



MEETING DATE: 2/24/04  
ADDENDUM

COUNCIL AGENDA REPORT

DATE: FEBRUARY 24, 2004  
TO: MAYOR AND TOWN COUNCIL  
FROM: DEBRA J. FIGONE, TOWN MANAGER  
SUBJECT: 2003/04 SECOND QUARTER BUDGET PERFORMANCE AND STATUS REPORT - SIX MONTHS ENDING DECEMBER 31, 2003

In addition to the budget adjustments to the Town's major revenue sources noted in the 2<sup>nd</sup> Quarter Budget Performance Report for the six months ending December 31, 2003, staff is recommending the following adjustment to the FY 2003/04 Operating Budget to recognize miscellaneous estimate changes and additional activity not available at the time of budget preparation.

GENERAL FUND: REVENUES

- 1. Increase Department of Justice Fingerprinting Revenue (4020-46079) by \$12,000. Revenue was not budgeted in the current year as the fingerprinting service is a new service and revenues were unknown. With activity to date, year-end revenues estimates are expected to total approximately \$12,000 by fiscal year end.
- 2. Increase State Booking Fees (4030-45016) by \$84,448. At the time of budget preparation, this annual State funded revenue was not expected to be received in FY 2003/04 due to budgetary cuts at the State level. Since then, the decision to fund local government was made and the Town received revenue for this year.
- 3. Increase SCC Seized Assets Revenue (4040-45430) by \$25,000. Unanticipated revenue was received from Santa Clara County for the Town's allocated portion of the distribution of assets seized during Special Task Force case work.
- 4. Decrease Traffic Safety Revenue (4050-47090) by \$23,100. Traffic citation revenue has not matched expected revenues to date, and is estimated to fall short of budgeted revenues through the year end.

PREPARED BY:

Stephen D. Conway, Finance and Administrative Services Director

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Reviewed by: PSJ Assistant Town Manager DL Town Attorney      Clerk      Finance  
     Community Development Revised: 2/19/04 10:48 am

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5. **Decrease Planning Permit Revenue (3120-46020) by \$77,000.** Continued economic impacts to local development is reflected in lower than expected Planning Permit revenue. At mid-point in the fiscal year, estimated revenues are running below budget and are recommended to be reduced.
6. **Increase Bldg/Elec/Mech Fees (3140-44020) by \$192,000.** Projected revenues are exceeding budgeted revenues due in large part to building fees earned from a single development project. This budget increase reflects the revenue generated from this project.
7. **Increase Tree Removal Permit Revenue (5020-44031) by \$10,000.** Revenues are exceeding anticipated budget and is recommended to be increased accordingly.
8. **Decrease General Fund NPDES Fee Revenue(5030-46037) by \$28,000.** This regulatory service fee was not collected as expected under planning permit guidelines and is recommended to be decreased to anticipated levels in the current budget year. The phasing-in of this fee will be fully implemented in the next fiscal year.
9. **Decrease Encroachment Permit Revenues (5030-44030) by \$30,000.** Revenues are less than expected and are recommended to be reduced accordingly.
10. **Increase Below Market Price Housing (BMP) Revenue (8030-46216) by \$32,650.** Actual revenues will exceed adopted budget revenues due to a process correction in accounting for the expenditures in the Below Market Price program. The BMP revenue is a transfer of accumulated fees held in a deposit account until earned. This adjustment brings revenues up to the estimated reimbursement level without impact to General Fund balance.

***Total General Fund net revenue increase = \$197,998***

#### **GENERAL FUND: EXPENDITURES**

1. **Increase Legal Services expense in the BMP program (8030-61501) by \$16,847.** Unanticipated legal services were utilized in the current year for review of the BMP program. This adjustment increases appropriations to account for this unplanned expense.
2. **Increase General Fund program expenditures for Retiree Sick Leave (4010-51751, 5010-51751, 8510-51751, and 3110-51751) for a total of \$69,300, and decrease Non-Departmental Compensated Absences (1111-51756) for the offsetting amount of \$69,300.** This is an annual mid-year budget adjustment designed to appropriate funding by program usage at the time known. As the budget increase offsets the budget decrease within the General Fund, there is no overall impact to the General Fund.

***Total General Fund net expenditure increase = \$16,847***

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### **SPECIAL REVENUE FUNDS**

- 1. Increase CLEEP Grant Fund budget appropriations (270-0002-65018) for \$35,378 and (270-0005) for \$89,916.** The FY 2001/02 and FY 2002/03 CLEEP Grants have remaining funds available which were not appropriated in the current year's adopted budget. This funding is currently in the Grant Fund's fund balance for the designated purpose of paying for CLEEP Grant project expenditures. Staff recommends appropriating the grant funds to better reflect current year charges against current year budget funding. As this funding is legally obligated for CLEEP purposes only in the Special Revenue Fund's fund balance, there is no fiscal impact to the General Fund.
- 2. Decrease Non-Point Source Fee Revenue (2225-46037) by \$88,880.** This regulatory service fee was not collected as expected under planning permit guidelines, and is recommended to be decreased to anticipated levels in the current budget year. The phasing-in of this fee will be fully implemented in the next fiscal year.

### **TRUST AND AGENCY FUNDS**

- 1. Increase Library Trust Fund Revenues (7710-48743) by \$7,000.** Donations for the Los Gatos Local History project are exceeding estimates. Staff recommends increasing revenue to reflect the donations.
- 2. Increase Library Trust Fund Expenditures (7710-65060) by \$20,000.** Expenses for the Los Gatos Local History project are greater than anticipated under the adopted budget due to a larger scope of work undertaken in this project. This appropriation will be funded from the increase in donations and the \$44,310 fund balance within the Library Trust Fund.

### **REDEVELOPMENT AGENCY FUNDS**

- 1. Increase RDA Administration Fund expense appropriations (9301-72077) by \$10,000.** A portion of marketing services provided under the Los Gatos Chamber of Commerce contract are specific to the Redevelopment Agency's downtown project area and benefit the economic vitality of the businesses located within this district. Staff recommends the Redevelopment Agency fund the applicable proportion of the marketing services, thereby increasing the budgetary expense within the Agency's Administration Fund. This in turn decreases the budgeted grant expense in the General Fund under 8040-72077.
- 2. Increase the RDA Housing Fund expense appropriations (9601-72118) by \$40,195.** Under a June 2000 contract with Habitat for Humanity, the RDA funded a grant in the amount of \$260,000 for the purchase of Town owned property, and an additional \$50,000 grant for development expenses related to this property. Prior year development expenses were incurred and funded in the amount of \$9,805, leaving a grant balance of \$40,195. Recently, the Habitat for Humanity Agency invoiced the RDA for a portion of the remaining balance for expenses

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incurred with the recent development of the property, however budget appropriations were not included in the current year's adopted budget. This mid-year adjustment will provide budget appropriations for these expenditures.

**Attachments:**

A corrected FTE page for the Community Development Department is included in this addendum to properly designate current year defunded positions.

COMMUNITY DEVELOPMENT DEPARTMENT

**COMMUNITY DEVELOPMENT DEPARTMENT STAFFING**

*Full Time Equivalent (FTE)*

| <i>Town Staff</i>                    | <u>01/02<br/>Actuals</u> | <u>02/03<br/>Adopted</u> | <u>02/03<br/>Adjusted</u> | <u>03/04<br/>Adopted</u> |
|--------------------------------------|--------------------------|--------------------------|---------------------------|--------------------------|
| Community Development Director       | 1.00                     | 1.00                     | 1.00                      | 1.00                     |
| Asst. Community Development Director | 1.00                     | 1.00                     | 1.00                      | 1.00                     |
| Administrative Analyst               | 0.75                     | 0.75                     | 0.75                      | 0.80 *                   |
| Administrative Secretary             | 1.00                     | 1.00                     | 1.00                      | 1.00                     |
| Secretary III                        | 1.00                     | 1.00                     | 1.00                      | 1.00                     |
| Associate Planner                    | 4.00                     | 4.00                     | 4.00                      | 4.00                     |
| Planner                              | 1.00                     | 1.00                     | 1.00                      | 1.00 **                  |
| Assistant Planner                    | 1.00                     | 1.00                     | 1.00                      | 1.00                     |
| Counter Technician                   | 2.00                     | 2.00                     | 2.00                      | 2.00                     |
| Code Compliance Officer              | 1.00                     | 1.00                     | 1.00                      | 1.00                     |
| Sr. Building Inspector               | 1.00                     | 1.00                     | 1.00                      | 1.00                     |
| Building Inspector                   | 4.00                     | 4.00                     | 4.00                      | 4.00                     |
| Plan Check Engineer                  | 1.00                     | 1.00                     | 1.00                      | 1.00 **                  |
| <b>TOTAL PROGRAM FTEs</b>            | <b>19.75</b>             | <b>19.75</b>             | <b>19.75</b>              | <b>19.80</b>             |

| <i>Temporary Staff Hours</i> | <u>01/02<br/>Actuals</u> | <u>02/03<br/>Adopted</u> | <u>02/03<br/>Adjusted</u> | <u>03/04<br/>Adopted</u> |
|------------------------------|--------------------------|--------------------------|---------------------------|--------------------------|
| Intern                       | 1,040                    | 1,040                    | 1,040                     | 1,040                    |
| Assistant Planner            | 1,040                    | 1,040                    | 1,040                     | -                        |
| <b>TOTAL ANNUAL HOURS</b>    | <b>2,080</b>             | <b>2,080</b>             | <b>2,080</b>              | <b>1,040</b>             |

\* Defunded .40 FTE

\*\* Defunded 2.0 FTE

