



THE CITY OF SAN DIEGO  
**REPORT TO THE CITY COUNCIL**

DATE ISSUED: June 9, 2010 REPORT NO: 10-080  
ATTENTION: City Council  
Agenda of June 14, 2010  
SUBJECT: Fiscal Year 2010 Year-End General Fund Solution and Appropriation  
Adjustments  
REFERENCE: Fiscal Year 2010 Year-End Budget Monitoring Report, #10-076

REQUESTED ACTION:

Accept the report from the Mayor on Fiscal Year 2010 Year-End General Fund Solution and authorize the requested appropriation adjustments and authorities.

STAFF RECOMMENDATION:

Accept the report from the Mayor on Fiscal Year 2010 Year-End General Fund Solution and authorize the requested appropriation adjustments and authorities.

SUMMARY:

The following report accompanies the Fiscal Year 2010 Year-End Budget Monitoring Report and recommends solutions to resolve the projected net General Fund shortfall. Also included in this report are the required budgetary adjustments and appropriation authorities to balance General Fund departments and other funds by year-end.

FISCAL CONSIDERATIONS:

Fiscal impacts are discussed in detail throughout this report. The recommended solution to address the projected General Fund shortfall includes de-appropriation of capital projects along with a recommendation that funding for some of these projects be re-appropriated in Fiscal Year 2011 from projected General Fund savings. Additional adjustments are requested to address projected over budget expenditures in certain General Fund departments and non-general funds, as reflected in the Year-End Report, with no net impact to the General Fund. Year-end appropriation authorities are also requested to budget certain non-general funds to complete transfers to the General Fund, adjust the budget for Capital Improvements Program projects, carry over items and make adjustments for new items.

PREVIOUS COUNCIL and/or COMMITTEE ACTION: None.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: None.

KEY STAKEHOLDERS AND PROJECTED IMPACTS: None.

signature on file  
Mary Lewis  
Chief Financial Officer

signature on file  
Jay M. Goldstone  
Chief Operating Officer

signature on file  
Angela Colton  
Financial Manager

Attachment: Fiscal Year 2010 Year-End General Fund Solution and Appropriation  
Adjustments Report

# Fiscal Year 2010 Year-End General Fund Solution and Appropriation Adjustments Report

## GENERAL FUND SOLUTION

The Fiscal Year 2010 Year-End Budget Monitoring Report (Year-End Report) presented an update of General Fund projections for Fiscal Year 2010. The Year-End Report presented a net projected year-end shortfall for the General Fund of \$7.8 million. This was due to continued declining revenues experienced in the third quarter of the fiscal year. At the time of the Fiscal Year 2010 Mid-Year Budget Monitoring Report, the projected General Fund year-end shortfall was \$11.2 million. Through various efforts, discussed in detail in the Year-End Report, approximately \$14.2 million of additional savings were achieved to offset the mid-year projected deficit. However, the unexpected setbacks to revenue in the third quarter further negatively affected the General Fund year-end projection, resulting in an updated year-end shortfall projection of \$7.8 million.

Since the release of the Year-End Report, staff continued analyzing General Fund revenues and expenditures. Based upon this analysis, this report presents recommendations to close the projected \$7.8 million budget gap for Fiscal Year 2010.

### Recommended Solution

In Fiscal Year 2009, the City received \$1.3 million in tobacco revenue from the tobacco securitization settlement payments in excess of the amount necessary to cover the tobacco securitization settlement debt service payment. This amount may be transferred to the General Fund. In addition, expenditure savings of \$500,000 related to Tax and Revenue Anticipation Notes will be realized this fiscal year and due to projected savings and available fund balance in the Wireless Communication Technology Fund, charges to other City departments can be reduced by \$1.0 million in Fiscal Year 2010, which provides additional expenditure savings to the General Fund of \$780,000. These items reduce the projected year-end shortfall by approximately \$2.6 million, resulting in a revised year-end projected General Fund deficit of approximately \$5.2 million. This is displayed in Table 1: FY 2010 Revised General Fund Projected Shortfall below.

**FY 2010 Revised General Fund Projected Shortfall**

Table 1

<b>Description</b>	<b>Amount (in millions)</b>
<b>Projected Shortfall in FY 2010 Year-End Report</b>	<b>\$ (7.8)</b>
Tobacco Securitization Settlement Payment Revenue	\$ 1.3
Tax and Revenue Anticipation Notes Savings	0.5
Wireless Communication Technology Fund Savings	0.8
<b>Revised FY 2010 General Fund Projected Shortfall</b>	<b>\$ (5.2)</b>

The recommended solution to mitigate this updated projected shortfall is to return \$5.2 million of General Fund contributions from budgeted capital improvement projects to the General Fund. This requires de-appropriating \$5.2 million of *General Fund Contributions to CIP Fund* budget from certain projects and transferring the associated cash back to the General Fund. Of the \$5.2 million, \$2.2 million is excess funding in projects that are nearing completion or have been recently completed. Returning these funds to the General Fund will have no impact on these projects. The remaining \$3.0 million of projects, however, are active and additional action is necessary in order to minimize the impact to ongoing project activities. It is recommended that Council include in the Fiscal Year 2011 budget resolution an action to appropriate \$3.0 million of identified General Fund savings in Fiscal Year 2011 to reinstate the funding for these projects. There may be some delay in project activity because the re-appropriation in Fiscal Year 2011 will not occur until after approval of the Fiscal Year 2011 Appropriation Ordinance at the end of July. These actions will preserve a projected seven percent balance in General Fund reserves at year end and, due to the savings now identified in the General Fund in Fiscal Year 2011, funding can be reinstated in the Fiscal Year 2011 Budget for priority capital improvement projects.

The \$3.0 million in Fiscal Year 2011 will come from the projected Fiscal Year 2011 General Fund savings of \$3.8 million. This projected savings is due to a combination of reduced expenditures for the City's Annual Required Contribution (ARC) for the pension resulting from the "substantially equal" decision of the San Diego City Employees' Retirement System (SDCERS) Board and the additional reduction in debt service payments from the June 2010 General Fund Master Refunding. The decision by SDCERS on "substantially equal" on May 28, 2010 reduced the City's ARC by approximately \$2.6 million for Fiscal Year 2011. The \$2.6 million reduction in the ARC represents the net savings to the City due to a reduction in pension contribution amounts for safety members (Police, Fire and Lifeguard members will have higher contribution rates) and marginally higher City contributions for general members. The safety members and associated ARC savings are in the General Fund, offset by the slightly higher contributions to be paid by the City for all other general members. As a result, an estimated \$2.6 million in ARC savings will apply to the General Fund. In addition, debt service for the General Fund Lease Revenue Refunding Bonds, Series 2010A will be \$1.2 million lower than the amount included in the Fiscal Year 2011 Proposed Budget due to improved market conditions and lower interest rates at the time of the refunding.

It is recommended that the City Council modify the Fiscal Year 2011 Budget Resolution to allocate \$3.0 million of ARC and debt service savings to fund the CIP projects that have been affected by the Fiscal Year 2010 year-end actions. It is further recommended that the remaining \$783,000 of savings be allocated to the General Fund Appropriated Reserve for other unanticipated purposes in Fiscal Year 2011.

### **Appropriation Adjustments to Implement Recommended Solution**

Actions are needed in both Fiscal Years 2010 and 2011 to implement the recommended solution to address the projected Fiscal Year 2010 General Fund deficit. In Fiscal Year 2010, \$5.2 million will be de-appropriated from capital improvement projects in order to return funding to the General Fund to ensure that the General Fund remains in balance and reserves are not impacted. Further, it is recommended that City Council modify the Fiscal Year 2011 Budget Resolution to re-appropriate \$3.0 million into certain projects to support ongoing activities and allocate

\$783,000 to the General Fund Appropriated Reserve. This re-appropriation in Fiscal Year 2011 will require transfers of appropriations from the projected ARC and debt savings among General Fund departments, as well as changes in Transient Occupancy Tax and other funds' appropriations related to debt savings, in order to provide the funding needed to transfer to the capital improvement projects and to establish the Fiscal Year 2011 Appropriated Reserve.

**Fiscal Year 2010**

The first step is to de-appropriate \$5.2 million of *General Fund Contributions to CIP Fund* budget from the projects listed below in Table 2: FY 2010 Actions for General Fund Recommended Solution. The first group of projects, totaling \$2.2 million, will not be impacted by these budget reductions. The amounts listed below are above the amounts needed to complete these projects. The second group of projects, totaling \$3.0 million, are active. Re-appropriation of funding for these projects is recommended in Fiscal Year 2011 and discussed in further detail below. Once these appropriations are reduced, the associated cash will be returned to the General Fund.

**FY 2010 Actions for General Fund Recommended Solution**  
Table 2

<u>Fund/CIP Project</u>	<u>Expenditures</u>
<b>General Fund Contributions to CIP - Reduce Funding</b>	
ACA00001 Emergency Drainage Project	\$ (860,044)
AID00005 Resurfacing of City Streets	(91,722)
AIH00001 Installation of City Owned Street Lights	(300,000)
S00676 Taylor Street Slope Reconstruction	(350,000)
S00697 Modernization of Elevators - City Admin Bldg	(524)
S00698 Modernization of Elevators - Parkade	(64,075)
S00845 43rd Street Widening	(297,000)
S00959 Ruffin Road/Murphy Canyon Road Bikeway	(16,300)
S01098 Murphy Canyon Road Storm Drain Repair	(200,454)
Subtotal	\$ (2,180,119)
<b>General Fund Contributions to CIP - Defer Funding to FY 2011</b>	
S00679 Montgomery Field NW Heliport	\$ (97,385)
ACA00001 Emergency Drainage Project	(1,000,000)
ACC00001 Watershed CIP	(1,922,615)
Subtotal	\$ (3,020,000)
<b>Total Reduction of General Fund Contributions to CIP \$ (5,200,119)</b>	

**Fiscal Year 2011**

The second step necessary to implement fully the recommended General Fund solution is to reinstate the budget for \$3.0 million of capital improvement projects affected by the Fiscal Year 2010 action and establish the Fiscal Year 2011 Appropriated Reserve with identified General Fund savings in Fiscal Year 2011. Appropriations associated with the ARC savings of \$2.6 million would be reduced from the Police and Fire Departments and debt savings of \$875,000 would be reduced from the General Services and Storm Water Departments. The remaining debt service savings of \$328,000 are currently in the QUALCOMM Stadium and Mission Bay/Balboa Park Improvement Funds. These appropriations would be reduced, thereby reducing the amount

of revenue support needed from the Transient Occupancy Tax Fund. The \$328,000 would be reallocated within the Transient Occupancy Tax Fund to support promotional activities within the Park and Recreation Department of the General Fund. With the combined availability of expenditure appropriations and increased revenue in the General Fund, \$3.0 million of appropriations would be added to Citywide Program Expenditures in order to transfer funding for the capital improvement projects and \$783,000 of appropriations would be added to the Appropriated Reserve. Finally, the \$3.0 million of *General Fund Contributions to CIP Fund* would be reinstated in the capital improvement projects. These actions are detailed below in Table 3: FY 2011 Actions for General Fund Recommended Solution.

**FY 2011 Actions for General Fund Recommended Solution**

**Table 3**

<b>Fund/Department or CIP Project</b>	<b>Expenditures*</b>	<b>Revenue*</b>
<b>General Fund - Reallocation of Savings</b>		
Police Department - ARC Savings	\$ (1,692,000)	\$ -
Fire-Rescue Department - ARC Savings	(908,000)	-
General Services Department - Debt Savings	(757,000)	-
Storm Water Department - Debt Savings	(118,000)	-
Park and Recreation - Increased Support from TOT Fund	-	328,000
Citywide Program Expenditures - Transfer to CIP	3,020,000	-
Appropriated Reserve	783,000	-
Subtotal	\$ 328,000	\$ 328,000
<b>Transient Occupancy Tax Fund - Reallocation of Savings</b>		
Support to QUALCOMM Stadium Fund	\$ (294,000)	\$ -
Support to Mission Bay/Balboa Park Improv. Fund	(34,000)	-
Support to Park and Recreation Promotional Activities	328,000	-
Subtotal	\$ -	\$ -
<b>QUALCOMM Stadium Fund - Debt Savings</b>	\$ (294,000)	\$ (294,000)
<b>Mission Bay/Balboa Park Improv. Fund - Debt Savings</b>	\$ (34,000)	\$ (34,000)
<b>General Fund Contributions to CIP - Reinstatement Funding</b>		
S00679 Montgomery Field NW Heliport	\$ 97,385	\$ -
ACA00001 Emergency Drainage Project	1,000,000	-
ACC00001 Watershed CIP	1,922,615	-
Subtotal	\$ 3,020,000	\$ -

\* Note: All amounts, except CIP project adjustments, are rounded to the nearest thousands. Actual adjustments may vary from amounts shown.

## APPROPRIATION ADJUSTMENTS AND REQUESTED AUTHORITIES

The following appropriation adjustments and authorities are requested to bring the General Fund and other funds into balance at year-end. These adjustments address the projections discussed in the Year-End Report and include actions typically requested at year-end to allow for unexpected adjustments that are needed to balance department budgets. Transfers among General Fund

departments, with no net impact to the General Fund, are requested to address projected over budget expenditures in certain departments. Adjustments for non-general funds are supported by additional revenues or fund balance and include actions to appropriate funds to transfer to the General Fund. Some Capital Improvements Program clean-up items are also included. Finally, authority is requested for carry over items and other adjustments.

### General Fund Appropriation Transfers

Transfers of expenditure appropriations among General Fund departments are required to support over budget expenditures in certain areas as reflected in the projections provided in the Year-End Report. This will have no impact on the total General Fund budget as reflected in Table 4: FY 2010 General Fund Appropriation Transfers.

<b>FY 2010 General Fund Appropriation Transfers</b>	
<b>Table 4</b>	
<b>Department</b>	<b>Expenditures</b>
<b>Transfers In - Carry-Forward</b>	
Storm Water	\$ 4,049,000
Park and Recreation	922,000
General Services	707,000
City Auditor	690,000
Subtotal	<u>\$ 6,368,000</u>
<b>Transfers In - Other</b>	
Human Resources	121,000
Personnel	52,000
Ethics Commission	46,000
Public Works	27,000
Subtotal	<u>\$ 246,000</u>
<b>Transfers In - Fringe</b>	
City Comptroller	56,000
Independent Budget Analyst	24,000
City Clerk	10,000
Subtotal	<u>\$ 90,000</u>
<b>Transfers Out</b>	
Police	\$ (4,593,000)
City Planning and Community Investment	(1,312,000)
Administration	(667,000)
DSD - Neighborhood Code Compliance	(132,000)
Subtotal	<u>\$ (6,704,000)</u>
<b>General Fund Total</b>	<b>\$ -</b>

### Transfers In for Carry-Forward Expenses

The Storm Water, Park and Recreation, General Services, and City Auditor Departments are projecting over budget expenses primarily due to expenditures associated with prior year contracts. In accordance with the Chief Financial Officer's new procedure regarding the treatment of prior year encumbrances, the prior year appropriations previously used to support these expenditures will be released to the General Fund reserve. Since this is the first year of the

new policy, transfers of appropriations from other General Fund departments are required in order to support the commitments that continued from a prior year. The amounts required are Storm Water (\$4.1 million), Park and Recreation (\$922,000), General Services (\$707,000), and City Auditor (\$690,000). The combined adjustments to support expenses associated with carry-forward commitments are \$6.4 million.

### **Human Resources**

The Human Resources Department requires an increase of \$121,000 due to expenditures associated with a supplemental reimbursable position. While revenue is available in the Human Resources Department to offset this expense, a revenue adjustment is not recommended because the General Fund is projecting an overall revenue deficit. Rather, it is requested to transfer expenditure appropriations from another department to support the over budget expense.

### **Personnel**

The Personnel Department requires a \$52,000 increase in expenditure appropriations due to unanticipated leave pay in lieu of vacation and annual leave payout for an employee that retired.

### **Ethics Commission**

The Ethics Commission requires a \$46,000 increase in expenditure appropriations due to unanticipated pay in lieu of vacation and over budget fringe expenses.

### **Public Works**

The Public Works Department requires a \$27,000 increase in expenditure appropriations due to unanticipated pay in lieu of vacation.

### **Transfers In for Fringe Expenses**

Certain General Fund departments are experiencing over budget fringe expenses causing the departments to exceed their total appropriations. This budgetary correction will allow departments to continue operations and end the fiscal year within budget. The departments requiring this adjustment are City Comptroller (\$56,000), Independent Budget Analyst (\$24,000), and City Clerk (\$10,000). The combined adjustments to correct overages solely due to fringe are \$90,000.

### **Transfers Out**

Reductions in expenditure appropriations are included to offset the increases needed in other General Fund departments. The departments selected have significant projected savings. These departments will have a minimum of four percent of budget or \$500,000, whichever is greater, remaining to allow for any unforeseen year-end expenditures. The departments with sufficient savings available to transfer to other General Fund departments are Police (\$4.6 million), City Planning and Community Investment (\$1.3 million), Administration (\$667,000), and Neighborhood Code Compliance (\$132,000). The combined reductions to these departments are \$6.7 million to support the increases listed above.



## Non-General Fund Appropriation Adjustments

Adjustments for non-general funds are supported by additional revenues or fund balance and include actions to appropriate funds to transfer to the General Fund. These items are reflected in Table 5: FY 2010 Non-General Fund Appropriation Adjustments and discussed below.

<b>FY 2010 Non-General Fund Appropriation Adjustments</b>			
<b>Table 5</b>			
<b>Fund</b>	<b>Expenditures</b>	<b>Revenue</b>	<b>Fund Balance</b>
<b>Corrective Actions</b>			
City Airport	\$ 939,000	\$ 264,000	\$ 675,000
Risk Management Administration	108,000	11,000	97,000
<b>Transfers to the General Fund</b>			
Library System Improvement	\$ 4,339,833	-	\$ 4,339,833
Public Liability	1,250,000	-	1,250,000
Antenna Lease Revenue	816,000	-	816,000
Central Garage Add	850,000	-	850,000
Storm Drain	500,000	-	500,000
<b>Other</b>			
Citywide D.P. "A" List Projects	\$ 350,000	-	\$ 350,000

### City Airport

The City Airport Fund requires a \$939,000 increase in expenditure appropriations to support unanticipated Federal Aviation Administration (FAA) requirement to remove gypsum at the Brown Field Airport. Approximately \$264,000 of excess revenues are available. The remaining amount is supported by fund balance.

### Risk Management Administration

The Risk Management Administration Fund requires a \$108,000 increase in expenditure appropriations due to unanticipated pay in lieu of annual leave hours. Approximately \$11,000 of excess revenues are available. The remaining amount is supported by fund balance.

### Transfers to the General Fund

Expenditure appropriations are required in a variety of funds in order to transfer or return surplus fund balances to the General Fund. The transfers from the Library System Improvement Fund and Antenna Lease Revenue Fund were included in the Fiscal Year 2010 General Fund Adopted Budget; however, these funds require expenditure authority in order to complete the transfers. In addition, through efforts to mitigate the General Fund shortfall identified in the Fiscal Year 2010 Mid-Year Report and as discussed in the Year-End Report, surplus fund balances have been identified in the Public Liability and Central Garage Add (General Fund Fleet Acquisition) Funds that should be returned to the General Fund. Similarly, fund balance is available in the Storm Drain Fund to support activities of the Storm Water Department. The expenditure appropriation increases from fund balance are Library System Improvement Fund (\$4.3 million), Public Liability Fund (\$1.3 million), Antenna Lease Revenue Fund (\$816,000), Central Garage

Add Fund (\$850,000), and Storm Drain Fund (\$500,000). These transfers of approximately \$7.8 million are included in the General Fund revenue projections in the Year-End Report.

### **Citywide D.P. “A” List Projects**

SAP license fees were approximately \$500,000 higher than expected due to an increase in users of the SAP system from the time of the purchase of the software to system implementation. The initial plan two years ago was for more centralized use of the ERP system and since then the user base in the City has expanded requiring a true up of the initial licensing cost. The OneSD Support Fund does not have sufficient appropriations or funds to absorb this cost. The Citywide D.P. “A” List Projects Fund has \$350,000 currently set aside to install a generator at the City’s Ridgehaven Court facility, the City’s backup emergency operations center. It is requested to rescind City Council Resolution R-304869, dated May 14, 2009, and re-appropriate the \$350,000 for funding the SAP license fees. Installation of the generator has not begun and an action will be brought forth in the future identifying an alternative source of funds for this project. Further, authority is requested to appropriate any and all remaining fund balance in the Citywide D.P. “A” List Projects Fund at fiscal year-end, transfer that balance to the OneSD Support Fund, and close the Citywide D.P. “A” List Projects Fund. The Citywide D.P. “A” List Project Fund was established in prior years to fund citywide IT projects and has been supported by contributions from City funds. It is important that any remaining fund balance be used for citywide purposes. In addition, the fund has outlived its purpose since IT projects now undergo rigorous review by the IT Business Leadership Group (ITBLG) and are budgeted in the City’s annual budget.

### **Capital Improvements Program (CIP) Appropriation Adjustments**

Revisions to CIP projects are requested to remove and/or transfer appropriations that are no longer needed. Requested changes to CIP project budgets are discussed below and reflected in Table 6: FY 2010 CIP Appropriation Adjustments on the following page.

### **General Fund Contributions to CIP**

The projects listed in Table 6 are either complete or nearing completion. The reductions of approximately \$105,000 will de-appropriate excess General Fund money in these projects. These funds plus any and all available fund balance, currently estimated at approximately \$14,000, in the General Fund Contributions to CIP Fund will be returned to the General Fund at fiscal year-end, for a total estimated transfer of \$119,000. This transfer is included in the General Fund revenue projections in the Year-End Report.

### **TransNet Extension Commercial Paper**

Any commercial paper not issued in Fiscal Year 2010 must be de-appropriated and reprogrammed in the new fiscal year. The affected projects have been reprogrammed and/or reprioritized as reflected in the Fiscal Year 2011 Proposed Budget and/or Mayor’s May Revision. This action will not affect TransNet cash funded projects. As reflected in Table 6, this is a reduction of \$8.0 million in TransNet Extension Commercial Paper appropriations. Further, authority is requested to cancel and close the Prospect Street/Silverado Street Roundabout (S-00924) project.

**Proposition 1B**

The Normal Street Median (S-00918) project requires \$20,000 in order to complete and close the project. The project has exceeded prior estimates due to additional studies during design and additional coordination efforts required during construction. Additional Proposition 1B funding is available in the 43rd Street Widening (S-00845) project because construction bids were lower than anticipated.

**FY 2010 CIP Appropriation Adjustments**  
**Table 6**

<b>Fund/CIP Project</b>	<b>Expenditures</b>
<b>General Fund Contributions to CIP</b>	
S00645 University Gardens Neighborhood Park Tot Lot	\$ (485)
S00647 Memorial Skateboard Park	(2,725)
S00794 Lifeguard Station Headquarters	(80,000)
S01008 Kumeyaay Lake Riparian Restoration	(536)
S01011 Mission Trails Regional Park Fire Restoration	(16,857)
S01013 Mission Bay Park Security Lights	(4,649)
Subtotal	\$ (105,252)
<b>TransNet Extension Commercial Paper</b>	
AIL00001 Traffic Calming	\$ (10,068)
S00609 Talbot Street Slope Restoration	(2,000,000)
S00845 43rd Street Widening	(325,000)
S00851 State Route 163/Friars Road	(3,000,000)
S00865 Aldine Drive and Fairmount Drive Slope Rest.	(1,100,000)
S00885 Pershing Drive/Redwood Street Intersection	(421,000)
S00924 Prospect Street/Silverado Street Roundabout	(891,000)
S00980 Hollister Street Widening	(197,932)
S10098 Traffic Count Stations-Variou Locations	(55,000)
Subtotal	\$ (8,000,000)
<b>Proposition 1B</b>	
S00918 Normal Street Median-University to Blaine	\$ 20,000
S00845 43rd Street Widening	(20,000)
Subtotal	\$ -

**Requested Authorities**

Additional authorities are requested to allow for budget transfers among General Fund departments, to carry over appropriations into Fiscal Year 2011, and to provide appropriation authority to address unforeseen events that may occur prior to year-end.

**Transfer of Appropriations Among General Fund Departments**

Authority is requested to transfer salary appropriations in one General Fund department for fringe and/or non-personnel appropriations in another General Fund department with no net increase to either departments' total budget. This will allow departments to remain balanced, within the Charter Section 73 requirement that salary appropriations may not be used for any other purpose. For example, non-personnel savings in department A may be transferred to department B with an offsetting transfer of salary savings from department B to department A.

Both departments' total budgets remain as approved by Council; however, department B would receive non-personnel appropriations to balance its over budget expenditures in that category.

### **Carryover to Council Infrastructure Improvement Fund**

The authority is requested to carryover any available budget balances for Council Districts 1 through 8 into their respective Infrastructure Improvement Fund. The purpose of this carryover is to finance capital improvements and major maintenance of streetlights, sidewalks, traffic signals, libraries, park and recreation facilities, roadways, or other purposes as identified by individual Council Districts. The estimated impact to the General Fund is approximately \$1.0 million and is incorporated in the projections presented in the Year-End Report.

### **Increase Appropriations from Available Sources**

Authority is requested to allow the Chief Financial Officer to adjust appropriations as needed for unforeseen events in order to close Fiscal Year 2010 with funds in balance. This authority is limited to two percent of each General Fund department's or non-general fund's budget with the exception of the Police and Fire Departments. The exception for these two departments is requested since expenditure increases due to a public emergency may occur and the authority to balance these departmental budgets at year-end is needed.

### **Fiscal Year 2011 Re-Appropriation for Slurry Seal Contract**

City Council recently approved the transfer of \$2.0 million in Assembly Bill 2928 funds to the General Fund to support the "Slurry Seal Group I, FY10" contract and related costs. This action was approved by Council on May 11, 2010 in Resolution R-305834. This contract will not be fully expended by fiscal year-end. Therefore, it is requested that the City Council modify the Fiscal Year 2011 Budget Resolution to re-appropriate in Fiscal Year 2011 both the General Fund expenditure and revenue budget associated with this contract and the expenditure budget in the Assembly Bill 2928 Fund to support the transfer to the General Fund. This will have no net impact on the General Fund and the funds to support the transfer from the Assembly Bill 2928 Fund will be available in fund balance in Fiscal Year 2011.