City operating and capital budgets, including capital improvement projects. These funds are accounted for using the modified accrual basis of accounting. The City's budget goals are to achieve a balanced budget in the General Fund with revenues equal to or greater than expenditures. Guidance is provided to the departments prior to preparation of department budgets on economic outlook and parameters for funding.

Budget preparation involves several stages: 1) Preparing and updating revenue projections; 2) developing budget guidelines; 3) requesting estimates from departments; 4) reviewing departmental estimates for accuracy; and 5) conducting Council budget Study Sessions to decide what to recommend for funding; and finally adoption of the budget. To assist departments with the preparation of the budget requests, the departments are provided with budget detail worksheets, which are completed and returned to the Finance Department for review. The City Manager directs the staff in budget guidelines, which are essentially policy statements that provide the departments with a sense of the budgetary environment for the forthcoming year. After receipt of departmental proposals, the City Manager reviews each submission and makes necessary cuts to attempt to balance the budget with respect to projected revenue levels.

The City has no formal written policy for fund balance of the General Fund; however, historically the City has put into practice the maintenance of a restricted and un-appropriated fund balance of approximately 10% of the General Fund Operating Budget.

The City maintains a policy limiting annual debt obligation to less than 5% of total expenditures. The City also maintains a policy that Cost of Services fees are reviewed annually and adjusted to match costs where applicable. The City of Pacifica has an Investment Policy that has been certified by the Association of Public Treasurers, U.S. & Canada.

**Budgetary Control** is maintained through monthly reports of revenue and expenditure accounts. A mid-year budget review and adjustment process is completed each January and submitted to the Council for review and approval. Total appropriations within a fund may only be increased with Council approval. This review precedes preparation of a new budget. Budgetary adjustments are only considered within the framework of the adopted budget and the City Council's directions, goals and policies. The City Council appropriates the funds necessary to meet operating activities and capital budgets are based on estimates of municipal needs for the fiscal year. The Departments prepare a work program, which is usually submitted to the City Council for review and discussion in March. The City Council usually receives the proposed budget in late May and schedules the necessary public study sessions to review the recommendations. Following the Council's review, a public hearing is held, and the budget is usually adopted in late June. The fiscal year 2007-2008 proposed budget was presented to Council for consideration and adoption on June 25, 2007.

### **MAJOR FUNDS SUMMARIES:**

**General Fund:** Revenues for fiscal year 2007-2008 for the General Fund, including transfers-in for both restricted and unrestricted, are estimated to be \$23,929,290, representing a 4.3% decrease over the adopted 2006-2007 budget. Expenditures for fiscal year 2007-2008 for the General Fund, including transfers-out for both restricted and unrestricted, are estimated to be \$23,929,290, representing a 4.6% decrease over the adopted 2006-2007 budget, with a fund balance projection of \$5,372,031 including both restricted and unrestricted.

**Sewer Fund Operations:** Revenues for fiscal year 2007-2008 for the Sewer Fund Operations including transfers in for both restricted and unrestricted, are estimated to be \$9,728,000, up from the adopted budget of 2006-2007 by 10.3%. Expenditures for fiscal year 2007-2008 for the Operation Sewer Fund including transfers out for both restricted and unrestricted, are estimated to be \$9,688,880, representing a 9.9% increase over the adopted 2006-2007 budget. Combined fund balance of sewer fund operations and sewer construction fund at the end of fiscal year 2007-2008 is estimated at \$12,365,000.

**Gas Tax Fund:** Revenues for fiscal year 2007-2008 for the Gas Tax Fund, including transfers-in for both restricted and unrestricted, are estimated to be \$781,000 representing a 31.6% decrease from the adopted 2006-2007 budget. Expenditures for fiscal year 2007-2008 for the Gas Tax Fund including transfers-out for both restricted and unrestricted, are estimated at \$1,282,506 representing a 1.4% increase from the adopted 2006-2007 budget. Fund balance at the end of fiscal year 2007-2008 is anticipated to be (\$329,480).

**Street Construction Fund:** Revenues for fiscal year 2007-2008 are projected at \$1,623,000 representing a 3% increase over fiscal year 2006-2007. Expenditures for fiscal year 2007-2008 are budgeted at \$3,155,978, representing a 15.25% increase from the adopted 2006-2007 budget. Fund balance at the end of fiscal year 2007-2008 is projected to be \$1,146,993.

**Capital Improvement Fund:** Estimated revenues for fiscal year 2007-2008 for the Capital Improvement Fund, including transfers for both restricted and unrestricted, are \$1,315,872 representing a 34% decrease from the adopted 2006-2007 budget. Expenditures for Fiscal year 2007-2008 are estimated at \$4,029,805 resulting in a 1,158% increase in expenditures from the adopted 2006-2007 budget. Fund Balance at the end of fiscal year 2007-2008 for both unrestricted and restricted balances is estimated at (\$1,245,435).

**Basic Accounting:** The City's accounting system is maintained on a fund basis in accordance with governmental accounting standards. Each fund is considered a separate accounting entity with a self-balancing set of accounts that record assets, liabilities, fund equity, revenue and expenditures. All governmental funds are budgeted and accounted for using the modified accrual basis of accounting, which recognizes revenues when they become susceptible to accrual, i.e. measurable and available. Expenditures are recognized when the fund liability is incurred.

**CITY OF PACIFICA  
FISCAL BUDGET 2007-2008**

**REVENUE ASSUMPTIONS**

The Finance Director prepares the upcoming year's revenue projections and reviews these projections with the City Manager. The Finance Director estimates and forecasts revenues based on a combination of current trends, historical performance and anticipated changes to current projections. Using these forecasts, together with other local issues, assumptions are made about the economy and its resulting effects on certain individual revenue sources.

Non-recurring revenues that are anticipated are forecasted separately and scheduled only for the year or years in which they are anticipated. Certain revenue sources are limited in use by law or local policy, such as: Gasoline taxes, development charges, transient occupancy tax, fees for services, and grants. Forecasts of expenditures for public street construction and other capital improvements are identified separately for comparison with their restricted revenue sources.

Unlike appropriations, many key revenue projections are not subject to direct control by the City. For instance, Property Tax revenues vary with real estate values, and building activity revenue is affected by Building Permits and plan check fees. Sales Tax and Transient Occupancy Tax (TOT) revenues are subject to the economic cycles of businesses in the community and tourism.

The majority of the City's General Fund revenue is produced from a small number of sources, e.g.: property tax, vehicle license fees, sales tax, business registration, fees for services, and transient occupancy tax.

**DESCRIPTION OF MAJOR GENERAL FUND REVENUE SOURCES**

**Sales Tax** - Sales Tax is collected by the State Board of Equalization against tangible items. The local portion is returned to the city and county based on where the sale was made. The City considers the historical rate of change and economic conditions in forecasting future revenue. The City receives 1% of the local 8.25% sales tax rate. This revenue source is approximately 5% of general fund revenues.

**Property Taxes** - Property Tax revenue is collected and distributed by the County of San Mateo based on applying the constitutionally limited tax rate of 1% to the assessed value of certain secured and unsecured properties as determined by the County Assessor. The City's share of this property tax revenue is approximately 12%, less the rebate back to the state for ERAF. The City of Pacifica and the County of San Mateo have entered into a Teeter agreement, whereby the City receives 100% of its share of the taxes assessed, with the County retaining all delinquent penalties and interest collected. This revenue source is approximately 37% of general fund revenues.

**Fees for Services** - Cost of Services fees are revised on an annual basis based on a comprehensive review of actual costs and increased by the consumer price index each year. This revenue source is approximately 5% of general fund revenues.

**Vehicle-in-Lieu** - This revenue is generated by vehicle registration fees. This revenue source is approximately 12% of general fund revenues.

**Transient Occupancy Tax** - The City has a tax rate of 10% on room revenues paid to hotels within the City. The tax is paid by the guests staying at these accommodations and remitted by the hotels to the City on a monthly or quarterly basis. This revenue source has stabilized and seems to be recovering from the economic downturn. This revenue source is approximately 3.6% of general fund revenues.

**Business Registration Tax** - This revenue is generated by a registration tax paid by all businesses operating within the City. This revenue source is approximately 2% of general fund revenues.