



FY 2007/08 Recommended Budget

City Council

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Scott Miller, Mayor Pro Tempore
Lisa Bennett, Council Member
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April 26, 2007

Honorable Mayor and Members of the City Council:

It is with some degree of apprehension that we present this recommended budget for Fiscal Year 2007/08. The budget is balanced, though only in the narrowest sense that projected General Fund revenues exceed the recommended costs for City services. Several other City Funds remain in a deficit situation and the General Fund is balanced only due to a reliance on vacancies in key staff positions. This Budget should be viewed as a “placeholder” budget that provides a bridge to fund basic City services, while we determine whether there is public support for new revenues that could fund the full range of services and amenities the community expects.

If the community chooses to trust the City with significant new revenues, we will be poised to provide a broader range of services at a higher level of performance, on a path toward sustaining Pacific Grove as a high-quality community in the spirit of its heritage. Without new revenue, we will continue to provide the most critical City services, such as public safety, land-use regulation, and basic maintenance. We may have to eliminate other services so that we can live within our means. We simply cannot continue spending more money than we take in, while expecting the current range of services and amenities to be unaffected.

Creating a Sustainable Future

For too long, this City has developed budgets where the expenditures exceeded revenues and our reserves were used to “balance” the budget. Also during this time, routine and necessary maintenance has been deferred, creating liabilities and diminishing the quality of life of our residents. While this recommended budget attempts to address some of the most urgent needs, some other basic services are left unfunded.

The recommended budget includes new funding for basic storm water management and tree maintenance, liabilities for which the City has been sued. It also begins to restore the City’s reserves, which have been depleted in recent years. These needs are not glamorous and arguably will not enhance the quality of life or the economy of the community. But they are investments in fundamental financial health and stewardship of our natural resources, without which more visible community improvements cannot occur.

Other basic community needs, such as adequate street and sidewalk maintenance and comprehensive enforcement of our municipal code, are not funded in the FY 2007/08. They are perhaps less urgent, but no less important to the long-term sustainability of the community. Other commonly desired services, such as longer library hours, long-range land use planning, and more expeditious construction services (e.g. plan review and building inspection) are also unfunded in the FY 2007/08 budget. These services, partnerships with the private sector for a stronger economy, along with other City investments in parks, the downtown streetscape, and the oceanfront will only be possible with significant new revenue in the future.

The recommended budget represents progress along the road toward financial health. However, the road is long, and important milestones are not reached with this budget. For example, stabilizing the General Fund, which represents approximately two-thirds of all resources and funds most City operations, is the primary goal for the FY 2007/08. Several City funds have been over-drawn for several years, and remain so in the FY 2007/08 budget. Curing these negative fund balances is a critical goal for stabilizing the City as a whole.

The remainder of the budget transmittal memo addresses the need to live within our means, placing the recommended budget into context with recent financial history. It also describes economic assumptions underlying the budget along with key cost factors and trends driving the recommended expenditure budget. Finally this section of the document outlines the community outreach process underway, and the next steps for the City Council in determining community choices about services, revenue, and ultimately sustainability for Pacific Grove.

FY 2007/08 Goals and Assumptions

In March 2007, the City Council directed staff to prepare the FY 2007 budget with the following goals in mind:

- Live within our means: balance annual costs with annual revenues.
- Limit liability for dying trees, storm water treatment, and deteriorating infrastructure.
- Strengthen financial, risk management services, and information technology services.
- Preserve current public safety services.
- Avoid service reductions that would permanently preclude service restoration (i.e., closing City facilities).
- Protect revenue generators.
- Restore reserves to at least a level of \$1,300,000 (approximately 25% toward the level required by City Council policy).

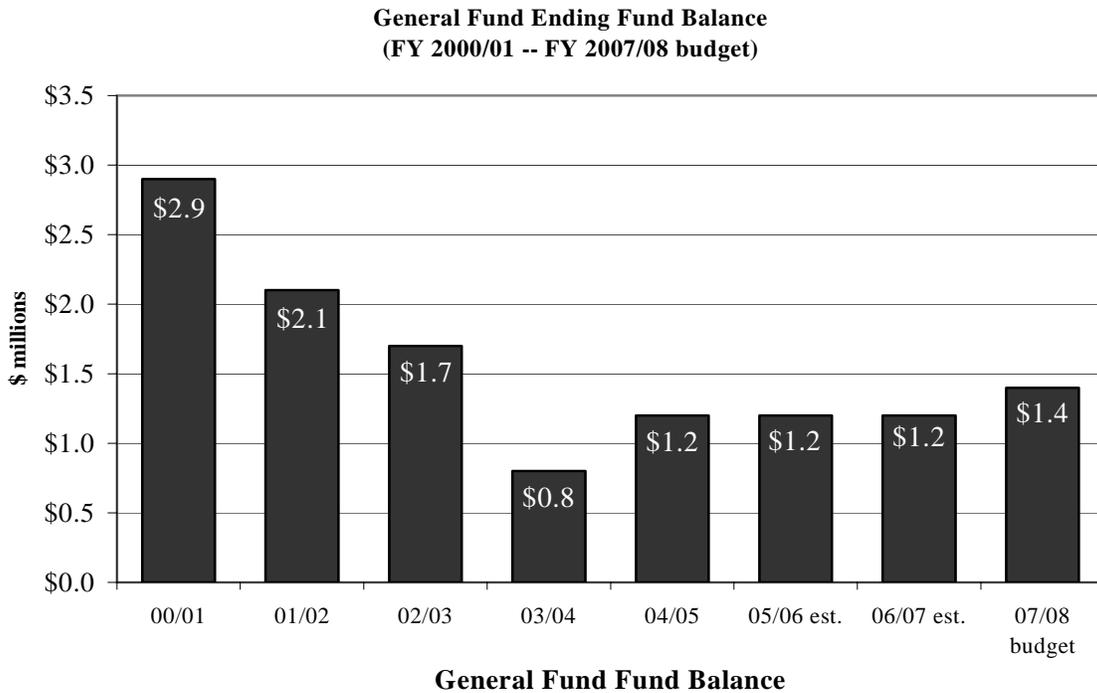
The recommended budget achieves these goals. In addition to the goals above, the budget is premised upon the following assumptions:

1. The economy will remain stable in FY 2007/08, yielding General Fund revenues totaling 2.2% higher than the levels estimated for the same revenues in FY 2006/07. This growth rate suggests slower revenue growth than the 6.3% increase estimated for FY 2006/07.
2. Costs for existing General Fund services are budgeted to increase by 3.2% in FY 2007/08. The budget assumes salary increases according to negotiated bargaining unit agreements. Only police officers currently have a market salary adjustment in their agreement. This agreement is intended to increase salaries to the average of the labor market for Police Officers over a period of four years.
3. The State of California will not take cities' revenues in FY 2007/08 to balance its budget. The State has taken significant amount of revenue from cities in three of the last five years. Despite the passage of Prop. 1A in 2004, which established limited protection

against further takeaways, cities remain vulnerable to State revenue subventions as it grapples with its own deficit, currently estimated to be approximately \$6 Billion.

Living within our means

Unlike the federal government, cities cannot spend money they do not have. Resources to fund operations in a given year include revenues received that year plus the accumulated fund balance also known as reserves. While fund balance may be budgeted for operations, usually on a one-time basis as part of a long-term strategy, financial sustainability requires that annual expenditures should not exceed annual revenues. By this definition of “living within our means,” the City has lived beyond its means in recent years. According to audited financial statements, the City spent more than it received in four of the last five years (FY 2001/02 – FY 2005/06), with a cumulative expenditure of \$1,700,000 in fund balance. The table below shows the depletion of fund balance since FY 2000/01.



After updating FY 2006/07 revenue estimates in December 2006, staff reported to the City Council that the City faced another revenue shortfall of approximately \$500,000 for FY 2006/07. In January, the City Council approved a plan, relying heavily on staffing vacancies, to close the gap. This gap is a product of the existing revenue base and existing services, so projections for years beyond FY 2006/07 revealed a structural budget gap equal to at least \$500,000. The FY 2007/08 budget assumes that the gap for existing services is \$562,000. Closing this gap permanently, thereby ensuring we can provide current services within our existing revenue base, is the most basic goal for FY 2007/08 budget planning.

Spending \$1,700,000 of reserves depleted them to approximately \$1,200,000, which equates to 6% of the General Fund. The City maintains two budget reserves: 1.) The Interim Tax Reserve,

which is intended to reserve \$750,000 to provide working capital throughout the year during routine cash-flow shortages caused by uneven revenue disbursements from the state; and 2.) The Contingency Reserve, which is intended to reserve an amount equal to 10% of the prior year's General Fund revenues. Based on FY 2007/08 projected revenues, reserves should total approximately \$2,300,000. Staff estimates that the actual reserve levels at the end of the current year will be \$1,200,000, leaving a reserve deficit of approximately \$1,100,000 for FY 2007/08.

Maintaining reserves closer to the level required by City Council policy is very important, given the risks the City faces. These include natural disasters, sharp economic downturns, sudden revenue losses caused by State or Federal legislative action, or other unexpected costs. Without adequate reserves, sudden service and staffing reductions could be the City Council's only viable response to sudden revenue disruption. Discussions with the ad hoc Budget and Finance Committee on this issue suggested that reserves should be restored over a four-year period, or by about 25% of the reserve deficit each year until reserve policy requirements are met. Based upon this guideline, the FY 2007/08 recommended budget leaves nearly \$200,000 unspent, which would increase fund balance to approximately \$1,400,000 by the end of FY 2007/08. Together, partially restoring reserves and addressing the aforementioned structural budget gap created an approximately \$800,000 gap to close in FY 2007/08.

Limiting liability for dying trees and storm water treatment

In recent months, the ad hoc Budget and Finance Committee identified \$3.1 million in important *additional* services that are severely under-funded, if funded at all. Of these, two programs are important and urgent enough that they are recommended for funding in the FY 2007/08 budget: forest management and storm water management. Estimated costs for these programs in FY 2007/08 total \$500,000.

Forest Management: This program involves the maintenance, replanting, and removal of city trees in parks, other natural spaces, and city rights-of-way. In FY 2006/07 the City budgeted approximately \$170,000 for these services. This amount includes funding for a professional arborist and emergency tree pruning and removal. The arborist develops and manages the City's urban forest maintenance efforts. The arborist also works with private property owners, developers, landscapers, and other City staff to balance property owners' development interests with community conservation goals. In addition to the \$170,000 budgeted, emergency storm recovery work is performed by the City's street crew and buildings and grounds crews.

A tragic fatality caused by a dead tree that fell in the Monarch Butterfly Sanctuary heightened the City's awareness of its responsibility to manage trees in the City's right-of-way. Trees are community assets in the same way buildings, streets, parks, and vehicles are. The City is legally obligated to manage the potential risks to life and property associated with trees. The current funding level, for essentially emergency services only, will not satisfy the City's stewardship obligations, or the requirements of the City's liability insurance carrier. Beyond removal of dead trees, responsible stewardship of the urban forest requires replanting and routine pruning. City staff estimates that comprehensive services will cost approximately \$250,000 per year more each year for at least five years (for a total of \$420,000 annually), until the backlog of dangerous, dead trees is eliminated and appropriate routine maintenance schedules are established. FY 2007/08

activities would include an inventory of the urban forest, the critical first step of a long-term, comprehensive program.

Storm Water Management: In September 2006, the California State Regional Water Quality Control Board issued the City of Pacific Grove a permit to control storm water and limit its effects on the Monterey Bay. The Permit is a requirement of the Federal Clean Water Act. All government agencies with responsibility for storm water are required to obtain such a permit; larger cities have been subject to these requirements for nearly ten years. The City of Pacific Grove, whose permit was granted in conjunction with other Peninsula cities and the County of Monterey, is at the forefront among California cities of similar size in implementing permit standards. If the City does not comply with the provisions of the permit, it could incur lawsuits from affected parties and fines from the Federal Environmental Protection Agency for violating the Clean Water Act equal to at least \$10,000 per day.

Permit requirements are stringent. They range from storm water quality testing and managing construction site runoff to public facility improvements and community education about new practices. The City had no choice about whether to adhere to the Federal Clean Water Act, but it worked with its partner agencies to implement the permit requirements with a balance of flexibility for residents and businesses and protection for our coastal resource.

The permit was effective in September 2006, and the City had to begin implementing the program. The annual amount of funding required for this program is estimated, and is therefore budgeted to be, \$250,000 by FY 2010/11. Much of the funding will be used to meet water control testing requirements. Some discharge sites must be tested four times annually, at a cost of at least \$3,500 per test. Most of the remaining funding will be used for increased street sweeping, which is critical for preventing debris from entering the Monterey Bay.

The \$1,400,000 gap for FY 2007/08 includes an additional \$100,000 for information technology improvements. The organizational restructuring the City Council approved on February 21, 2007 made significant progress toward this goal. While disruptive to City employees, the reorganization will occur in a budget-neutral way, meaning that implementing the plan did not prompt a budget increase in the FY 2006/07. The plan will pay future dividends in the form of reduced financial liability in accounting, labor relations, workers' compensation, and liability claims. An additional need that could not be achieved by reprioritizing existing positions is an information technology staff position. The City currently contracts with a vendor for information technology support services. While the vendor's services are satisfactory, the City would benefit from more strategic planning, long-term cost planning, service integration consulting, and flexibility than the contract provides. The recommended budget includes \$100,000 for this position, including salary and benefits. Any portion of this cost that can be covered with savings from narrowing or eliminating the vendor contract will be applied to the cost of the position, reducing the net additional cost.

Closing the FY 2007/08 gap

Totaling the needs described above, the City faces a \$1,400,000 gap for FY 2007/08:

Additional need	Estimated cost in FY 07/08
Continue current services	\$600,000
<i>Under-funded services:</i>	
Urban forest management program	\$250,000
Storm water program	\$250,000
Technology leadership and support	\$100,000
Rebuild reserves partially	\$200,000
Total additional costs	\$1,400,000

The recommended budget includes a combination of revenue increases and cost reduction strategies that enables these needs to be funded. The following table summarizes the strategies; the remainder of this section describes them.

Strategy	Estimated net revenue/savings
Cost reductions	
1. Eliminate the Fire Division Chief position	\$90,000
2. De-fund 2.0 authorized Police Officer positions	\$216,000
3. De-fund one (of two) full-time staff at the museum for 25% of year	\$35,000
4. De-fund the Office Assistant position in the Recreation Department	\$40,000
5. Eliminate contract plan-check services in the Community Development Department	\$10,000
Total cost reductions	\$391,000
New/additional revenues	
6. Contract with the City of Carmel for additional fire management services	\$60,000
7. Additional parking enforcement	\$25,000
8. Tree evaluation services and permit fee	\$65,000
9. Golf fee increases	\$400,000
10. Modify golf course clubhouse use permit to allow non-golf events	\$20,000
11. Increase rents from City facilities and parks	\$50,000
12. Decrease General Fund support for Museum; rely on other sources	\$60,000
13. Implement metered parking in vicinity of Lovers' Point	\$270,000
14. Implement metered parking in vicinity of Central Ave. and Eardley Ave.	\$99,000
Total new/additional revenues	1,049,000
Total additional costs	\$1,440,000

Cost reductions:

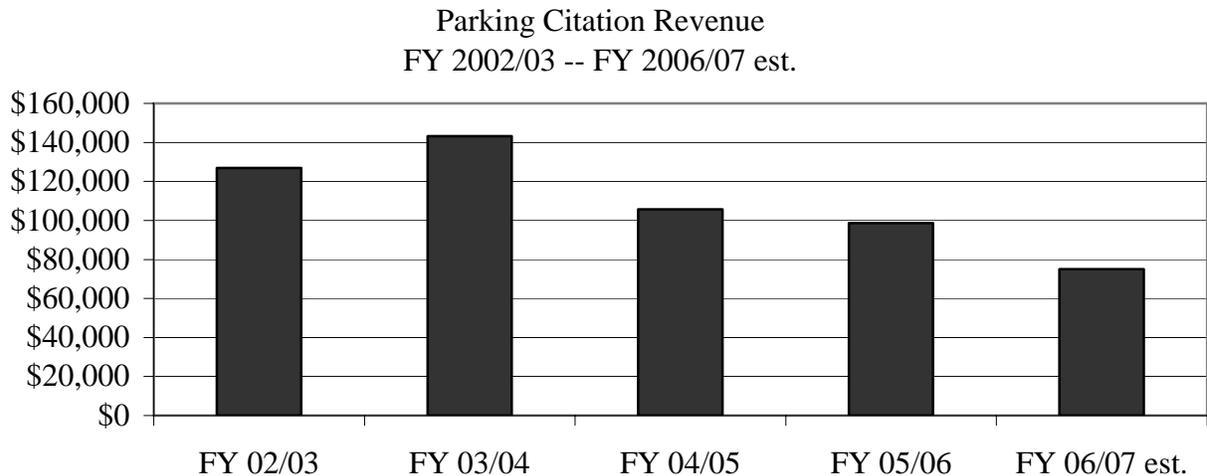
1. *Eliminate the Fire Division Chief position (\$90,000):* This option would allow the City to eliminate the Fire Division Chief position, following the retirement of the previous incumbent. This is part of a planned Fire Department reorganization that is intended to improve incident command response coverage, save money, and serve as a pilot project for regional fire service. No adverse service impacts are projected. Contracting with the City of Monterey for incident command services, which is another component of the reorganization, will ensure 24-hour, on-duty incident command services with fewer than three City of Pacific Grove Fire management positions. Filling the position at the middle step of the salary range in FY 2007/08 could cost \$160,000 (including salary and all benefits). After factoring in the cost of contract services with Monterey (\$40,000 annually) and the cost for part-time fire prevention services (\$30,000), the net savings from eliminating the position is approximately \$90,000.
2. *De-fund 2.0 authorized Police Officer positions (\$216,000):* The FY 2006/07 budget authorized and funded 25 Police Officers. The Department currently has 21 Police Officers, due to a chronic shortage of qualified applicants for Police Officer Positions. Based on current projections for potential applicants and pending retirements, it is unlikely that the Police Department will reach a staffing level of more than 23 officers. Therefore, staff recommends not funding two vacant entry-level police officer positions (estimated to cost \$108,000 annually each, including salary and all benefits). With this option, staff would continue to recruit for police officers and return to the City Council with a plan to fund additional positions if recruitment circumstances change. Nevertheless, staff estimates that this option can be relied upon for \$216,000 of savings in FY 2007/08.
3. *De-fund one (of two) full-time staff at the Museum for 25% of year (\$35,000):* The Museum currently employs two full-time staff. The Museum Director has announced his plans to retire in December 2007 after one-half of the fiscal year. This option would hold the Director's position vacant following the retirement. Planning for only one-quarter year's savings would allow for the remaining quarter of the position's total cost (approximately \$35,000) to be used for part-time or contract help in operating the Museum. De-funding the Museum Director position, as opposed to eliminating it, will allow for a careful assessment of the Museum's appropriate service and staffing levels without permanent staffing reductions.
4. *De-fund the Office Assistant position in the Recreation Department (\$40,000):* This cost reduction option would rely on the continued vacancy of the part-time Office Assistant position in the Recreation Department. The position is responsible for customer service at the Recreation Department offices at the community center. Primary duties include registering class and program attendees, assisting with special events planning. Without this position, the two Recreation program coordinators must spend part of their time working at the desk performing these duties, resulting in fewer hours available for staffing other facilities, such as the Youth Center, and supervising Recreation programs.
5. *Eliminate contract for plan-check services (\$10,000):* The City currently contracts for plan-check services to supplement the capacity of the part-time plan-check position, in lieu of hiring additional staff. This option would enable the City to save \$10,000 without laying-off

staff. So far in FY 2006/07, the City has experienced slower building application activity than in recent years, and consequently has used little of the budget for contract plan-check services. If building application activity increases next year, reducing the budget for plan-check services could result in slower building permit processing times.

New/additional revenues:

6. *Contract with the City of Carmel for additional fire management services (\$60,000):* The City currently receives approximately \$90,000 per year for providing Fire Chief services to the City of Carmel. For FY 2007/08, the cities have agreed that the contract will increase to include virtually all Fire Department management services. Payment for these services will increase by \$60,000 to \$150,000 annually. This option works in conjunction with the cost reduction strategy #1 above, eliminating the Fire Division Chief position. The services for which the City of Pacific Grove has contracted with the City of Monterey will also be provided to the City of Carmel, at no additional cost. This revenue option, combined with the savings resulting from the Fire Division Chief position elimination would together generate \$150,000 in gap-closing resources.

7. *Additional parking enforcement (\$25,000):* The City currently has one Parking Enforcement Officer whose duties include enforcement of parking regulations, abandoned vehicle enforcement, along with maintaining and collecting revenues from parking meters. Since the installation of parking meters in 2004, enforcement activities, as measured by parking citation revenue, decreased significantly as meter maintenance and revenue collections have



consumed a larger share of the enforcement officer’s time. With an additional Parking Enforcement Officer, staff estimates the City could generate approximately \$110,000 more in citation revenue. Since the cost for the additional employee is approximately \$65,000, the net annual revenue increase could be \$45,000 per year. In the first year, FY 2007/08, the City would need to purchase an additional parking enforcement vehicle, which could cost approximately \$20,000, yielding net revenue of \$25,000 in FY 2007/08. Staff is exploring options for purchasing a used vehicle, which could increase the net revenue amount for next year.

8. *Tree evaluation service and permit fee (\$65,000)*: The City currently processes approximately 325 tree removal/trimming permit applications per year. Current practice requires that the applicant obtain a report evaluating the specific tree by an arborist licensed by the International Association of Arboriculture. Staff uses this report to evaluate the permit application. Based on an informal survey of market fees for this service, private arborists frequently charge \$300 or more for this report. This revenue option would implement a \$200 tree removal/trimming permit application fee, whereby the City's arborist would conduct the review and prepare the report. At 325 applications per year, the fee would generate \$65,000.

9. *Golf fee increases (\$400,000)*: Staff is working with the Golf Advisory Committee to develop an approach for balancing the City's interests of a.) Benefiting from the golf course as an economic development asset that supports general city services and b.) Providing a relatively affordable way for Pacific Grove residents to enjoy golf. The Committee has endorsed a goal of generating \$400,000 in additional revenue in FY 2007/08 that could benefit the General Fund after other golf course operational and bond covenant requirements are met. Based on current Golf Enterprise Fund projections, current golf revenues could support current service levels and bond covenant obligations, so the \$400,000 additional revenue could be used for General Fund purposes.

10. *Modify golf clubhouse use permit to allow non-golf events (\$20,000)*: Currently, activities, and therefore revenue, at the golf clubhouse are limited by the land use permit to golf-related events. This option suggests that approximately \$20,000 could be raised annually if the clubhouse could be used for other events, perhaps in conjunction with the Point Pinos Lighthouse and the cemetery, or other private parties or business meetings. These events would strengthen the Golf Course's profile as a regional destination and generate revenue for the restaurant (upon which lease and rent agreements are based). If endorsed, this revenue would only be realized if other use permit issues are resolved, such as lighting and security mitigation plans.

The estimate of \$20,000 of additional annual revenue is based on a consultant's market study for the restaurant, considering square footage, number of seats, market prices, etc. The study concluded that the City could charge a restaurant concessionaire \$5,000 in monthly rent. The current restaurant lease, which charges only \$2,000 per month, assumes the restrictions of the use permit, which restrict the restaurant's profit potential. The difference, \$3,000 per month, would generate an additional \$36,000 per year. Staff believes that the total City revenue of \$60,000 could only be generated if the restaurant were extremely successful. While all signs for the restaurant's success are in place, the additional revenue estimate of \$20,000 allows for a measure of uncertainty during the transition.

11. *Increase rents from City recreation facilities and parks (\$50,000)*: Similar to the golf course, the City's recreation facilities and parks could be used more aggressively for economic development. Staff estimates that only a few changes in current rate structures and policies could generate \$50,000 to support City services.

For example, since making improvements to Chautauqua Hall, there has been steady public demand to rent the building for private events. Meeting this demand would entail the

amendment of Council Policy 001-1, which governs the use of the building. Renting Chautauqua Hall 12 times a year for only the minimum of four hours (much less than the usual rental time) would generate \$24,000. In virtually all instances, however, parties require more time, usually in the six- to 10-hour range, which would yield an additional \$900 to \$1,500 per rental or \$10,800 to \$18,000 more in revenue.

Increasing the base hourly rental fees at the Community Center and the Sally Griffin Center, as recommended by the Recreation Board would also generate additional revenue. In 2006, the Community Center was rented for 25 private parties. If this facility and Sally Griffin Center were rented for just six more events than in the past year (at the four-hour basic rate), the City would realize an additional \$3,900 in revenue. Since most rentals at the Community Center and Sally Griffin Center average about six hours each, the extra- hour fee recommended by the Recreation Board would increase this by \$150 per rental.

The three parks (Lovers Point, Berwick and Jewell) were rented for 175 occasions in 2006, mostly for weddings. Assuming unchanged rental volume, the City could realize approximately \$8,750 more revenue by adopting the \$100 park rental fee increase recommended by the Recreation Board.

12. *Museum admission fees or other non-General Fund sources (\$60,000):* Services at the Pacific Grove Museum of Natural History are paid for by all Pacific Grove residents through tax revenues and other General Fund resources. Consequently, access to the museum is free of charge. Per the deed agreements with the Pebble Beach Company when the City gained title to the property, access to the museum is required to be free of charge. While this revenue option would require a change in the deed restriction, it would represent a step toward balancing the costs among Pacific Grove taxpayers, who currently pay regardless of whether they visit the museum, and out-of-town visitors who enjoy the facility.

Staff believes that \$60,000 is an attainable amount that could be reached by several alternative paths. First, staff is engaged in discussions with the Monterey Bay Aquarium (MBA) regarding its rental of Pacific Grove tidelands. The outcome of the discussions may entail compensation greater than \$60,000. Another method for reducing the Museum's reliance on the General Fund would be to revisit the restrictions on the Museum Improvement Fund. Currently, the fund's purpose is to receive donations and grants to help fund exhibits and capital improvements at the Museum, with the explicit exclusion of operational expenses. As of June 30, 2006, fund balance was estimated to be \$416,000. If the purpose for the fund were broadened to allow operating costs, this fund could help reduce the General Fund's share of the Museum's operating costs. A third way that the museum could raise revenue would be through admission fees, assuming the deed restriction could be lifted. Admission could be charged either for specific exhibits or at the door. As the museum currently hosts approximately 60,000 visitors per year, the \$60,000 revenue target could be achieved solely through a \$1.00 admissions fee.

13. *Additional parking meters at:*
a) *Lover's Point Area (\$270,000)*
b) *Central Ave/Eardley Ave. (\$99,000)*

The City currently manages 100 parking meters installed in the vicinity of the American Tin Cannery and the Monterey Bay Aquarium. These meters generated gross revenue of approximately \$200,000 in each of the last two years, or \$2,000 per meter. In addition, parking meters stimulate parking turnover, which accommodates more visitors to the area served by meters. In non-commercial areas, such as Lover's Point or other oceanfront areas, parking meters may be a way to capture revenue for services (e.g., public safety and maintenance of facilities) from out-of-town consumers of services who may not otherwise pay for them. The revenue and potential economic advantages are offset by the inconvenience of having to be prepared to "feed a meter."

Revenue estimates for this item were submitted by the current vendor to the City as part of a proposal for additional meters in April 2006. Also, the estimates are "net" of lease and maintenance fees paid to the vendor, which, under the existing contract for meters, are paid at a rate of 25-30% of gross revenue. If Council endorses additional meters as a strategy, staff will work with the vendor to refine the revenue estimates and negotiate a lower lease rate for the additional meters. Information on each potentially new parking zone follows:

- a) **Lovers Point Area:** This option would install 63 meters on Oceanview Boulevard at Lovers Point, 56 on Oceanview Boulevard west of Lovers Point, and 34 in the Lovers Point Parking Lot. Net new revenue is estimated to total \$270,000 per year.
- b) **Central Avenue/Eardley Avenue:** Approximately 60 meters would be installed on both sides of Central Avenue from Eardley Avenue to Dewey Avenue; on Dewey Avenue north of Central Avenue, and on Eardley Avenue south of Central Avenue. Net new revenue is estimated to be \$99,000 per year.

Path to Financial Health and Community Sustainability

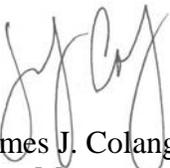
The recommended FY 2007/08 budget temporarily corrects the historical imbalance between revenues and service costs. In FY 2008/09, revenues are again expected to fall short of City costs. The FY 2007/08 budget begins to restore reserves to a level of adequate protection against risks ranging from natural disasters to State raids on the City's coffers. The budget also implements the programs required to limit the City's immediate liabilities for environmental stewardship, specifically treatment of storm water and maintaining our aging forest. Yet these are only the first steps toward becoming financially healthy and meeting the community's demands for services, amenities, and long-term sustainability.

Goals for the FY 2008/09 budget should include curing overdrawn funds outside the General Fund. Most significant of these is the Storm Water Management Fund, which was established to begin implementing practices mandated by the Clean Water Act and the related State permit to discharge storm water into the Monterey Bay. The City has also over spent annual revenue in other funds, such as the fund from which the City pays for emergency dispatch services, the fund

from which the City pays for City vehicle leases and purchases and the fund from which employee health benefits are paid. Staff will ensure that over-spending does not occur in the future, but historical negative balances in these funds remain. All of these funds support General Fund services, and will likely require one-time transfers from the General Fund to make them whole.

Perhaps more important than financial stability is community sustainability, which can only be achieved in partnership with the community. As mentioned previously, the FY 2007/08 budget does not include adequate street, sidewalk, and park maintenance to prevent their deterioration. Nor does it include a comprehensive code enforcement program. Deteriorating infrastructure places public safety at risk, jeopardizes property values, and diminishes the aesthetic quality of the community. The inability to enforce City ordinances has a similar effect, while also potentially undermining the City's credibility and public trust in government.

As City Manager, it is my job to recommend a balanced budget. Through the summer, the City will continue to research and explore options for new sources of revenue and alternative ways of providing services. Discussions with the community will influence the direction for the FY 2008/09 budget and will begin in the late fall of 2007. At that time we will either begin implementing additional and more comprehensive services that may only be afforded with new revenue sources, or we will work to reorganize City services leaving only those most critical, based on the City Council's priorities. In any case, FY 2007/08 marks a milestone along the path to financial health. Working together, we can reach that destination, and continue strengthening Pacific Grove for future generations.

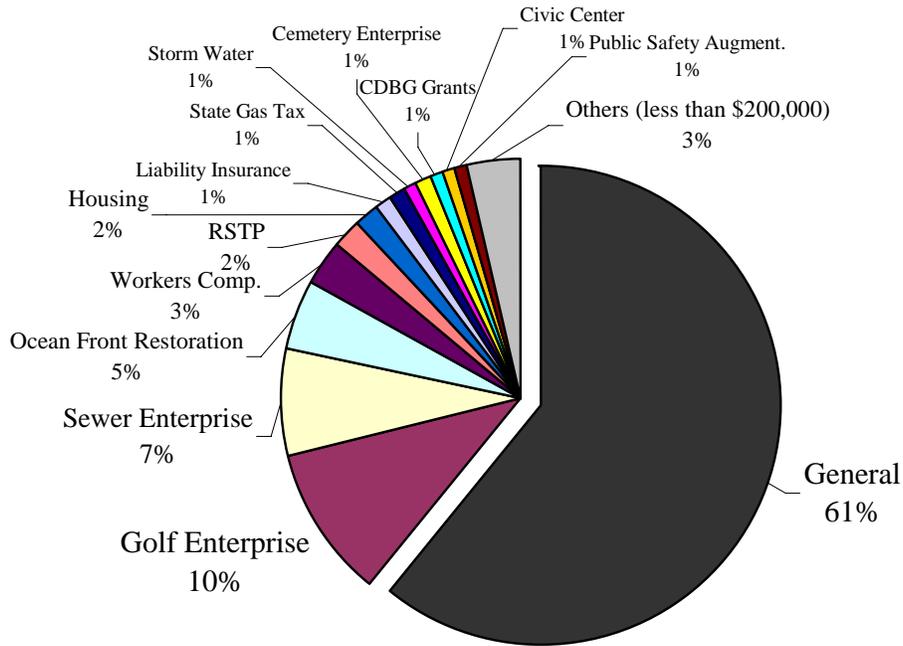


James J. Colangelo
City Manager

FY 2007/08 Budget (Appropriations)-- All Funds

Total = \$25,147,564

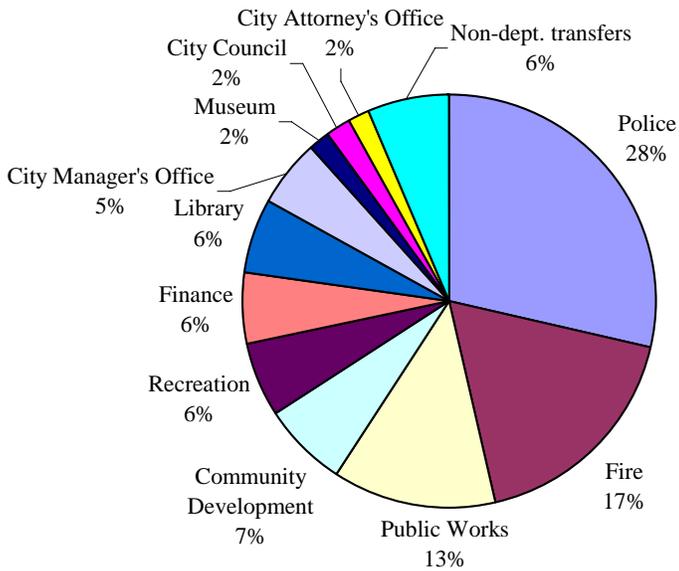
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* Excludes Tax and Revenue Anticipation Notes (TRAN) Fund, which supports cash flow in all funds, and is not spent directly for operations.

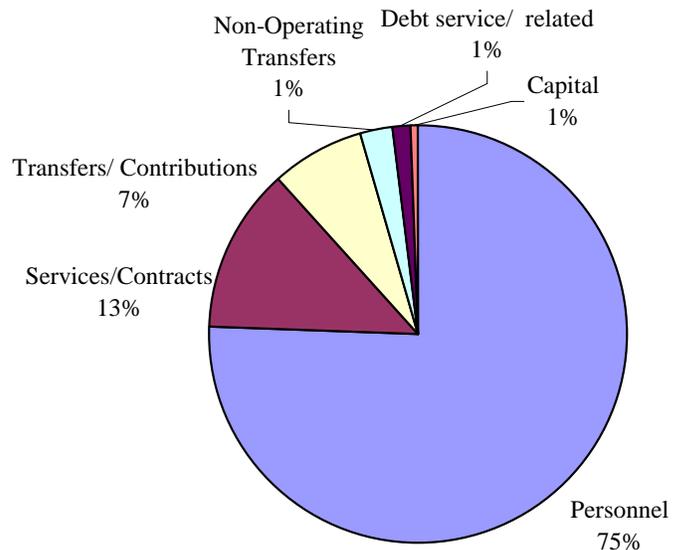
General Fund Expenditures by Department

FY 2007/08, Total = \$16,499,044



General Fund by Expenditure Category

FY 2007/08, Total= \$16,499,044



FY 2007/08 Budget: Summary of All Funds

	Beginning fund balance (available)	Estimated Revenues	Appropriations	Transfers in (-out)	Ending Fund Balance (available)
1 General					
FY 2006/07 original budget	\$1,910,227	\$15,776,621	-\$14,091,836	-\$1,502,018	\$2,275,761
Mid-Year budget (4/4/07)	1,910,227	15,178,416	-13,642,839	-1,552,904	1,892,900
FY 2006/07 estimated actual	1,167,009	15,195,416	-13,642,839	-1,552,294	1,167,292
FY 2007/08 budget (proposed)	\$1,167,292	\$16,650,416	-\$15,438,552	-\$1,060,492	\$1,318,664
71 Workers Compensation					
FY 2006/07 original budget	-\$456,373	\$794,500	-\$635,265	\$139,779	-\$157,359
Mid-Year budget (4/4/07)	-456,373	794,500	-635,265	390,388	93,250
FY 2006/07 estimated actual	-1,065,684	786,000	-683,940	383,985	-579,639
FY 2007/08 budget (proposed)	-\$579,639	\$720,000	-\$728,503	\$0	-\$588,142
72 Liability Insurance					
FY 2006/07 original budget	\$203	\$25,250	-\$260,815	\$894,156	\$658,794
Mid-Year budget (4/4/07)	203	25,250	-282,515	650,000	392,938
FY 2006/07 estimated actual	-371,014	0	-264,695	650,000	14,291
FY 2007/08 budget (proposed)	\$14,292	\$0	-\$268,566	\$300,000	\$45,726
70 Employee Health Benefits					
FY 2006/07 original budget	\$88	\$109,500	-\$134,700	\$26,000	\$888
Mid-Year budget (4/4/07)	88	109,500	-134,700	26,000	888
FY 2006/07 estimated actual	0	95,000	-144,700	26,000	-23,700
FY 2007/08 budget (proposed)	-\$23,700	\$114,500	-\$152,700	\$38,200	-\$23,700
42 Public Safety Augment.					
FY 2006/07 original budget	\$54	\$80,000	-\$210,000	\$110,000	-\$19,946
Mid-Year budget (4/4/07)	54	80,000	-220,000	110,000	-29,946
FY 2006/07 estimated actual	-19,156	90,000	-219,000	110,000	-38,156
FY 2007/08 budget (proposed)	-\$38,156	\$95,000	-\$210,000	\$115,000	-\$38,156
44 Storm Water Management					
FY 2006/07 original budget	-\$350,579	\$1,500,000	-\$1,775,000	\$0	-\$625,579
Mid-Year budget (4/4/07)	-350,579	1,500,000	-1,775,000	0	-625,579
FY 2006/07 estimated actual	-200,627	1,300,000	-1,350,000	0	-250,627
FY 2007/08 budget (proposed)	-\$250,627	\$0	-\$250,000	\$250,000	-\$250,627
32 Vehicle Replacement					
FY 2006/07 original budget	\$9	\$0	-\$145,504	\$145,505	\$10
Mid-Year budget (4/4/07)	9	195,781	-195,780	0	10
FY 2006/07 estimated actual	-21,460	0	-182,890	195,781	-8,569
FY 2007/08 budget (proposed)	-\$8,569	\$0	-\$115,881	\$115,881	-\$8,569
14 Civic Center					
FY 2006/07 original budget	\$216	\$34,000	-\$224,794	\$190,578	\$0
Mid-Year budget (4/4/07)	216	34,000	-224,794	190,578	0
FY 2006/07 estimated actual	-1,072	14,000	-223,794	190,578	-20,288
FY 2007/08 budget (proposed)	-\$20,288	\$12,000	-\$224,292	\$212,292	-\$20,288
TOTAL GENERAL FUND RESPONSIBILITY					
FY 2006/07 original budget	\$1,137,575	\$17,981,077	-\$16,852,542	-\$296,578	\$2,152,515
Mid-Year budget (4/4/07)	1,103,845	17,917,447	-17,110,893	-185,938	1,724,461
FY 2006/07 estimated actual	-512,004	17,480,416	-16,711,858	4,050	260,604
FY 2007/08 budget (proposed)	\$280,922	\$17,579,945	-\$17,164,173	-\$241,382	\$455,225

	Beginning fund balance (available)	Estimated Revenues	Appropriations	Transfers in (-out)	Ending Fund Balance (available)
ENTERPRISE FUNDS					
75 Cemetery Enterprise					
FY 2006/07 original budget	-\$177,563	\$367,000	-\$200,764	\$0	-\$11,327
Mid-Year budget (4/4/07)	-177,563	367,000	-235,922	0	-46,485
FY 2006/07 estimated actual	-195,517	316,200	-228,922	0	-105,239
FY 2007/08 budget (proposed)	-\$105,239	\$315,000	-\$314,145	\$0	-\$104,384
76 Sewer Enterprise					
FY 2006/07 original budget	-\$247,549	\$2,008,000	-\$1,949,131	\$0	-\$188,680
Mid-Year budget (4/4/07)	-247,549	2,008,000	-1,949,131	0	-188,680
FY 2006/07 estimated actual	267,193	2,008,000	-1,829,419	0	445,774
FY 2007/08 budget (proposed)	\$445,774	\$2,008,000	-\$1,845,238	\$0	\$608,536
77 Golf Enterprise					
FY 2006/07 original budget	\$657,944	\$2,125,000	-\$2,421,612	\$420	\$361,752
Mid-Year budget (4/4/07)	657,944	2,125,000	-2,421,612	420	361,752
FY 2006/07 estimated actual	636,090	2,139,398	-2,394,474	0	381,014
FY 2007/08 budget (proposed)	\$381,014	\$2,965,000	-\$2,528,122	-\$400,000	\$417,892
OTHER FUNDS					
3 Carillon Maintenance					
FY 2006/07 original budget	\$17,601	\$500	-\$5,000	\$1,300	\$14,401
Mid-Year budget (4/4/07)	17,601	500	-5,000	1,300	14,401
FY 2006/07 estimated actual	21,529	500	-1,000	1,300	22,329
FY 2007/08 budget (proposed)	\$22,329	\$600	-\$2,000	\$0	\$20,929
4 Ocean Rescue					
FY 2006/07 original budget	\$15,664	\$10,200	-\$17,250	\$0	\$8,614
Mid-Year budget (4/4/07)	15,664	10,200	-17,250	0	8,614
FY 2006/07 estimated actual	17,191	10,200	-15,750	0	11,641
FY 2007/08 budget (proposed)	\$11,641	\$10,100	-\$18,050	\$0	\$3,691
7 Library Building and Equip.					
FY 2006/07 original budget	\$518,006	\$8,000	-\$17,400	\$0	\$508,606
Mid-Year budget (4/4/07)	518,006	8,000	-17,400	0	508,606
FY 2006/07 estimated actual	542,671	9,700	0	0	552,371
FY 2007/08 budget (proposed)	\$552,371	\$9,000	\$0	\$0	\$561,371
8 Museum Improvement					
FY 2006/07 original budget	\$490,579	\$45,000	-\$64,000	\$0	\$471,579
Mid-Year budget (4/4/07)	490,579	45,000	-94,000	0	441,579
FY 2006/07 estimated actual	476,428	34,000	-94,000	0	416,428
FY 2007/08 budget (proposed)	\$416,428	\$68,500	-\$80,000	-\$20,000	\$384,928
11 Library Book Fund					
FY 2006/07 original budget	\$22,688	\$41,000	-\$37,650	\$0	\$26,038
Mid-Year budget (4/4/07)	22,688	41,000	-37,650	0	26,038
FY 2006/07 estimated actual	15,381	40,450	-31,000	0	24,831
FY 2007/08 budget (proposed)	\$24,831	\$30,450	-\$39,000	\$0	\$16,281
12 Fire Dept. Emergency Equip.					
FY 2006/07 original budget	\$42,967	\$15,395	-\$40,995	\$0	\$17,367
Mid-Year budget (4/4/07)	42,967	15,395	-40,995	0	17,367
FY 2006/07 estimated actual	42,228	17,050	-40,995	0	18,283
FY 2007/08 budget (proposed)	\$18,283	\$12,400	-\$17,500	\$0	\$13,183
15 Housing Programs					
FY 2006/07 original budget	\$378,778	\$266,234	-\$422,150	\$0	\$222,862
Mid-Year budget (4/4/07)	378,778	266,234	-422,150	0	222,862
FY 2006/07 estimated actual	307,698	63,700	-213,396	0	158,002
FY 2007/08 budget (proposed)	\$158,002	\$215,300	-\$412,933	\$0	-\$39,631

	Beginning fund balance (available)	Estimated Revenues	Appropriations	Transfers in (-out)	Ending Fund Balance (available)
16 Traffic Congestion Relief					
FY 2006/07 original budget	\$14,075	\$0	\$0	\$0	\$14,075
Mid-Year budget (4/4/07)	14,075	0	0	0	14,075
FY 2006/07 estimated actual	46,261	135,000	-56,000	0	125,261
FY 2007/08 budget (proposed)	\$125,271	\$60,000	-\$75,000	\$0	\$110,271
18 State Gas Tax					
FY 2006/07 original budget	\$75,427	\$235,500	-\$211,491	-\$4,000	\$95,436
Mid-Year budget (4/4/07)	75,427	235,500	-211,491	-4,000	95,436
FY 2006/07 estimated actual	112,790	243,200	-215,344	-4,000	136,646
FY 2007/08 budget (proposed)	\$140,646	\$250,000	-\$265,688	\$0	\$124,958
20 RSTP—TAMC					
FY 2006/07 original budget	\$142	\$618,000	-\$618,586	\$0	-\$444
Mid-Year budget (4/4/07)	142	618,000	-618,856	0	-714
FY 2006/07 estimated actual	-79,695	0	-128,622	0	-208,317
FY 2007/08 budget (proposed)	-\$208,317	\$690,000	-\$527,890	\$0	-\$46,207
21 Drug Awareness					
FY 2006/07 original budget	\$16,096	\$9,100	-\$25,124	\$0	\$72
Mid-Year budget (4/4/07)	16,096	9,100	-25,124	0	72
FY 2006/07 estimated actual	30,011	120	-16,000	0	14,131
FY 2007/08 budget (proposed)	\$14,131	\$0	-\$10,000	\$0	\$4,131
26 Chautauqua Hall					
FY 2006/07 original budget	\$27,747	\$15,000	\$0	\$0	\$42,747
Mid-Year budget (4/4/07)	27,747	15,000	0	0	42,747
FY 2006/07 estimated actual	17,163	0	0	0	17,163
FY 2007/08 budget (proposed)	\$17,163	\$5,500	\$0	\$0	\$22,663
27 Lighthouse Maint. & Improv.					
FY 2006/07 original budget	\$0	\$35,000	\$0	\$0	\$35,000
Mid-Year budget (4/4/07)	0	35,000	0	0	35,000
FY 2006/07 estimated actual	0	23,000	0	0	23,000
FY 2007/08 budget (proposed)	\$23,000	\$56,000	-\$75,800	\$20,000	\$23,200
34 CDBG Grants					
FY 2006/07 original budget	\$14,075	\$275,849	-\$265,749	\$0	\$24,175
Mid-Year budget (4/4/07)	14,075	275,849	-265,749	0	24,175
FY 2006/07 estimated actual	49,222	279,000	-253,820	0	74,402
FY 2007/08 budget (proposed)	\$74,402	\$238,000	-\$237,359	\$0	\$75,043
40 Poetry Promotion Fund					
FY 2006/07 original budget	\$162,826	\$8,000	-\$3,250	\$0	\$167,576
Mid-Year budget (4/4/07)	162,826	8,000	-8,250	0	162,576
FY 2006/07 estimated actual	163,048	8,000	-6,850	0	164,198
FY 2007/08 budget (proposed)	\$164,198	\$12,200	-\$5,550	\$0	\$170,848
41 Yount Trust (Expendable portion)					
FY 2006/07 original budget	\$16,546	\$35,000	-\$31,272	-\$1,720	\$18,554
Mid-Year budget (4/4/07)	16,546	35,000	-31,272	-1,720	18,554
FY 2006/07 estimated actual	31,429	25,000	-33,531	0	22,898
FY 2007/08 budget (proposed)	\$22,898	\$30,000	-\$48,100	\$20,000	\$24,798
43 Supp. Law Enf. Serv.					
FY 2006/07 original budget	\$13,996	\$100,000	-\$89,591	\$0	\$24,405
Mid-Year budget (4/4/07)	13,996	100,000	-119,164	0	-5,168
FY 2006/07 estimated actual	73,784	100,000	-119,164	0	54,620
FY 2007/08 budget (proposed)	\$54,620	\$101,000	-\$155,620	\$0	\$0
53 Ocean Front Restoration					
FY 2006/07 original budget	\$270,724	\$1,125,000	-\$1,345,446	\$0	\$50,278
Mid-Year budget (4/4/07)	270,724	1,125,000	-1,345,446	0	50,278
FY 2006/07 estimated actual	341,926	1,125,000	-230,445	0	1,236,481
FY 2007/08 budget (proposed)	\$1,236,481	\$25,000	-\$1,229,897	\$0	\$31,584

	Beginning fund balance (available)	Estimated Revenues	Appropriations	Transfers in (-out)	Ending Fund Balance (available)
54 Butterly Hab. Debt Serv.					
FY 2006/07 original budget	\$3,559	\$96,250	-\$91,888	\$0	\$7,921
Mid-Year budget (4/4/07)	3,559	96,250	-91,888	0	7,921
FY 2006/07 estimated actual	23,342	65,252	-91,887	0	-3,293
FY 2007/08 budget (proposed)	-\$3,293	\$92,192	-\$88,899	\$0	\$0
85 Library Trust					
FY 2006/07 original budget	\$388,251	\$6,500	-\$6,500	\$0	\$388,251
Mid-Year budget (4/4/07)	388,251	6,500	-6,500	0	388,251
FY 2006/07 estimated actual	383,256	6,600	-6,500	0	383,356
FY 2007/08 budget (proposed)	\$383,256	\$6,600	-\$6,600	\$0	\$383,256
86 Cemetery Endowment					
FY 2006/07 original budget	\$853,544	\$44,000	\$0	\$0	\$897,544
Mid-Year budget (4/4/07)	853,544	44,000	0	0	897,544
FY 2006/07 estimated actual	840,579	55,000	0	0	895,579
FY 2007/08 budget (proposed)	\$895,579	\$57,000	\$0	\$0	\$952,579
NEW Tax and Rev. Antic. Notes (TRAN)					
FY 2006/07 original budget	\$0	\$0	\$0	\$0	\$0
Mid-Year budget (4/4/07)	0	4,811,500	-1,871,366	0	2,940,134
FY 2006/07 estimated actual	0	4,811,500	-1,871,366	0	2,940,134
FY 2007/08 budget (proposed)	\$2,940,134	\$170,000	-\$3,106,500	\$0	\$3,634
TOTAL: ALL FUNDS					
FY 2006/07 original budget	\$4,713,698	\$26,970,605	-\$26,492,391	-\$300,578	\$4,723,738
Mid-Year budget (4/4/07)	4,679,968	26,856,475	-26,844,243	-189,938	2,909,888
FY 2006/07 estimated actual	3,652,004	30,296,286	-25,940,343	1,350	7,811,670
FY 2007/08 budget (proposed)	\$8,086,242	\$25,007,787	-\$28,254,064	-\$621,382	\$4,218,496

FY 2007/08 General Fund Budget and Forecast

(Analysis may be found in the General Fund and Forecast sections of this document)

	2007/08 Budget	FORECAST ASSUMES NO ADDITIONAL SERVICES				
		2008/09 Projection	2009/10 Projection	2010/11 Projection	2011/12 Projection	2012/13 Projection
REVENUES						
Property tax	3,912,500	4,059,150	4,211,469	4,369,680	4,544,467	4,726,246
Real Estate Transfer Tax	90,000	93,600	97,344	101,238	105,287	109,499
Sales and Use Tax - Total	1,696,000	1,729,920	1,764,518	1,799,809	1,835,805	1,872,521
Business License Tax	304,500	310,590	316,802	323,138	329,601	336,193
Franchise Taxes	849,200	865,764	882,692	899,991	917,991	936,351
Utility User Taxes	1,423,000	1,459,180	1,496,315	1,534,432	1,580,465	1,627,879
Transient Occupancy Tax	3,245,000	3,342,350	3,442,621	3,545,899	3,652,276	3,761,844
Motor Vehicle-in Lieu fee (VLF)	1,260,000	1,310,400	1,362,816	1,417,329	1,474,022	1,532,983
Parking revenue	889,350	920,933	951,388	982,851	992,679	1,002,606
Development revenues	813,000	813,000	813,000	813,000	813,000	813,000
Police program revenues	132,000	157,500	157,500	157,500	157,500	157,500
Fire program revenues	203,000	203,000	203,000	203,000	203,000	203,000
Public works program revenues	97,000	101,500	106,225	111,186	116,746	122,583
Museum and Lighthouse program revenues	80,000	80,000	80,000	80,000	80,000	80,000
Library program revenues	39,000	39,000	39,000	39,000	39,000	39,000
Recreation program revenues	441,600	451,960	465,309	479,058	493,430	508,233
Miscellaneous revenues	199,100	214,000	214,000	224,000	235,200	246,960
Interest earnings	50,000	30,000	30,000	30,000	30,000	30,000
Transfer from Golf Enterprise Fund	400,000	401,800	403,690	405,675	408,000	410,000
Charges for services to other funds	526,166	541,891	558,088	574,770	592,013	609,774
Revenues total	16,650,416	17,125,537	17,595,776	18,091,555	18,600,481	19,126,170
EXPENDITURES						
City Council	300,289	306,295	312,421	318,669	325,042	331,543
City Attorney's Office	284,350	290,037	295,838	301,754	307,790	313,945
City Manager's Office	860,446	902,679	922,928	943,581	964,868	986,360
Finance (with Information Systems)	954,146	997,272	1,019,327	1,041,822	1,064,979	1,088,387
Community Development	1,077,989	1,141,850	1,168,398	1,195,476	1,223,468	1,251,648
Police	4,718,643	5,437,546	5,843,611	6,162,297	6,302,443	6,443,855
Fire	2,956,448	3,124,005	3,195,996	3,269,427	3,345,278	3,421,694
Library	953,350	1,004,473	1,027,374	1,050,734	1,074,841	1,099,150
Museum	282,981	335,870	343,661	351,607	359,819	368,089
Recreation	959,631	1,048,669	1,072,260	1,096,324	1,121,130	1,146,171
Public Works	2,090,280	2,204,413	2,254,846	2,306,288	2,359,393	2,412,926
Expenditures Total	15,438,552	16,793,109	17,456,660	18,037,980	18,449,051	18,863,770
Total transfers to other funds	1,060,492	1,022,383	1,032,483	1,037,685	1,042,991	1,048,403
TOTAL EXPEND. AND TRANS. OUT	16,499,044	17,815,492	18,489,143	19,075,665	19,492,042	19,912,173
NET RESULTS OF OPERATIONS	151,372	-689,954	-893,367	-984,111	-891,561	-786,003
Beginning Fund Balance	1,167,292	1,318,664	628,710	-264,657	-1,248,768	-2,140,329
Audit adjustment						
Ending Fund Balance	1,318,664	628,710	-264,657	-1,248,768	-2,140,329	-2,926,332
Total shortfall (incl. reserves)	950,878	-1,786,332	-2,727,211	-3,758,346	-4,699,484	-5,536,380
<i>Reserve target levels: (info only, not in calculation):</i>						
Tax interim reserve	750,000	750,000	750,000	750,000	750,000	750,000
Contingency reserve	1,519,542	1,665,042	1,712,554	1,759,578	1,809,155	1,860,048
Reserve level targets, by policy	2,269,542	2,415,042	2,462,554	2,509,578	2,559,155	2,610,048

Summary of Long-Term Debt

Debt Outstanding Fiscal Year (as of June 30, 2007)				
	Outstanding at FY Ending 2007	Original Issue Date (FY Ending)	Original Amount	Year of Final Payment (FY Ending)
General Obligation Bonds, Principal & Interest				
Wastewater Series 2001-B	2,350,320	2002	2,858,295	2032
Butterfly Bonds	1,004,929	2004	1,300,012	2017
Pension Obligation Bonds Series A-1 & A-2	38,455,000	2006	38,497,099	2029
Total General Obligation Bonds	\$41,810,249		\$42,655,406	
Certificates of Participation, Principal & Interest				
Golf Course Construction Bonds	7,500,682	2005	8,146,730	2034
Total Certificates of Participation	\$7,500,682		\$8,146,730	
Capital Lease/Purchase Obligations				
Civic Center Site	1,302,203	2004	2,339,329	2014
Pierce Pumper Fire Engine	348,616	2007	502,767	2015
Total Lease/Purchase Obligations	\$1,650,819		\$2,842,096	
Total Debt Outstanding	\$50,961,750			
Annual Debt Service Requirements	General Obligation Bonds	General Obligation Bonds	Certificates of Participation	Capital Lease/Purchase Obligations
	Source of Payment: General Fund	Source of Payment: Sewer Fund	Source of Payment: Golf Course Fund	Source of Payment: General Fund
FY 2006-07	133,987	95,645	271,048	273,070
FY 2007-08	1,013,900	94,610	268,935	273,070
FY 2008-09	1,585,801	93,515	271,485	273,070
FY 2009-2010	1,637,404	92,383	268,773	273,070
FY 2010-2011	1,688,710	96,113	270,779	273,070
Total Principal & Interest	\$6,059,802	\$472,266	\$1,351,020	\$1,365,350
Less Interest	1,159,976	317,265	1,006,020	1,081,559
Total Principal	\$4,899,826	\$155,001	\$345,000	\$283,791

Indirect Service Cost Allocation

Citywide administrative services are funded directly by General Fund revenues. These services include costs for administrative departments – City Council, the City Manager’s Office, and Finance and Information Systems – and transfers for other citywide administrative costs, such as worker’s compensation, liability insurance, employee benefits, and debt service for the City Hall facility.

To ensure that non-General Fund revenues pay a proportionate share for these services provided to non-General Fund operations, the cost of these indirect services are allocated across all operational costs. The allocations for enterprise fund operations, which include golf, sewer, and cemetery, are charged to the respective funds.

The table below shows that capital expenditures and non-operating costs, such as debt service, are subtracted from total budgeted costs, to derive the “direct service” base upon which the indirect service allocation is based. The column labeled “indirect cost allocation” shows each department’s proportional share of citywide indirect costs.

<u>Department</u>	<u>Total Budget</u>	<u>Capital</u>	<u>Other Adj</u>	<u>Direct Service</u>	<u>Indirect Service</u>	<u>Indirect Cost Allocation</u>
City Council	\$300,289	\$0	\$116,000	\$0	\$184,289	\$0
City Atty	\$284,350	\$0	\$0	\$0	\$284,350	\$0
City Manager	\$862,446	\$2,000	\$0	\$0	\$860,446	\$0
Finance and IS	\$954,146	\$50,000	\$29,100	\$0	\$875,046	\$0
Comm Dev	\$1,728,281	\$5,500	\$311,250	\$1,411,531		\$282,306
Police	\$5,094,263	\$44,566	\$180,000	\$4,869,697		\$973,939
Fire	\$2,991,998	\$12,000	\$0	\$2,979,998		\$596,000
Library	\$1,004,500	\$8,000	\$0	\$996,500		\$199,300
Museum	\$458,781	\$150,800	\$20,000	\$287,981		\$57,596
Recreation	\$959,631	\$0	\$0	\$959,631		\$191,926
Public Works	\$4,486,855	\$1,819,500	\$9,000	\$2,658,355		\$531,671
Golf Course	\$2,928,122	\$690,000	\$931,414	\$1,306,708		\$261,342
Cemetery	\$314,145	\$15,000	\$54,819	\$244,326		\$48,865
Sewer	\$1,845,238	\$350,000	\$362,776	\$1,132,462		\$226,492
Non- Dept	\$4,685,341	\$115,881	\$3,418,191	\$0	\$1,151,269	\$0
TOTAL	\$28,898,385	\$3,263,247	\$5,432,550	\$16,847,188	\$3,355,400	\$3,369,438
	Column A	Column B	Column C	Column D	Column E	Column F
Indirect Cost Rate Calculation:						
	Rate = Total Overhead Costs/ Total Direct Service Costs					
	= Column E/ Column D					
	=	0.19916678	=	20.0%		
Indirect Cost Charges to Enterprise Funds Programs						
<u>Program</u>	<u>Direct Cost Base</u>	<u>Indirect charge calculation</u>				
Cemetery	\$244,326	\$48,865				
Sewer	\$1,132,462	\$226,492				
Golf	\$1,306,708	\$261,342				
Total		\$536,699				

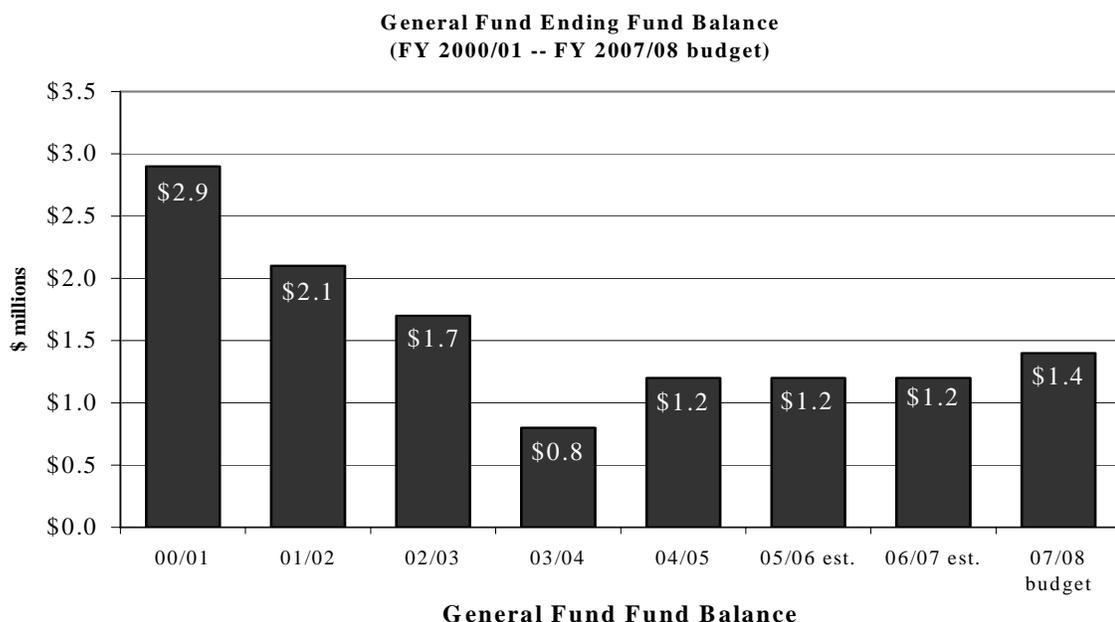
General Fund Analysis

The General Fund is the City's primary operating fund. It accounts for the majority of the financial resources and outlays for basic services such as police, fire, public works, community development, recreation, the Pacific Grove Public Library, the Pacific Grove Museum of Natural History, as well as the administrative systems required to provide them. The budget is balanced, though only in the narrowest sense that projected General Fund revenues exceed the recommended costs for City services. The FY 2007/08 budget may be viewed as a "placeholder" budget: one that begins to solidify the financial foundation while discussions with the community about long-term service levels and financial solutions continue.

The recommended budget represents progress along the road toward financial health. However, the road is long, and important milestones are not reached with this budget. For example, stabilizing the General Fund, which represents approximately two-thirds of all resources and funds most City operations, is the primary goal for the FY 2007/08. Several City funds have been over-drawn for several years, and remain so in the FY 2007/08 budget. Curing these negative fund balances is a critical goal for stabilizing the City as a whole. This section of the budget document discusses the relative health of the General Fund, as measured by fund balance, as well as revenue and cost trends that underlie the City's uncertain financial future.

Fund Balance

Resources to fund operations in a given year include revenues received that year plus the accumulated fund balance or reserves. While fund balance may be budgeted for operations, usually on a one-time basis as part of a long-term strategy, financial sustainability requires that annual expenditures should not exceed annual revenues. According to audited financial statements, the City spent more than it received in four of the last five years (FY 2001/02 – FY 2005/06), with a cumulative expenditure of \$1,700,000 in fund balance. The table below shows the depletion of fund balance since FY 2000/01.

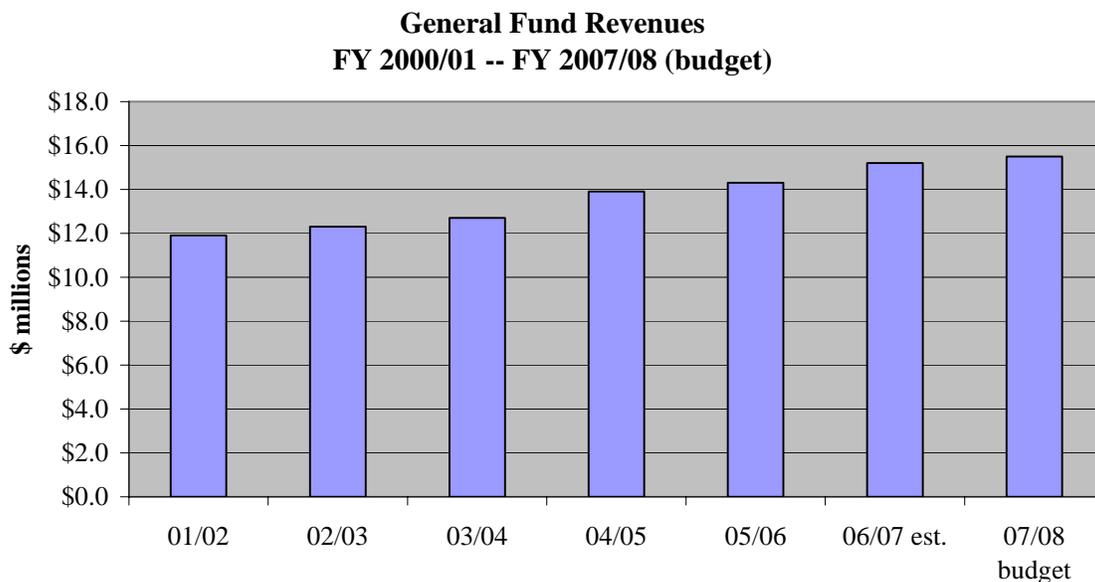


In December 2006, staff reported to the City Council that revenues could fall short of costs by approximately \$700,000 in FY 2006/07. The City Council subsequently approved a plan to reduce spending to a level within projected revenues, which would eliminate the shortfall. As a result, fund balance is projected to remain virtually unchanged in FY 2006/07.

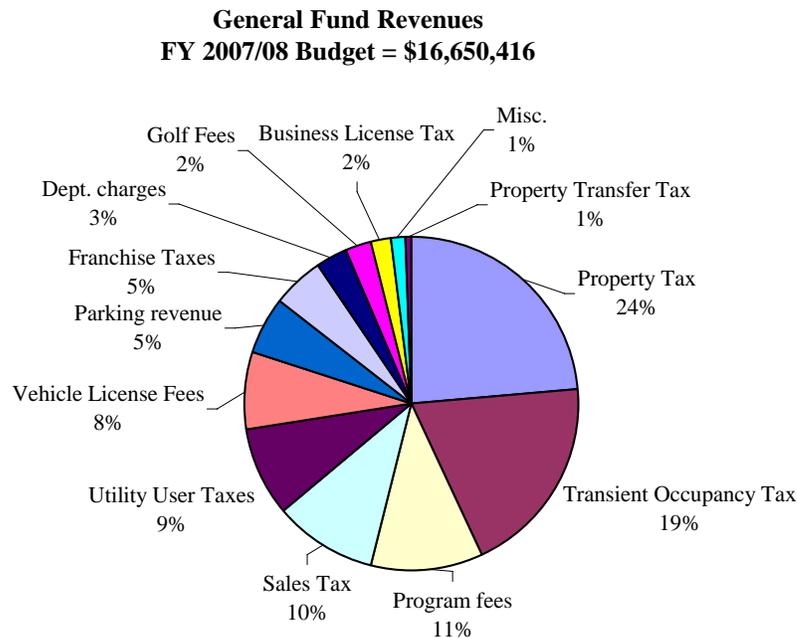
The proposed budget for FY 2007/08 estimates that revenues will exceed costs by \$179,000, thereby increasing the fund balance to almost \$1,400,000, or 8% of budgeted expenditures and transfers out of the General Fund. The City maintains two budget reserves (both of which are considered part of the fund balance): 1.) The Interim Tax Reserve, which is intended to reserve \$750,000 to provide working capital throughout the year during routine cash-flow shortages caused by uneven revenue disbursements from the state; and 2.) The Contingency Reserve, which is intended to reserve an amount equal to 10% of the prior year's General Fund revenues. Based on FY 2006/07 budgeted revenues, reserves should total approximately \$2,300,000. The projected level of reserves at the end of FY 2007/08, \$1,400,000, leaves a shortfall in reserves of approximately \$900,000.

Revenues

General Fund revenues are projected to total \$16,650,416 in FY 2007/08. Of this amount, \$1,127,000 is from "new" sources. Comparing the base of existing revenues, \$15,523,416, with estimated revenues for FY 2006/07, \$15,195,416, suggests an annual increase in FY 2007/08 of 2.0%. This projection is relatively cautious, compared with the five-year average growth rate of 5.0%.



General Fund services are funded from a broad range of taxes and fees for services, as illustrated in the chart below.



Property tax is the City's largest single revenue source, comprising almost one-quarter of the total. Concern for growth in this category and the related Property Transfer Tax are the primary reason for the tepid growth projection in FY 2007/08. Property tax revenues received by the City in a given fiscal year are based on property values as of June 30th of the prior year. The cooling housing market is projected to slow sales transaction volume, which could have a chilling effect on property tax revenues in FY 2007/08. Therefore, property tax revenues are projected to grow by 3.7%, which is significantly slower than the 5.3% estimated for FY 2006/07. Property transfer tax revenues are even more dependent on sales transaction volume and home values than property tax. The FY 2007/08 budget assumes no growth in this category, pending further indications of housing market conditions in FY 2007/08. Other major revenues are projected to yield modest increases in FY 2007/08, assuming a stable economy, as the table below indicates:

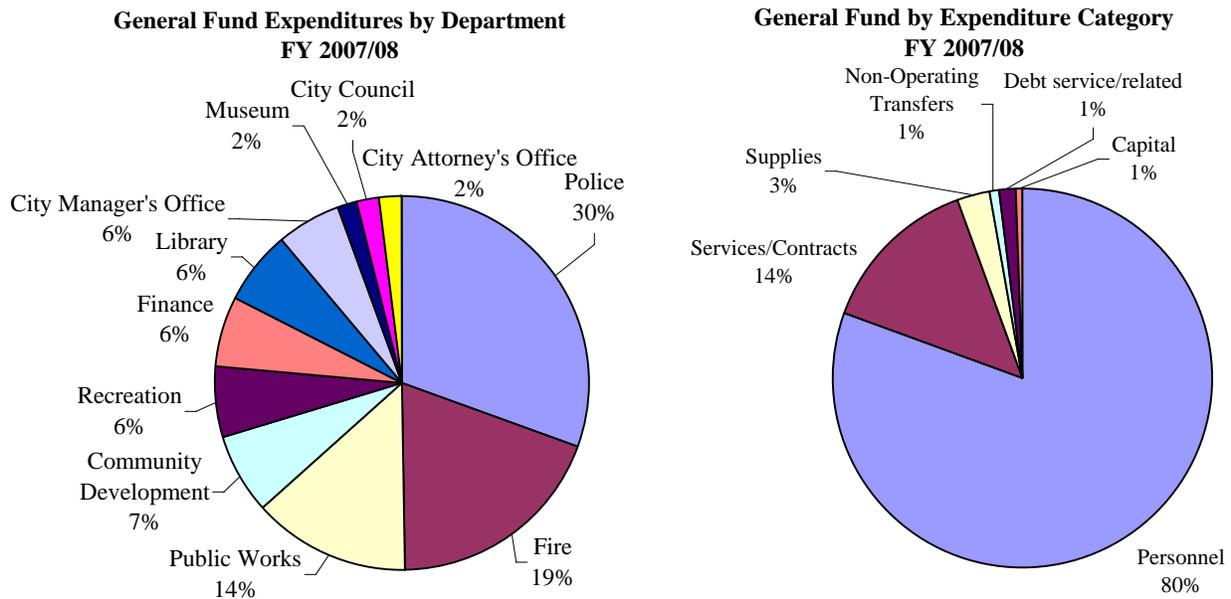
Growth Assumptions for the Largest Revenue Sources (>\$1,000,000)

	FY 06/07 est. actual	FY 07/08 est.	% change from FY 06/07
Property tax	3,774,704	3,912,500	3.7%
Transient Occupancy Tax	3,160,000	3,245,000	2.7%
Sales and Use Tax - Total	1,660,000	1,696,000	2.2%
Utility User Taxes	1,380,000	1,423,000	3.1%
Motor Vehicle-in Lieu fee (VLF)	1,200,000	1,260,000	5.0%

As mentioned previously, the FY 2007/08 budget includes \$1,127,000 in new revenues. These will be addressed in a subsequent section about strategies for balancing the FY 2007/08 budget.

Costs for Services and Transfers Out

General Fund budgeted costs and transfers out total \$16,499,044 for FY 2007/08, with \$15,438,552 programmed for department expenditures and \$1,060,492 for transfers to support operations in other funds. Approximately two-thirds of the budget is allocated for the most basic services of Police, Fire, and Public Works. The budget for department activities, excluding the transfers, is distributed as shown below.

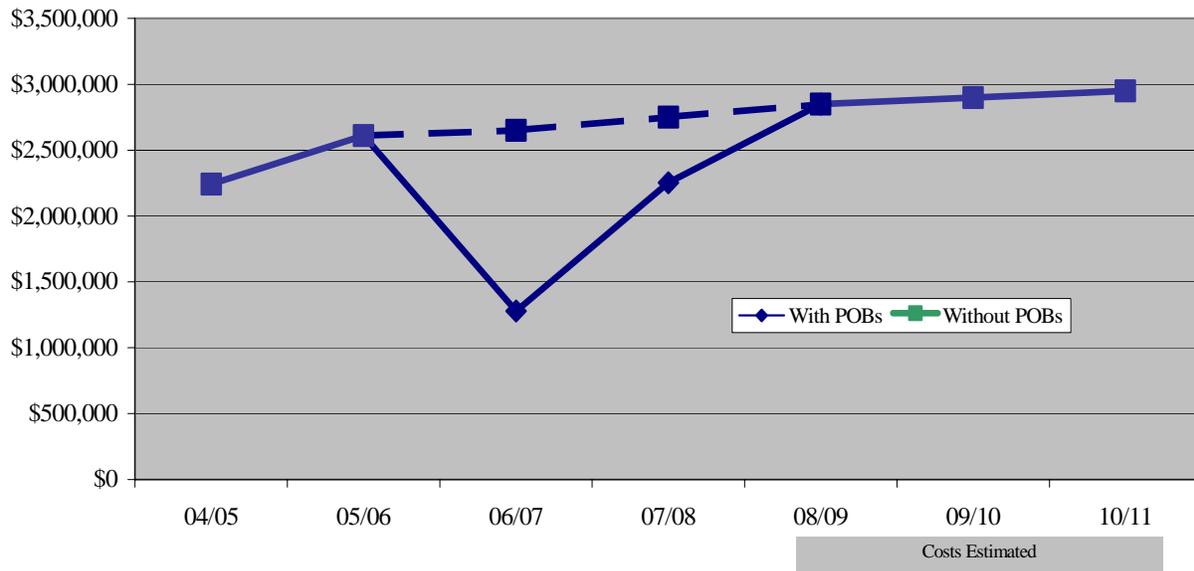


Of the total budget, \$16,108,844 is needed to continue FY 2006/07 service levels. The remaining amount is programmed for previously unfunded priorities, which will be addressed in a subsequent section about strategies for balancing the FY 2007/08 budget. Compared with the FY 2006/07 original budget, costs for existing services, are increasing by \$514,987, or 3.3%. Within this total, department budgets are increasing by 8.8%, while the total of transfers to other funds is decreasing by 50.0%. This shift is caused by a one-time budget effect resulting from retirement cost savings in FY 2006/07.

In June 2006, the City issued Pension Obligation Bonds (POBs) to refinance the unfunded portion of its retirement costs payable to the California Public Employment Retirement System (CalPERS). The refinancing enabled the City to retire this debt over time at a lower interest rate than that which CalPERS would have charged. The terms for repaying the bonds enabled the City to realize this savings in the first years of the obligation. Therefore, the City's actual retirement costs plus the debt service on the POBs in FY 2006/07 are approximately half of the amount paid to CalPERS in FY 2005/06, saving the City approximately \$1,300,000 in FY 2006/07.

In FY 2007/08, the debt service payment on the bonds increases from \$42,000 to \$925,000, and then to \$1,495,000 in FY 2008/09. After FY 2008/09 the payment begins to level out, with \$50,000 annual increases for several more years. However, the FY 2008/09 level, added to the estimated payment to PERS, is projected to be only modestly higher than the FY 2005/06 PERS payment, as shown in the graph below.

Illustration of Pension Obligation Bond Effect on Annual Retirement Costs



The retirement savings in FY 2006/07 were not spent on new services. Rather, the savings enabled the City to make transfers to the workers' compensation and liability insurance funds, which had accumulated large unfunded liabilities in previous years. In FY 2007/08, as the savings phases out, department budgets will assume the debt service costs. Importantly, the debt service costs should not be viewed as new costs; they would in fact have been due and paid to PERS in FY 2006/07 had the City not issued POBs.

This one-time savings from the POBs has the effect of distorting the rate of growth in department budgets for FY 2007/08. For comparison purposes, this distortion may be corrected by adding the amount of FY 2007/08 debt service attributable to General Fund departments, \$846,138, to the FY 2006/07 department budgets. The table below illustrates the adjusted comparison of department budgets.

Comparison of Department Budgets, Adjusted for Effects of Pension Obligation Bonds

	2006/07 Original Budget	Adjustment for POBs	2006/07 Budget adj. for POBS	2007/08 Budget: existing services	Adj. change from FY 2006/07
City Council	\$308,985	\$0	\$308,985	\$300,289	-\$8,696
City Attorney's Office	284,350	0	284,350	284,350	0
City Manager's Office	595,835	40,609	636,444	860,446	224,002
Finance	683,756	39,019	722,775	854,146	131,371
Community Development	1,058,680	68,646	1,127,326	1,087,989	-39,337
Police	4,353,383	284,232	4,637,615	4,811,643	174,028
Fire	2,702,015	175,958	2,877,973	3,046,448	168,475
Library	960,103	52,021	1,012,124	953,350	-58,774
Museum	305,023	19,847	324,870	317,981	-6,889
Recreation	971,726	48,432	1,020,158	999,631	-20,527
Public Works	1,867,983	117,374	1,985,357	1,840,280	-145,077
Expenditures Total	\$14,091,839	\$846,138	\$14,937,977	\$15,356,552	\$418,575
Total transfers to other funds	\$1,502,018	-\$846,138	\$655,880	\$752,292	\$96,412
TOTAL EXPEND. AND TRANS.	\$15,593,857	\$0	\$15,593,857	\$16,108,844	\$514,987

Without adjusting for the savings in FY 2006/07, the cost of department services (“expenditures” in the table above) appears to be increasing by 9.0%. Factoring in the adjustment, the increase is 2.8%.

Strategies for Balancing the FY 2007/08 Budget

In March 2007, the City Council directed staff to prepare the FY 2007/08 budget with the following goals in mind:

- Live within our means: balance annual costs with annual revenues.
- Limit liability for dying trees, storm water treatment, and deteriorating infrastructure.
- Strengthen financial, risk management services, and information technology services.
- Preserve current public safety services.
- Avoid service reductions that would permanently preclude service restoration (i.e., closing City facilities).
- Protect revenue generators.
- Restore reserves to at least a level of \$1,300,000 (approximately 25% toward the level required by City Council policy).

Each of these needs is described further in the Transmittal Memo section of the budget document. Their collective effect on the budget is to require an additional \$1,400,000 in the FY 2007/08 budget. This goal is achieved with cost reductions and new revenues in the following combination:

Strategy	Estimated net revenue/savings
Cost reductions	
1. Eliminate the Fire Division Chief position	\$90,000
2. De-fund 2.0 authorized Police Officer positions	\$216,000
3. De-fund one (of two) full-time staff at the museum for 25% of year	\$35,000
4. De-fund the Office Assistant position in the Recreation Department	\$40,000
5. Eliminate contract plan-check services in the Community Development Department	\$10,000
Total cost reductions	\$391,000
New/additional revenues	
6. Contract with the City of Carmel for additional fire management services	\$60,000
7. Additional parking enforcement	\$25,000
8. Tree evaluation services and permit fee	\$65,000
9. Golf fee increases	\$400,000
10. Modify golf course clubhouse use permit to allow non-golf events	\$20,000
11. Increase rents from City facilities and parks	\$50,000
12. Decrease General Fund support for Museum; rely on other sources	\$60,000
13. Implement metered parking in vicinity of Lovers' Point	\$270,000 (net)
14. Implement metered parking in vicinity of Central Ave. and Eardley Ave.	\$99,000 (net)
Total new/additional revenues	1,049,000
Total additional costs	\$1,440,000

When these strategies are added to the revenue and expenditure amounts presented previously for existing services, the sum is the total amount of the FY 2007/08 budget:

Existing Services	Existing Services	FY 2007/08 strategies	Total
Revenues (gross)	\$15,523,416	\$1,127,000	\$16,650,416
Expenditures	15,356,222	82,330	15,438,552
Transfers out	752,292	250,000	1,060,492
Total exp. and transfers	\$16,085,514	\$309,000	\$16,499,044

Transfers to other funds

In addition to direct expenditures, the General Fund is used to transfer general resources to other funds for activities in those funds that cannot be supported through fees, grants, or other charges for service. Transfers for FY 2007/08 are for generally three purposes: debt service, certain citywide employee benefit costs and operations:

1. Debt service and vehicle payments: Transfers support debt service due on the Civic Center complex (\$212,292) and lease payments on City vehicles plus the costs to replace one Police patrol car (\$125,000).
2. Citywide benefits costs: Transfers to pay liability insurance costs (\$300,000), and employee benefits fund (\$38,200)
3. Operations: Transfers for storm water management operations (\$250,000), transfer to the Yount Trust Fund (\$20,000) -- a one-time transfer for resources borrowed by the General Fund in a previous year – and a transfer to supplement the special sales tax revenues received and paid for emergency dispatch services provided by Monterey County (\$115,000).

Net Results of Operations

The “net results of operations” of operations is perhaps the most important quantitative consideration in a given year’s budget, as it represents the annual difference between revenues and expenditures. In FY 2007/08, the net results of operations is expected to be \$151,372. This is the amount that would be added to the fund balance, yielding a total fund balance of \$1,318,664 at the end of FY 2007/08.

General Fund Five-Year Forecast

	2007/08 Budget	FORECAST ASSUMES NO ADDITIONAL SERVICES				
		2008/09 Projection	2009/10 Projection	2010/11 Projection	2011/12 Projection	2012/13 Projection
REVENUES						
Property tax	3,912,500	4,059,150	4,211,469	4,369,680	4,544,467	4,726,246
Real Estate Transfer Tax	90,000	93,600	97,344	101,238	105,287	109,499
Sales and Use Tax - Total	1,696,000	1,729,920	1,764,518	1,799,809	1,835,805	1,872,521
Business License Tax	304,500	310,590	316,802	323,138	329,601	336,193
Franchise Taxes	849,200	865,764	882,692	899,991	917,991	936,351
Utility User Taxes	1,423,000	1,459,180	1,496,315	1,534,432	1,580,465	1,627,879
Transient Occupancy Tax	3,245,000	3,342,350	3,442,621	3,545,899	3,652,276	3,761,844
Motor Vehicle-in Lieu fee (VLF)	1,260,000	1,310,400	1,362,816	1,417,329	1,474,022	1,532,983
Parking revenue	889,350	920,933	951,388	982,851	992,679	1,002,606
Development revenues	813,000	813,000	813,000	813,000	813,000	813,000
Police program revenues	132,000	157,500	157,500	157,500	157,500	157,500
Fire program revenues	203,000	203,000	203,000	203,000	203,000	203,000
Public works program revenues	97,000	101,500	106,225	111,186	116,746	122,583
Museum and Lighthouse program revenues	80,000	80,000	80,000	80,000	80,000	80,000
Library program revenues	39,000	39,000	39,000	39,000	39,000	39,000
Recreation program revenues	441,600	451,960	465,309	479,058	493,430	508,233
Miscellaneous revenues	199,100	214,000	214,000	224,000	235,200	246,960
Interest earnings	50,000	30,000	30,000	30,000	30,000	30,000
Transfer from Golf Enterprise Fund	400,000	401,800	403,690	405,675	408,000	410,000
Charges for services to other funds	526,166	541,891	558,088	574,770	592,013	609,774
Revenues total	16,650,416	17,125,537	17,595,776	18,091,555	18,600,481	19,126,170
EXPENDITURES						
City Council	300,289	306,295	312,421	318,669	325,042	331,543
City Attorney's Office	284,350	290,037	295,838	301,754	307,790	313,945
City Manager's Office	860,446	902,679	922,928	943,581	964,868	986,360
Finance (with Information Systems)	954,146	997,272	1,019,327	1,041,822	1,064,979	1,088,387
Community Development	1,077,989	1,141,850	1,168,398	1,195,476	1,223,468	1,251,648
Police	4,718,643	5,437,546	5,843,611	6,162,297	6,302,443	6,443,855
Fire	2,956,448	3,124,005	3,195,996	3,269,427	3,345,278	3,421,694
Library	953,350	1,004,473	1,027,374	1,050,734	1,074,841	1,099,150
Museum	282,981	335,870	343,661	351,607	359,819	368,089
Recreation	959,631	1,048,669	1,072,260	1,096,324	1,121,130	1,146,171
Public Works	2,090,280	2,204,413	2,254,846	2,306,288	2,359,393	2,412,926
Expenditures Total	15,438,552	16,793,109	17,456,660	18,037,980	18,449,051	18,863,770
Total transfers to other funds	1,060,492	1,022,383	1,032,483	1,037,685	1,042,991	1,048,403
TOTAL EXPEND. AND TRANS. OUT	16,499,044	17,815,492	18,489,143	19,075,665	19,492,042	19,912,173
NET RESULTS OF OPERATIONS	151,372	-689,954	-893,367	-984,111	-891,561	-786,003
Beginning Fund Balance	1,167,292	1,318,664	628,710	-264,657	-1,248,768	-2,140,329
Audit adjustment						
Ending Fund Balance	1,318,664	628,710	-264,657	-1,248,768	-2,140,329	-2,926,332
Total shortfall (incl. reserves)	950,878	-1,786,332	-2,727,211	-3,758,346	-4,699,484	-5,536,380
<i>Reserve target levels: (info only, not in calculation):</i>						
Tax interim reserve	750,000	750,000	750,000	750,000	750,000	750,000
Contingency reserve	1,519,542	1,665,042	1,712,554	1,759,578	1,809,155	1,860,048
Reserve level targets, by policy	2,269,542	2,415,042	2,462,554	2,509,578	2,559,155	2,610,048

General Fund Five-Year Forecast

The five-year financial forecast is a tool that helps decision-makers identify important trends and understand long-term consequences of budget decisions. Importantly, the forecast is not a budget and does not represent a plan. It is a model based on cost and revenue assumptions that are updated continuously. Of these components, future cost projections are most controllable, and therefore reliable in the forecast. Salary and benefit provisions of agreements with employee bargaining units can be modeled and updated as new agreements are adopted. Revenue forecasts, on the other hand, are based on assumptions related to future economic conditions, which are fraught with uncertainty. For example, economic forecasts regarding the real estate and tourism markets frequently swing from optimistic to pessimistic. Since the degree of revenue uncertainty increases with each successive year of the forecast (i.e., staff has much more confidence in projects for FY 2007/08 than for FY 2012/13), the forecast is a more viable framework for decision-making in the near-term, but only suggests relative financial health based on stated economic assumptions in the later years of the forecast. Key forecast assumptions included in the five-year forecast presented with the FY 2007/08 budget include:

- The economy will remain stable in FY 2007/08 and throughout the five-year period. If the economy experiences either a sharp upturn or downturn, actual financial health will be significantly different than this forecast suggests. Total revenues are projected to grow by 2.9% in FY 2008/09, 2.7% in FY 2009/10, and 2.8% in the later years of the forecast. Growth rates for the City's largest individual revenue sources are shown in the table below.

	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Property tax	3.7%	4%	3%	3%	4%	4%
Transient Occupancy Tax	2.7%	3%	3%	3%	3%	3%
Sales tax	2.2%	2%	2%	2%	2%	2%
Utility User taxes	3.1%	2%	2%	2%	3%	3%
Franchise taxes	1.8%	2%	2%	2%	2%	2%

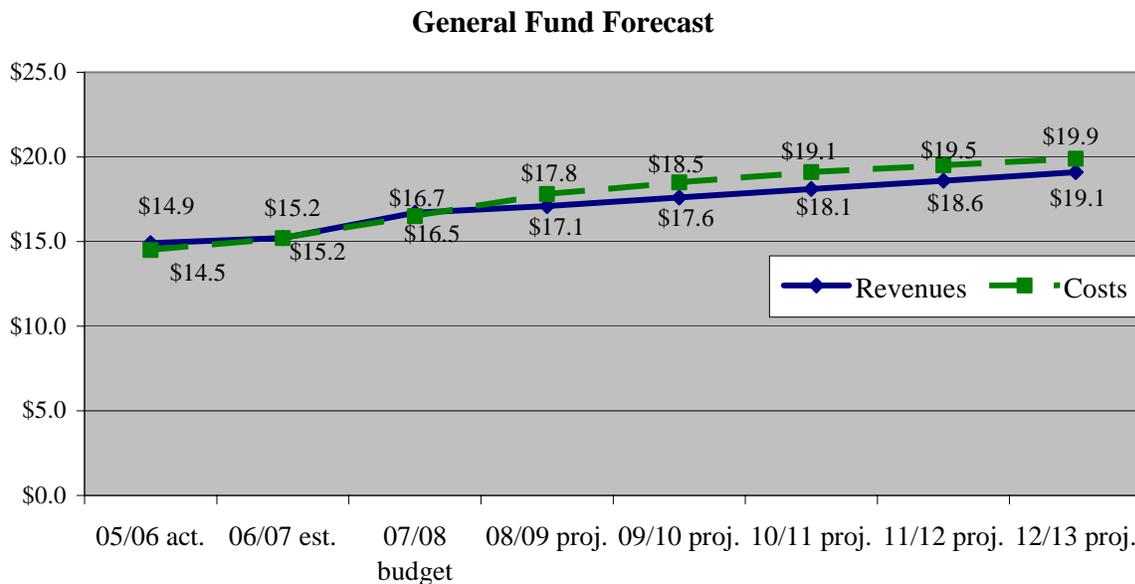
- The forecast assumes no additional services or staff beyond those adopted as part of the FY 2007/08 budget.
- The forecast assumes no salary increases for employees except for routine step increases and those included in a three-year plan to adjust police salaries to the market average. Costs (expenditures plus transfers to other funds) are projected to increase each year at the following rates:
 - FY 2008/09: 8.0%
 - FY 2009/10: 3.8%
 - FY 2010/11: 3.2%
 - FY 2011/12: 2.2%
 - FY 2012/13: 2.2%

(Causes for the significant cost increase projected for FY 2008/09 discussed in a subsequent section).

- Commitments for all current and anticipated debt service are included.

Meaning of the forecast

The complete forecast is shown in the “Summary Information” section of the budget document. The trends for costs and revenues, which illustrate the challenges facing the City, are shown in the chart below.



The forecast shows that the budget for FY 2007/08 is balanced, with revenues exceeding costs. This is made possible by the new revenues adopted in the budget. In FY 2008/09, a budget gap equal to approximately \$400,000 emerges, as projected revenue growth does not keep pace with projected costs. The gap is structural, or multi-year, in nature, as it remains throughout the five-year forecast. **This means that current level and range of services are unsustainable. In fact, according to this forecast and without a corrective action, the City would spend the remainder of its fund balance in the spring of 2010.** Of course, this outcome will not occur, as the City Council is engaged in a dialogue with the community regarding long-term solutions, and staff will update the City Council on this issue and recommend necessary adjustments periodically.

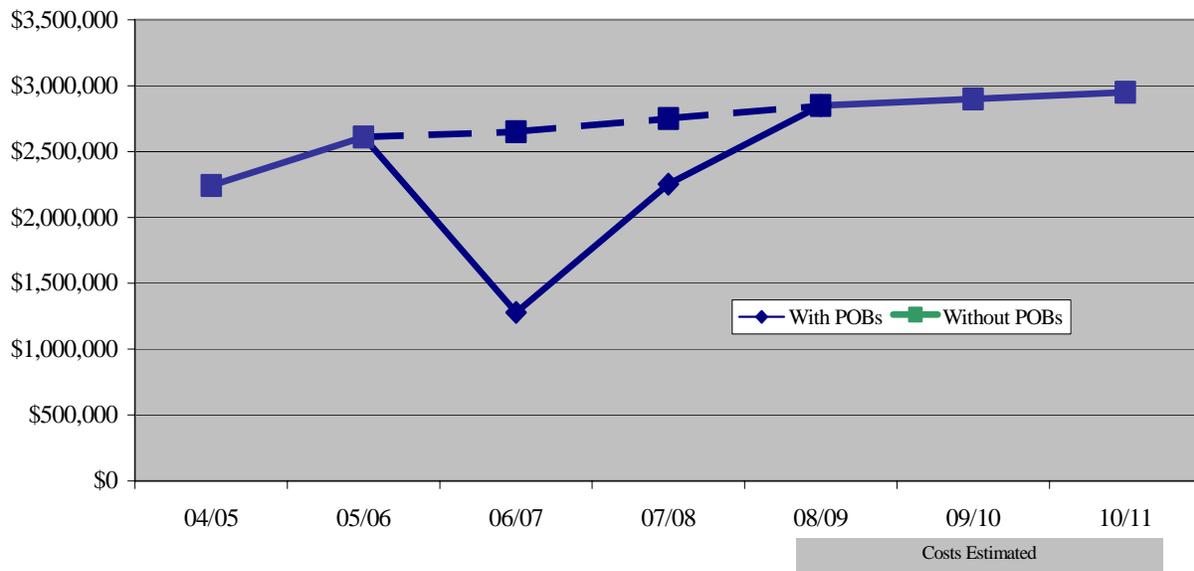
If the deficit were temporary in nature -- perhaps caused by a normal economic downturn, identifiable revenue shock, or spike in costs – short-term strategies, such as pay cuts for City employees or deliberate use expenditure of fund balance, could be effective for managing through the gap. If a deficit is structural in nature, permanent solutions are more effective. These could include permanent service reductions or eliminations, or new revenue streams that increase the existing revenue base helping the City to “afford” the desired level of services. Reliance on fund balance to bridge the gap will not work long-term because fund balance is a non-recurring resource; once it is spent, it is gone. Pay cuts for City employees, will also not be sustainable, unless the City is committed to falling progressively farther behind in the compensation market

for employees. Pay cuts tend to have short-term savings benefits, as market forces tend to drive salaries in the long-term.

The expenditure increase projected for FY 2008/09 is has several key causes:

1. *Return to full retirement cost obligations:* As explained in the “General Fund Analysis” section of the budget document, the savings generated by the issuance of Pension Obligation Bonds (POBs) expires in FY 2008/09, when the full and permanent level of annual debt service, approximately \$1,500,000 per year, is owed. Since the savings from issuing the bonds was front-loaded, with a payment of only \$42,000 owed in FY 2006/07 and \$925,000 in FY 2007/08, the payment of \$1,495,000 in FY 2008/09 plus the normal payment to CALPERS will return the City to a level of retirement costs only slightly higher than the level paid to PERS in FY 2005/06. Nevertheless, the \$570,000 increase (most of which is paid from the General Fund) from the FY 2007/08 level is significant.

Illustration of Pension Obligation Bond Effect on Annual Retirement Costs



2. *Assuming full-funding of FY 2007/08 authorized positions:* Strategies for FY 2007/08 include “de-funding” several positions: two Police Officers, 25% of the Museum Director position, and the Office Assistant position in the Recreation Department. While the FY 2007/08 budget suspends funding for these positions in order to balance the budget, they have not been eliminated as authorized positions. Therefore, barring a decision to permanently eliminate the positions, they are assumed to be funded in FY 2008/09. Full funding for these positions will cost approximately \$286,000 in FY 2008/09.

3. Plan to recruit and retain Police Officers: The City currently faces a chronic challenge in recruiting Police Officers that resulted in a 16% vacancy rate in this classification in FY 2007/08. To help correct this problem and help preserve public safety, the City Council approved a contract with the Police Officers' Association that will increase Officer salaries to the market average for area Police Departments over a four-year period. The plan is estimated to cost \$233,000 in FY 2008/09.

As previously noted, the forecast is updated continuously, and will be the subject of discussion with the City Council periodically. Given the level of revenue uncertainty in the later years, the forecast should be viewed with caution as a relative measure of financial health, with all assumptions and related uncertainty in mind. In this case, strategic decisions made in FY 2007/08 could result in a new structural balance in FY 2008/09 with a plan for long-term financial sustainability.

Guide to the Department Budgets

Department budgets are presented with an emphasis on each department’s purpose and objectives for FY 2007/08. This format begins the transitions to a performance-based budget. To the extent applicable, departments’ budgets include the following information:

Mission: The fundamental purpose for the department; answers the question, “why does the City have this department?”

Services and responsibilities: Describes the functions performed by the department to fulfill the mission; answers the question, “what does the department do?”

Resources: Graphic display of the distribution of funds providing resources for the department.

Appropriations summary: Displays the budgeted expenditure level for the department in FY 2007/08 compared with FY 2006/07 and FY 2005/06 levels, summarized by expenditure categories: personnel, services/contracts, materials/supplies, non-operating transfers, debt service (including lease payments), and capital.

Major budget changes: Describes significant changes in the budget, department’s organization, or staffing level, compared with the prior year’s budget.

Service objectives: Specific goals and initiatives that will be completed in the budget year.

Performance indicators: Performance indicators are objective, quantitative measures that can help clarify the relationship between resources and services. Over time, with a series of high-quality performance measures and explanatory management information, budget decisions can be made with a clearer understanding of budget consequences. Performance indicators can be generally categorized by type: service demand, output, efficiency, and effectiveness. Ultimately, the goal will be to develop a series of meaningful measures of each type that facilitate discussions of resource needs and results. For FY 2007/08, staff has begun a discussion about quantifying performance. Budgets for departments that provide direct services to the public include a sampling of performance information currently available; mostly of the “output” type of indicator. During FY 2007/08, staff will continue to develop this information, with the goal of providing more robust performance information in coming years.

Department budgets may be found on the following pages (in alphabetical order following the City Council):

City Council	p. 41
City Attorney’s Office	p. 43
City Manager’s Office	p. 45
Community Development	p. 47
Finance and Budget	p. 50
Fire	p. 52
Golf	p. 57

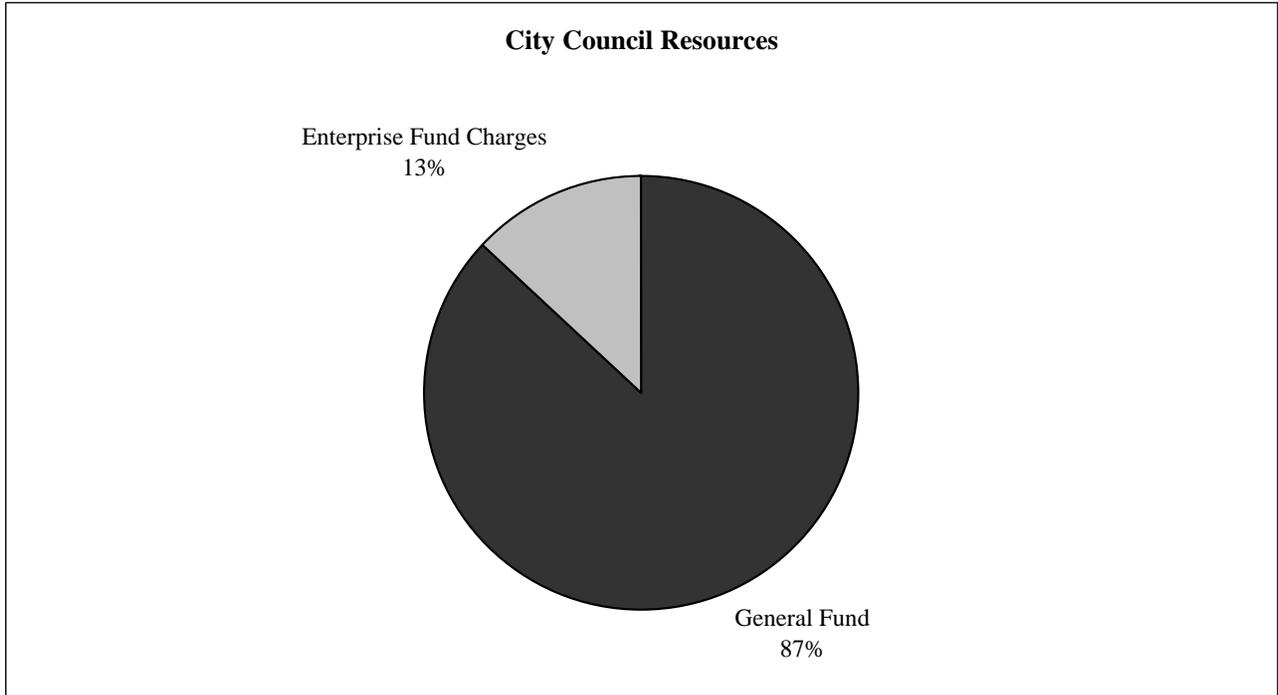
Library	p. 59
Museum	p. 63
Public Works	p. 65
Recreation	p. 69

Cemetery Enterprise Fund	p. 73
Sewer Enterprise Fund	p. 74

City Council

Mission:

Lead the City of Pacific Grove by setting policy according to the provisions of the City's Charter.



City Council Appropriations Summary (ALL FUNDS)	FY 2005/06 Actual	FY 2006/07 Est. Actual	FY 2006/07 Mid-Year Budget	FY 2006/07 Original Budget	FY 2007/08 Budget
Personnel	\$40,368	\$41,060	\$41,060	\$41,060	\$40,889
Services/contracts	100,363	140,921	148,921	148,921	140,900
Materials/supplies	296	2,500	2,500	2,500	2,500
Non-operating transfers	115,788	116,000	116,000	116,000	116,000
Debt service	0	0	0	0	0
Capital	0	500	500	500	0
TOTAL	\$256,815	\$300,981	\$308,981	\$308,981	\$300,289

City Attorney's Office

Mission Statement:

Provide timely legal advice and support to the City through its officials, commissions and committees, to represent the City's interests and positions before judicial and administrative agencies in civil proceedings, and to enforce misdemeanor and civil violations of the Municipal Code.

Services and Responsibilities:

The City Charter requires appointment of a City Attorney by the City Council, and sets qualifications and duties for the incumbent. The City Attorney is required to attend all meetings of the City Council, provide advice and legal services for the benefit of the City, and draft all ordinances, resolutions, contracts, and other legal documents for the City, including the preparation of a title and summary for initiatives and an impartial analysis of ballot measures.

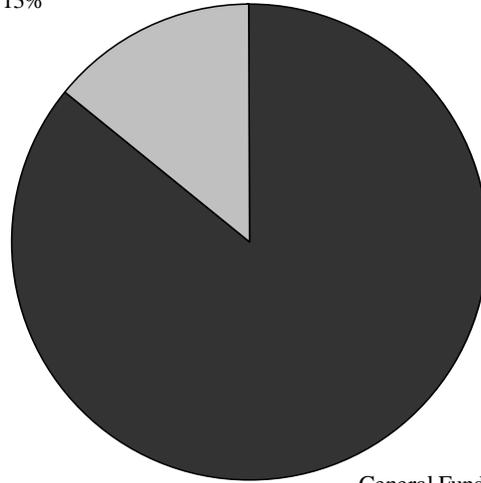
The City Attorney exercises independent discretion to charge and prosecute any Charter or ordinance violation as either a misdemeanor or an infraction under California law. The City Attorney supervises his assistants and any special counsel retained on behalf of the City, and is lead counsel for all civil actions filed by or against the City. The City Attorney holds a fiduciary responsibility to represent the City as a client within the mandates of the State Bar Rules of Professional Conduct, not individual officers or employees. The City Attorney provides general advice to commissions, committees, individual officers, and employees, but may not represent their interests if in opposition to the interests of the City.

The City Attorney's duties include:

- Furnish legal advice and opinions.
- Draft and review contracts and other legal documents.
- Prepare ordinances, resolutions, orders, and other council documents.
- Represent and defend the City before courts and agencies.
- Initiate legal actions for the City.
- Interpret law and documents.
- Manage and coordinate risk management.
- Review, analyze and minimize the City's exposure to loss.

City Attorney's Office Resources

Enterprise Fund Charges
13%



General Fund
86%

City Attorney's Office Appropriations Summary (ALL FUNDS)	FY 2005/06 Actual	FY 2006/07 Est. Actual	FY 2006/07 Mid-Year Budget	FY 2006/07 Original Budget	FY 2007/08 Budget
Personnel	\$1,350	\$0	\$0	\$0	\$0
Services/contracts	257,328	284,350	284,350	284,350	284,350
Materials/supplies	0	0	0	0	0
Non-operating transfers	0	0	0	0	0
Debt service	0	0	0	0	0
Capital	0	0	0	0	0
TOTAL	\$258,678	\$284,350	\$284,350	\$284,350	\$284,350

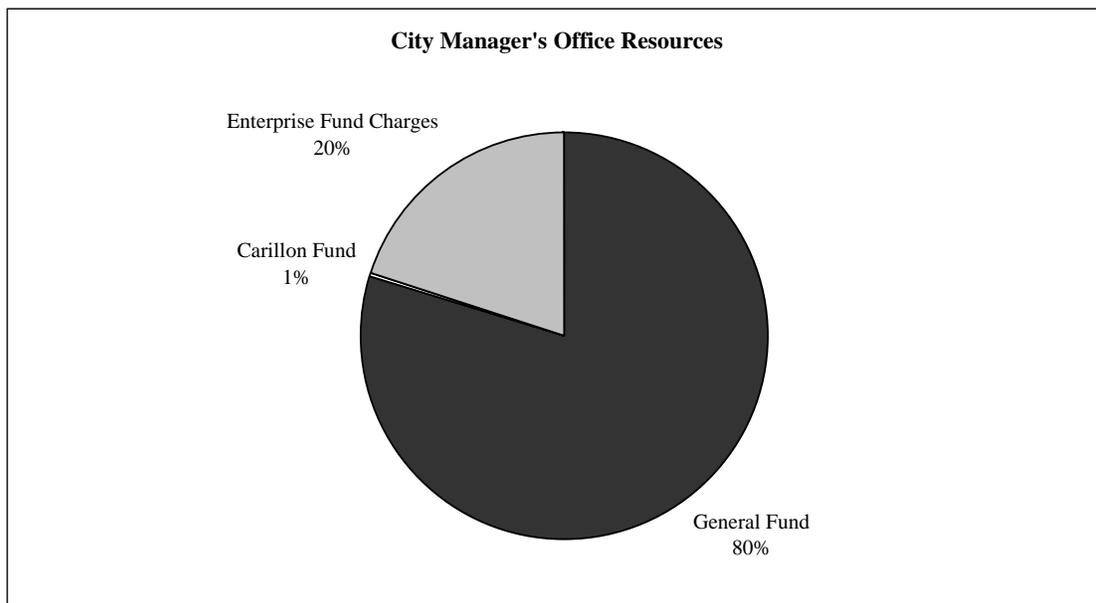
City Manager's Office

Mission:

Assist the City Council in achieving its goals for the community by providing policy recommendations and organizational leadership for implementing City Council decisions.

Services and Responsibilities:

The City Manager's Office provides leadership and management for all city operations. The Department is directly responsible for providing information to the City Council and managing requests for service and information from the City Council. The Department performs all City Clerk functions, including noticing of public meetings, response to Public Records Act Requests, and city elections management. The Department also houses the City's human resources, risk management, and cemetery administrative operations.



City Manager's Office Appropriation Summary (ALL FUNDS)	FY 2005/06 Actual	FY 2006/07 Est. Actual	FY 2006/07 Mid- Year Budget	FY 2006/07 Original Budget	FY 2007/08 Budget
Personnel*	\$305,159	\$475,655	\$463,710	\$463,710	\$727,446
Services/contracts	81,632	120,500	131,425	131,425	125,000
Materials/supplies	6,248	3,200	3,700	3,700	8,000
Non-operating transfers	0	0	0	0	0
Debt service	0	0	0	0	0
Capital	303	1,000	2,000	2,000	2,000
TOTAL	\$393,341	\$600,355	\$600,835	\$600,835	\$862,446

* The City's issuance of Pension Obligation Bonds (POBs) in FY 2005/06 lowered the City's retirement costs for FY 2006/07. The value of the FY 2006/07 "savings" must be factored into FY 2006/07 department costs to provide a better basis for comparison with FY 2007/08 costs. More information on the affects of POBs may be found in the General Fund Analysis section of this document.

Major Budget Changes:

The FY 2007/08 includes funding for two new positions: a Principal Analyst (\$120,000 including all costs) and a Management Analyst (\$91,000 including all costs). Both positions were created in FY 2006/07 as part of a citywide reorganization to strengthen and centralize citywide administrative capacity. The reorganization included position eliminations as well, with the effect of holding citywide staffing constant. FY 2007/08 personnel costs also include \$43,000 for Pension Obligation Bond (POB) debt service, retirement costs that were saved in FY 2006/07, and are due in FY 2007/08.

Service Objectives:

1. Assess community priorities for City services and potential support for new, ongoing revenue sources, and facilitate opportunities for citizens to communicate with City staff and the City Council about these issues. Based on this dialogue and City Council direction, recommend strategies for long-term financial sustainability.
2. Based on citizen and business input, identify opportunities for improved customer service citywide and lead related staff implementation strategies.
3. Successfully negotiate Memoranda of Understanding (MOU) with employee bargaining units whose contracts expire December 31, 2007, with the goal of paying employees competitively for high-quality performance.
4. Improve service convenience and access to city information through the City's Internet website.
5. Work collaboratively with the business community to develop a strategic plan for the appropriate City role in strengthening the local economy.

Community Development Department

Mission:

Work in partnership with the community to facilitate high-quality, safe development and construction that is consistent with community land use goals.

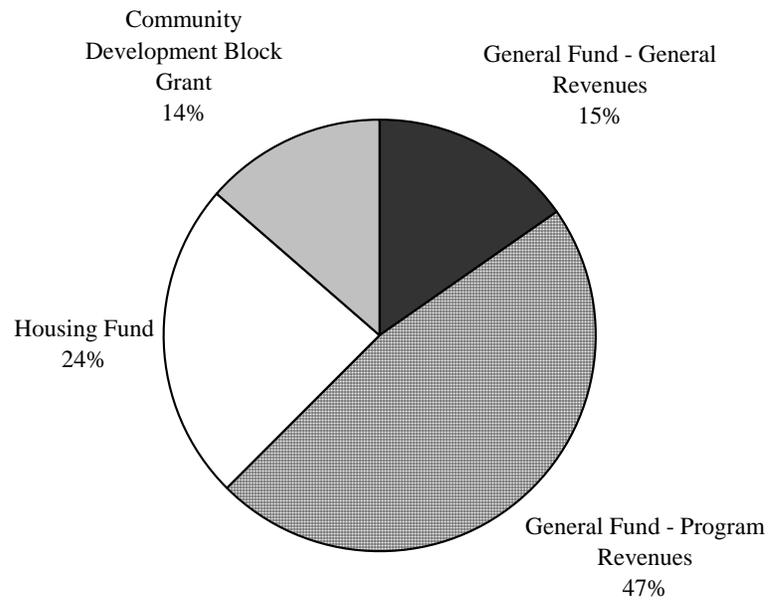
Services and responsibilities:

The Community Development Department is organized into three work units, building, planning, and housing that collaborate to achieve the department's mission. The Building Division administers permit and inspection services for all residential and commercial construction activity in the community to ensure compliance with municipal ordinances and state building codes. The Housing Division administers programs that provide affordable housing for low-income households and help to rehabilitate aging or deteriorating housing stock in the community. The division also applies for and administers housing assistance grants. Staff monitor compliance with City restrictions on affordable housing units, and coordinate the City's efforts to develop affordable housing.

The department's planning division is responsible for long-range planning and current planning. Long-range planning involves proactive maintenance of the City's General (land use) Plan, Local Coastal Program and other documents that guide the City's growth and development, and provide a framework for all other regulations. Current staffing limitations have prompted almost exclusive attention to current planning, which focuses on zoning ordinance enforcement, including historic preservation and architectural review processes.

Achieving community goals for development requires effective public participation. Community Development staff facilitate several Boards and Committees on a regular basis, including: the Planning Commission, the Architectural Review Board, the Historic Resources Committee, the Housing Committee, ADA Compliance Advisory Committee, the Housing Advisory Appeals Board, Uniform Building Code Board of Appeals, Uniform Fire Code Board, and the Loan Committee

Community Development Department Resources



Community Development Appropriations Summary (ALL FUNDS)	FY 2005/06 Actual	FY 2006/07 Est. Actual	FY 2006/07 Mid- Year Budget	FY 2006/07 Original Budget	FY 2007/08 Budget
Personnel*	\$951,127	\$983,478	\$1,005,882	\$1,005,193	\$1,022,531
Services/contracts	65,176	157,637	366,000	380,000	364,700
Materials/supplies	21,191	21,200	24,496	24,496	24,300
Non-operating transfers	154,279	329,700	332,700	332,700	311,250
Debt service	0	0	0	0	0
Capital	1,800	0	3,500	3,500	5,500
TOTAL	\$1,193,572	\$1,492,015	\$1,732,578	\$1,745,889	\$1,728,281

* The City's issuance of Pension Obligation Bonds (POBs) in FY 2005/06 lowered the City's retirement costs for FY 2006/07. The value of the FY 2006/07 "savings" must be factored into FY 2006/07 department costs to provide a better basis for comparison with FY 2007/08 costs. More information on the affects of POBs may be found in the General Fund Analysis section of this document.

Service Objectives:

1. Update the Housing Element of the General Plan in compliance with State requirements to ensure that the City remains eligible for Federal Community Development Block Grant (CDBG) funding.
2. Implement provisions of the new State Building Code to ensure construction in Pacific Grove remains in compliance with evolving State law.
3. Develop a project status reporting system, also to be available on-line, to keep decision-makers and the public abreast of planning initiatives.
4. Continue improvements to the Geographic Information System (GIS), including access to property information, General Plan and zoning information available to the public online.
5. Update the Community Development Department manual of standard operating procedures to help ensure consistent, high-quality services to the development community.

Performance Indicators:

- Number of building permits issued in 2006
 - 2006: 910 applications
 - 2005: 955 applications
- Value of Construction:
 - 2006: \$19,980,659
 - 2005: \$20,504,398
- Value of rent subsidies:
 - FY 2006/07 (est.): \$51,000
 - FY 2005/06: \$48,575
- Value of loans for the rehabilitation and protection of the City's housing stock:
 - FY 2006/07 (est.): \$266,900
 - FY 2005/06 (est.): \$78,442

Finance and Budget Office (including Information Systems)

Mission:

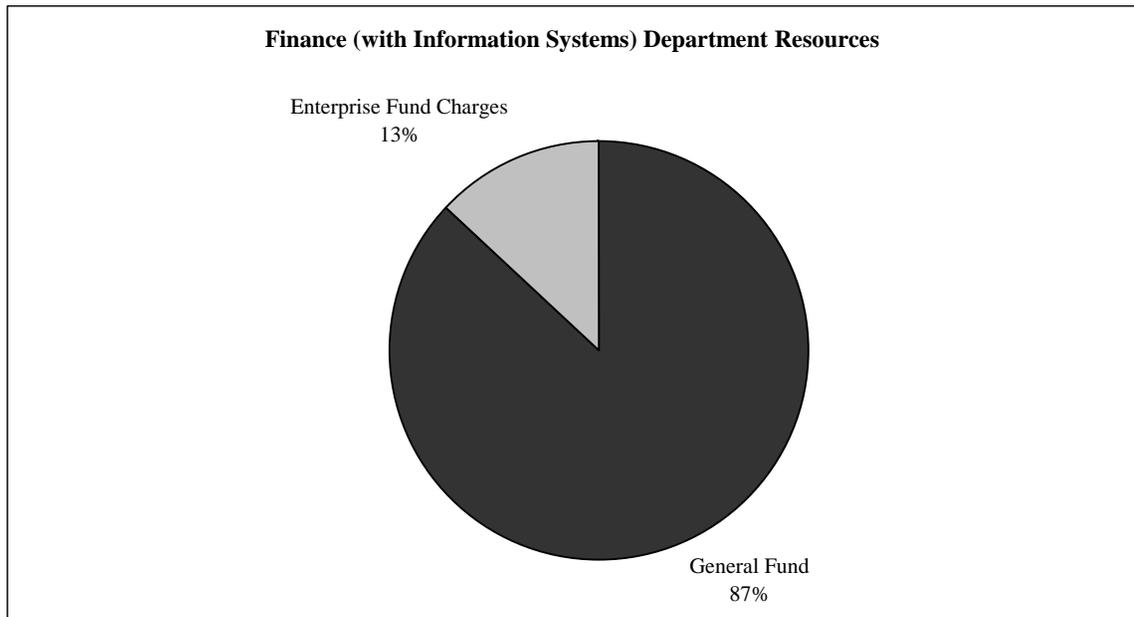
Assist the City Council, City Manager and operating departments in prudently managing financial resources and planning for the future by providing high-quality information and financial management services.

Services and Responsibilities:

The department achieves its mission through its core functions, including:

- Accounting for the City's resources and disclosing the financial condition of the City and results of its operations in the year-end Comprehensive Annual Financial Report (CAFR).
- Preparing and monitoring the annual operating budget.
- Providing accounts payable, receivable, and payroll functions.
- Collecting and auditing all locally controlled revenues, including taxes, fees, charges and fines.
- Administering various license and permit programs, including business license, parking, and pet permits.
- Managing the City's debt, investment, and banking functions.

The department's FY 2007/08 budget includes funding for expanded information technology systems, with the goal of improving strategic planning for the use of technology in delivering services and improving long-term cost efficiencies.



Finance (with Info. Systems) Appropriations Summary (ALL FUNDS)	FY 2005/06 Actual	FY 2006/07 Est. Actual	FY 2006/07 Mid- Year Budget	FY 2006/07 Original Budget	FY 2007/08 Budget
Personnel*	\$489,241	\$482,150	\$522,693	\$484,596	\$677,046
Services/contracts	134,245	265,003	277,463	135,560	186,500
Materials/supplies	5,471	9,500	9,500	9,500	11,500
Non-operating transfers	0	0	0	0	0
Debt service	29,034	71,034	29,100	29,100	29,100
Capital	29,034	25,019	25,000	25,000	50,000
TOTAL	\$687,025	\$852,706	\$863,756	\$683,756	\$954,146

* The City's issuance of Pension Obligation Bonds (POBs) in FY 2005/06 lowered the City's retirement costs for FY 2006/07. The value of the FY 2006/07 "savings" must be factored into FY 2006/07 department costs to provide a better basis for comparison with FY 2007/08 costs. More information on the effects of POBs may be found in the General Fund Analysis section of this document.

Major Budget Changes:

The FY 2007/08 budget includes the financial effects of eliminating one Accounting Assistant position and adding a Senior Accountant position (\$106,000, including all costs). It also includes a new Information Technology Analyst position (\$100,000, including all costs). FY 2007/08 personnel costs include \$32,000 for Pension Obligation Bond (POB) debt service, retirement costs that were saved in FY 2006/07, and are due in FY 2007/08. The budget for services and contracts is increasing, from the FY 2006/07 original budget level, by \$50,940, in anticipation of financial software needs and related staff training, software and installation cost for financial software system improvements, and potentially higher costs for the annual financial audit. While higher than the amount originally budgeted in FY 2006/07, this is \$78,503 lower than the amount the City expected to spend for contract services in FY 2006/07. The budget for capital expenditures is increasing for previously deferred computer equipment purchases. With the addition of the Information Technology Analyst, the City will be able to replace aging and failing equipment citywide with the benefit of expertise and long-term strategic vision.

Service Objectives:

1. Provide information and analysis that supports the City Council's dialogue with the community about appropriate long-term service levels and resources.
2. Implement procedures to ensure all financial operations comply with Generally Accepted Accounting Principles (GAAP) so that the financial statements are accurately presented and may be produced systematically.
3. Present Treasurer's reports to the City Council on a quarterly basis.
4. Continue transitioning the City's budget to a performance-based model, in which resources may be matched to specific service outcomes and presented for City Council consideration during the budget process.
5. Develop a capital improvement budget that addresses long-term needs for construction, replacement, and maintenance of City facilities and equipment.

Fire Department

Mission Statement:

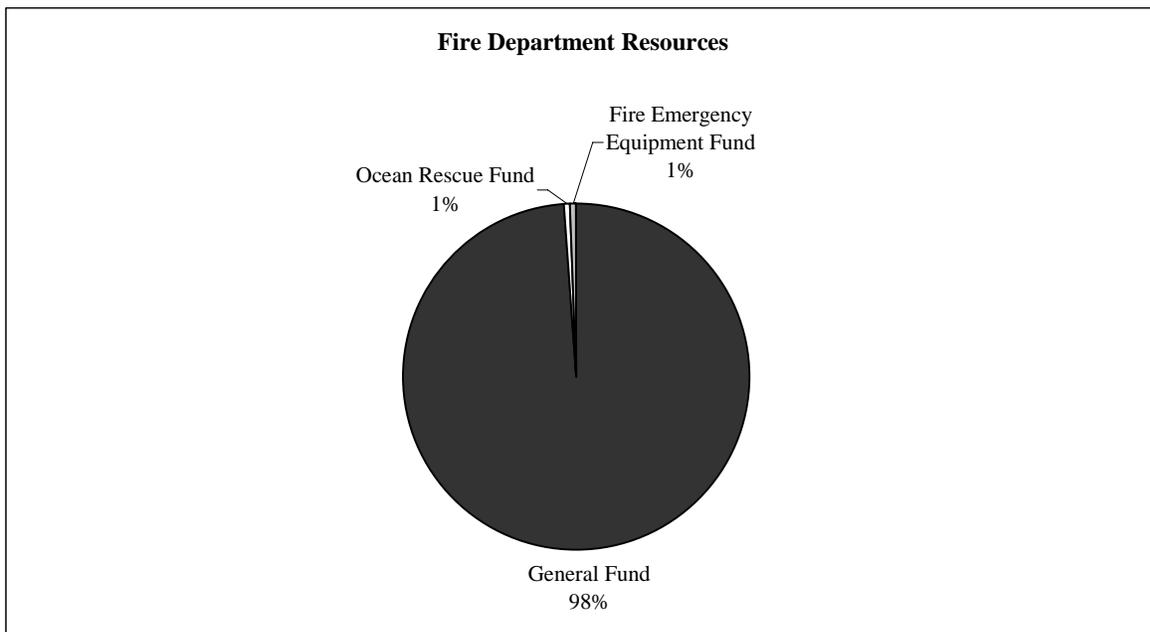
Protect life, property and the environment from the adverse effects of fire, medical emergencies, the release of hazardous materials, natural and manmade disasters and exposure to hazardous conditions.

Description of Services and Responsibilities:

The Fire Department provides a broad range of emergency response, preparedness, and prevention services. In addition to fires, medical emergencies and hazardous material spills, the City provides ocean rescue response services for all cities in Monterey County, and hyperbaric chamber emergency treatment for central and northern California.

Fire Department prevention services include community education initiatives, business inspection, and construction plan review for fire code compliance. Community education initiatives include: Community Emergency Response Team (CERT) program coordination, the Fire Explorer Scout program, CPR and lifeguard first-aid training. The City also provides smoke detector/battery installation assistance.

The Department is exploring regional approaches, in partnership with other agencies, to provide higher quality and more efficient services. The City of Pacific Grove provides fire administration services to the City of Carmel through a contractual relationship. Both cities receives incident command services from the City of Monterey through a contractual relationship.



Fire Appropriations Summary (ALL FUNDS)	FY 2005/06 Actual	FY 2006/07 Est. Actual	FY 2006/07 Mid- Year Budget	FY 2006/07 Original Budget	FY 2007/08 Budget
Personnel*	\$2,702,938	\$2,472,844	\$2,472,844	\$2,489,365	\$2,741,672
Services/contracts	148,078	192,950	192,950	194,450	194,863
Materials/supplies	30,954	42,635	42,635	40,635	43,463
Non-operating transfers	0	0	0	0	0
Debt service	0	0	0	0	0
Capital	9,233	35,810	35,810	35,810	12,000
TOTAL	\$2,891,203	\$2,744,239	\$2,744,239	\$2,760,260	\$2,991,998

* The City's issuance of Pension Obligation Bonds (POBs) in FY 2005/06 lowered the City's retirement costs for FY 2006/07. The value of the FY 2006/07 "savings" must be factored into FY 2006/07 department costs to provide a better basis for comparison with FY 2007/08 costs. More information on the effects of POBs may be found in the General Fund Analysis section of this document.

Major Budget Changes:

Prior to December 2006, PGFD had three (3) chief officers: a Fire Chief, an Assistant Fire Chief, and a Division Chief/Fire Marshall, to provide organizational management, administrative oversight and incident command functions 24 hours per day. The Division Chief retired in December and was hired back part-time to maintain the continuity of fire prevention/disaster plan management services, leaving the remaining two chief officers to provide all administrative and emergency incident management/command functions. The FY 2007/08 budget assumes a new model, implemented during FY 2006/07. The new model assumes incident command services provided by on-duty City of Monterey personnel, and expanded Fire Department administration services provided by the City of Pacific Grove to the City of Carmel. In addition to ensuring more consistent, on-duty incident command services, the model enables the City to save money by eliminating the Deputy Fire Chief position and generate revenue through the expanded contract for services with the City of Carmel. The cost of the contract for incident command with the City of Monterey is \$40,000 annually. The contract with the City of Carmel is estimated to generate \$160,000 in FY 2007/08, pending the outcome of regional fire services feasibility study and potential related City Council decisions.

FY 2007/08 personnel costs also includes include \$237,000 for Pension Obligation Bonds (POBs) debt service, retirement costs that were saved in FY 2006/07, and are due in FY 2007/08.

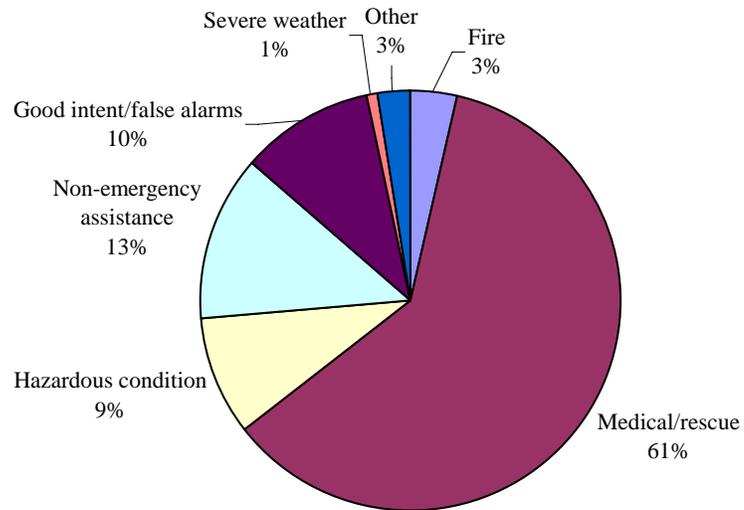
Service Objectives:

- Build upon the City's relationship with surrounding Fire Departments. Specific goals include implementing enhanced automatic-aid contracts, developing joint training and performance standards, and exploring opportunities for cooperative purchasing and equipment standardization.
- Aggressively pursue grants that could pay for necessary emergency equipment, training, and community education.

- Update the City's Multi-Hazard Plan, provide annual Emergency Operations Center (EOC) training and facilitate exercises for all assigned City personnel.
- Finalize the Tsunami Response Plan Pacific Grove annex.
- Finalize the Pacific Grove annex of the Monterey County Operational Area Hazard Mitigation Plan.
- Update the Fire Department web page with current information in an effort to become more responsive to the needs of the public.
- Conduct fire and life safety inspections in all commercial occupancies to include residential care facilities, apartment complexes, motels, hotels and all educational facilities.
- Provide comprehensive fire and life safety presentations to all PGUSD children grades K-5. This will include utilization of the Fire Safety Trailer for all 3rd grade students. In all we will strive to educate over 1000 children.
- Ensure that the Fire Prevention Division will start the plan review process within three working days from receipt from the Building Department.
- Finalize the hiring process and complete the Fire Academy for new reserve / volunteer firefighters.
- Flow test 20% of fire hydrants (20% per year) to verify / maintain fire flow capabilities.
- Review, update and revise the fire department policy manual.
- Continue to improve and document fire department capabilities with an ultimate goal of upgrading our current outstanding ISO rating of 3.

Performance Indicators:

Fire Department Calls for Service 2006
Total = 1,630



- Average emergency response time (2006):
 - Fire emergencies: 3, minutes, 51 seconds
 - Medical emergencies: 3 minutes, 40 seconds
- Estimated value of property loss from fire in 2006: \$309,150

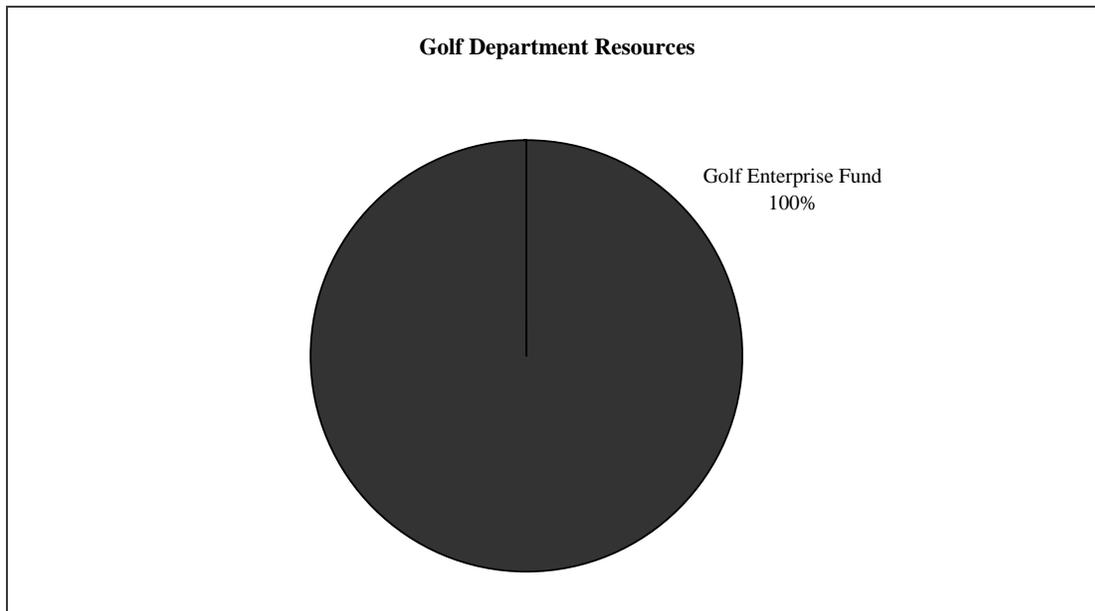
Golf Department

Mission:

Provide outstanding and memorable golf experiences for Pacific Grove residents and visitors with a business model that provides discounted golf for residents and a direct economic benefit to the community in the form of revenue for general City services.

Services and Responsibilities:

The Department manages an 18-hole golf course, driving range, putting greens, golf shop, and clubhouse. In 2006, the City took ownership of the Point Pinos Lighthouse, which is located adjacent to the golf course, along with the land associated with holes 10-18 of the course. As part of the transfer, the City assumed responsibility for restoring the dunes adjacent to the golf course. The Golf Department is responsible for managing this multi-year project.



Golf Appropriations Summary (ALL FUNDS)	FY 2005/06 Actual	FY 2006/07 Est. Actual	FY 2006/07 Mid- Year Budget	FY 2006/07 Original Budget	FY 2007/08 Budget
Personnel*	\$836,486	\$981,697	\$1,004,956	\$1,004,956	\$1,130,808
Services/contracts	297,965	377,421	369,800	369,800	433,500
Materials/supplies	96,079	85,000	81,500	81,500	82,400
Non-operating transfers	628,684	323,200	323,200	323,200	661,342
Debt service	201,913	271,756	271,756	271,756	270,072
Capital	2,477,248	355,400	370,400	370,400	350,000
TOTAL	\$4,538,376	\$2,394,474	\$2,421,612	\$2,421,612	\$2,928,122

* The City's issuance of Pension Obligation Bonds (POBs) in FY 2005/06 lowered the City's retirement costs for FY 2006/07. The value of the FY 2006/07 "savings" must be factored into FY 2006/07 department costs to provide a better basis for comparison with FY 2007/08 costs. More information on the affects of POBs may be found in the General Fund Analysis section of this document.

Major Budget Changes:

Significant changes in the Golf Department Budget are attributable to the transition from a partial concessionaire operation to full City operations. Since the transition officially began on January 1, 2007, the FY 2006/07 budget included costs for only one-half year. The FY 2007/08 budget includes full-year costs. Additionally, personnel costs are increasing by approximately \$50,000 for Pension Obligation Bond (POB) debt service, retirement costs that were saved in FY 2006/07, and are due in FY 2007/08. The increase in the “non-operating transfers” expenditure category is attributable to a strategy to transfer \$400,000 of new golf revenue to the General Fund to support general City services. This increase is partially offset by decreasing charges for citywide indirect services, based on the fund’s share of citywide indirect service costs.

Service Objectives:

- Continue implementing the multi-year Dunes Restoration Plan.
- Submit applications for additional funding for the Dunes Restoration Plan.
- Complete five-year plan for golf course capital improvements, which will include sand bunker renovation, additional new bunkers, underground utilities, and increase golf course yardage.
- Increase the number of tournaments and special events at the golf course and clubhouse.

Performance Indicators:

	FY 2006/07 (est.)	FY 2005/06	FY 2004/05
Total rounds played	75,000	73,530	77,296
Daily fee (full price) rounds as share of total rounds	61%	57%	52%
Daily fee (full price) revenue as share of total revenue	87%	83%	84%

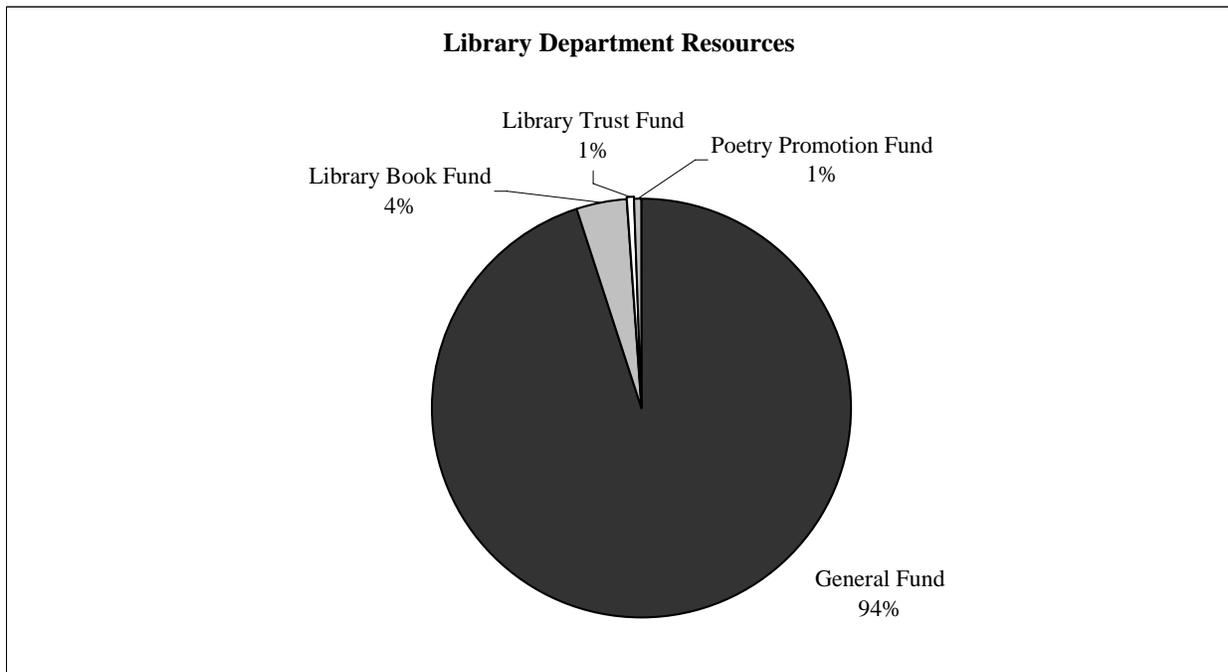
Library Department

Mission:

The Library seeks to inform, educate and foster cultural enrichment by providing books and other library resources for all who use it.

Services and Responsibilities:

The Library Department is responsible for all services available to library patrons. Collection development and circulation of materials are perhaps most fundamental for making materials available. Through additional services, however, there is virtually no limit to the materials available at the library. Even if materials needed by library users are not available locally, through the interlibrary loan service they can receive materials from other libraries in the tri-county area or from across the nation. To optimize patrons' access to materials, the library also offers reference services, with staff assisting patrons with specific research questions or general guidance in using library resources. The library also offers special programs for children, both at the library and in the schools, as well as delivery of library materials to homebound patrons of all ages.



Library Appropriations Summary (ALL FUNDS)	FY 2005/06 Actual	FY 2006/07 Est. Actual	FY 2006/07 Mid-Year Budget	FY 2006/07 Original Budget	FY 2007/08 Budget
Personnel*	\$703,217	\$665,172	\$663,407	\$713,406	\$701,943
Services/contracts	135,841	149,497	153,847	148,847	149,515
Materials/supplies	127,916	135,750	142,250	142,250	145,042
Non-operating transfers	0	0	0	0	0
Debt service	0	0	0	0	0
Capital	6,051	3,000	20,400	20,400	8,000
TOTAL	\$973,024	\$953,419	\$979,904	\$1,024,903	\$1,004,500

* The City's issuance of Pension Obligation Bonds (POBs) in FY 2005/06 lowered the City's retirement costs for FY 2006/07. The value of the FY 2006/07 "savings" must be factored into FY 2006/07 department costs to provide a better basis for comparison with FY 2007/08 costs. More information on the effects of POBs may be found in the General Fund Analysis section of this document.

Major budget changes:

Personnel costs are decreasing because of a \$50,000 adjustment to part-time salary costs, required to correct an error in the FY 2006/07 budget. The decrease is partially offset by an increase equal to \$39,000 for Pension Obligation Bond (POB) debt service, retirement costs that were saved in FY 2006/07, and are due in FY 2007/08.

Service objectives:

- Enhance access to library resources and help bridge the digital divide through more innovative use of technology. Specific goals include:
 - Begin Internet blogs from the Library's web site to provide a way for the Reference and Children's Librarians to share news and information about ways in which the library can better support curriculum needs as well as provide a way for library staff to talk about library programs or new materials.
 - Evaluate the feasibility of an Instant Messaging (IM) system for virtual reference service.
 - In cooperation with our automation partner, the Monterey Public Library, consider enhancements to Really Simple Syndication (RSS) feeds via the integrated automation system about new materials of interest to users.
 - Evaluate the feasibility of regularly scheduled pod-casts of a library service such as a story time or book talk.
- Help ensure that Pacific Grove's young people grow up in an environment that is rich in stories, literature and reading material, by:
 - Conducting 2-3 story times per week for children aged 0-8 years old.
 - Hosting one program per week for children in grades 4-8 to be held during the school year.
 - Hosting at least three special programs per year for different age groups.
 - Conducting a Summer Reading Program for children ages 2 to 15.
 - Conducting an average of four class visits per month, both in the library and at the schools.

Performance indicators:

- Average daily visitors to the Library:
 - 2006: 484
 - 2005: 483

- Items checked out of the Library:
 - 2006: 245,213
 - 2005: 239,698

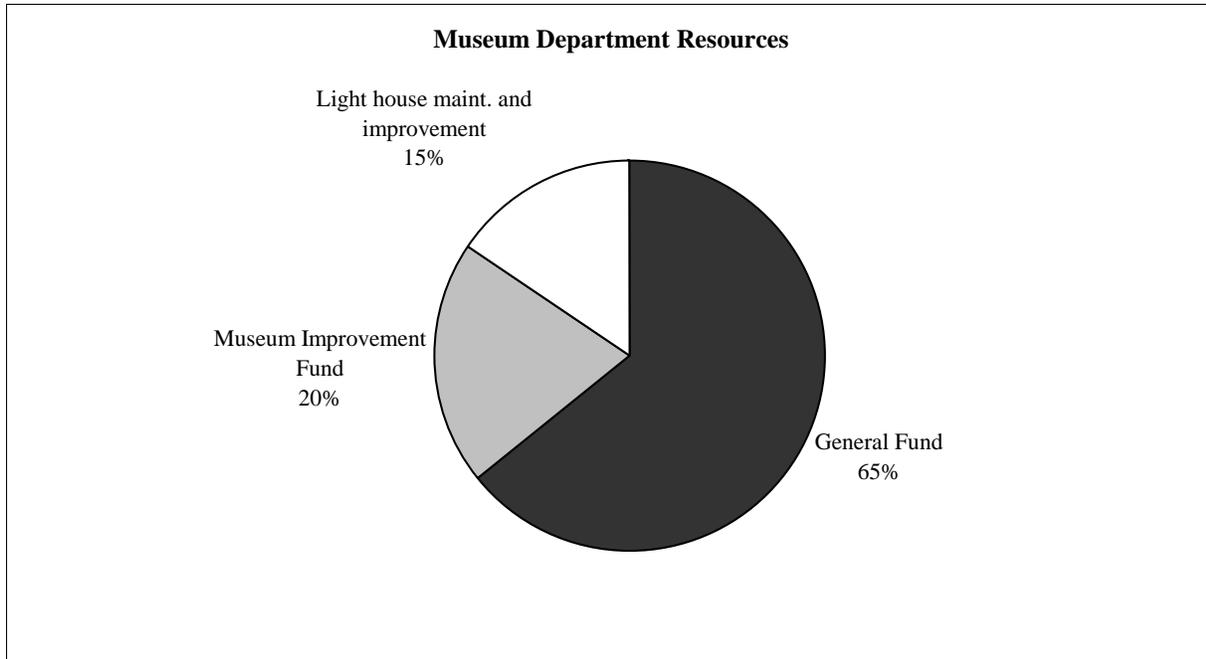
Museum Department

Mission:

Preserve, study, interpret, and exhibit the natural history and aboriginal human inhabitants of Monterey County, with special emphasis on the Monterey Peninsula region.

Services and Responsibilities:

The Museum Department operates the Pacific Grove Museum of Natural History. Additionally, the department works cooperatively with other City departments and community organizations to operate the Monarch Butterfly Sanctuary, the Point Pinos Lighthouse, and the Shoreline Stewardship Program.



Museum Appropriations Summary (ALL FUNDS)	FY 2005/06 Actual	FY 2006/07 Est. Actual	FY 2006/07 Mid-Year Budget	FY 2006/07 Original Budget	FY 2007/08 Budget
Personnel*	\$240,804	\$265,523	\$255,523	\$265,523	\$243,086
Services/contracts	25,321	34,300	34,300	34,300	39,695
Materials/supplies	2,170	5,200	5,200	5,200	5,200
Non-operating transfers	0	0	0	0	20,000
Debt service	0	0	0	0	0
Capital	68,203	64,000	94,000	64,000	150,800
TOTAL	\$336,498	\$369,023	\$389,023	\$369,023	\$458,781

* The City's issuance of Pension Obligation Bonds (POBs) in FY 2005/06 lowered the City's retirement costs for FY 2006/07. The value of the FY 2006/07 "savings" must be factored into FY 2006/07 department costs to provide a better basis for comparison with FY 2007/08 costs. More information on the effects of POBs may be found in the General Fund Analysis section of this document.

Major Budget Changes:

The citywide budget strategy for FY 2007/08 includes a temporary reduction in full-time staff, from 2.0 FTE to 1.75 FTE at the Museum, following the planned retirement of the current Director. The savings of \$35,000 is included in the personnel expenditure category. This savings is partially offset by an increase of \$12,000 for Pension Obligation Bond (POB) debt service, retirement costs that were saved in FY 2006/07, and are due in FY 2007/08.

The other significant increases in the FY 2007/08 budget, shown in the capital expenditure and transfer categories, are attributable to planned roof improvements at the Point Pinos Lighthouse. These improvements will require no General Fund resources. They will be funded from the Museum Improvement Fund and the Lighthouse Maintenance and Improvement Fund.

Service Objectives:

- Complete the self-assessment for the American Association of Museums.
- Increase attendance at the Museum, Lighthouse and Monarch Sanctuary.
- Complete the ADA Path and Walk thru Time in the Museum Garden.
- Help develop interpretive panels for the Pacific Grove shoreline.

Performance Indicators:

- Museum attendance:
 - 2006: 56,987
 - 2005: 57,358
- Museum website visitors
 - 2006: 1,745,254
 - 2005: 1,138,620
- Education program participants:
 - 2006: 7,735
 - 2005: 7,245
- Lighthouse attendance:
 - 2006: 31,046
 - 2005: 29,373

Police Department

Mission:

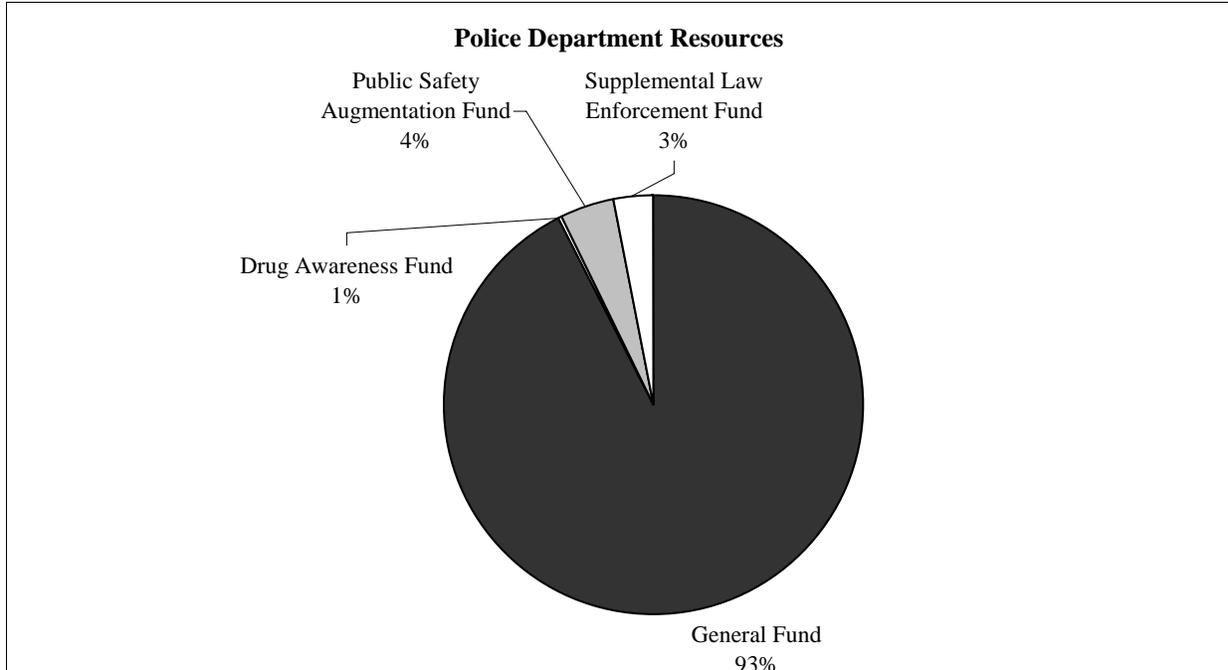
The Pacific Grove Police Department's Mission is to defend and protect the constitution of the United States and California, to maintain the public peace, safeguard lives and property, and to provide for a quality of life whereby those persons within the City of Pacific Grove have a sense of security and freedom in their daily activities.

Description of Responsibilities and Services:

The Police Department embraces the philosophy of "Community Policing;" which assumes an open-minded partnership with citizens to identify problems and develop strategies to solve them. This approach is integrated with all facets of the department's services:

- *Patrol:* The Police Department responds to emergency and non-emergency calls for service 24 hours per day, 365 days per year. Officers also conduct criminal investigations on all but the most serious crimes, which are referred to the Detective Division. With current staffing levels, Patrol Officer activity is limited to these highest priority activities. When available, officers engage citizens proactively to better understand potential future crime risks and enforce traffic laws. The department currently does not have dedicated traffic enforcement staff.
- *Investigations:* The Detective Unit, comprised of a Detective Sergeant and two detectives, coordinates major investigations and special enforcement activities, including; general investigations, property crimes and crimes against persons, narcotic investigations, auto theft investigations, search warrant preparation and service, crime analysis and crime prevention.
- *Animal control:* The City employs one, non-sworn Animal Control Officer (ACO). The ACO is responsible for the enforcement of animal control provisions mandated by State Law and local ordinances for the City of Pacific Grove. ACO duties include the capture and care for animals that pose a risk to the public, with occasional quarantine and monitoring of animals involving bites. The ACO actively patrols city streets and will perform welfare checks on domestic and wild animals, pick up deceased animals on public and private property, conduct permit inspections, transport domestic and wildlife to SPCA or city holding facilities, investigate reports of abuse or cruelty to animals, return animals to owners, and disseminate information about public safety threats to public.
- *Parking enforcement:* The FY 2006/07 Budget funds two non-sworn parking Parking Enforcement Officers (PEOs) who patrol the regulated parking zones throughout the City, and cite violations. In addition, PEOs enforce the abandoned vehicle code, which involves citations, notification letters, and towing, collections administration, and annual reporting to Monterey County. PEOs also coordinate parking meter maintenance and revenue collection.

Police services are supported by Records Personnel or Police Services Technicians (PST), who maintain records, manage evidence and property, take “counter reports” and provide information to the public via the public counter or telephone. They prepare information for local, county, and state systems as required.



Police Appropriations Summary (ALL FUNDS)	FY 2005/06 Actual	FY 2006/07 Est. Actual	FY 2006/07 Mid-Year Budget	FY 2006/07 Original Budget	FY 2007/08 Budget
Personnel*	\$4,028,959	\$3,510,000	\$3,593,894	\$4,053,918	\$4,329,347
Services/contracts	460,920	470,100	524,680	514,680	487,350
Materials/supplies	59,408	50,500	52,500	52,500	53,000
Non-operating transfers	0	0	0	0	0
Debt service	57,051	5,700	57,000	57,000	180,000
Capital	24,785	119,164	29,573	0	44,566
TOTAL	\$4,631,124	\$4,155,464	\$4,257,647	\$4,678,098	\$5,094,263

* The City's issuance of Pension Obligation Bonds (POBs) in FY 2005/06 lowered the City's retirement costs for FY 2006/07. The value of the FY 2006/07 "savings" must be factored into FY 2006/07 department costs to provide a better basis for comparison with FY 2007/08 costs. More information on the effects of POBs may be found in the General Fund Analysis section of this document.

Major Budget Changes:

For FY 2007/08, the Police Department authorized sworn police officer staffing level remains 25 officers. However, the budget assumes that continued recruitment challenges and pending retirements will keep the actual staffing level, and resulting demand on payroll, no higher than 24. Further, the 24th officer would be funded by State Supplemental Law Enforcement Services Fund resources the department expects to receive in FY 2007/08. The result, that only 23 of 25 authorized office positions are funded by the General Fund in FY 2007/08, is part of the citywide short-term budget strategy until the City has greater certainty about long-term resources. “De-funding” two positions yields savings of approximately \$216,000, but understates the cost of full Police staffing by this amount. Consequently, the baseline for FY 2008/09 police staffing costs will be \$216,000 higher.

The FY 2007/08 budget also includes funding for an additional Traffic Enforcement Officer (\$73,000). The position is expected to generate enough revenue to fund the position, with a net gain for the General Fund. The debt service category of the budget includes the lease payments for the City’s parking meters. The increase in this item of \$123,000 is the estimate of the additional leasing costs for additional parking meters to be installed during the year. The meters are expected to generate an additional \$369,000, after lease expenses, of revenue for the General Fund.

Service Objectives:

- 1.) Recruit and hire qualified police officers to achieve the fully authorized staffing level of 25 officers.
- 2.) Expand the D.A.R.E. program (drug prevention in schools) by assigning and training two additional officers.
- 3.) Restore investigations and traffic enforcement services, upon full department staffing, assigning and training officers for these assignments.
- 4.) In partnership with the Citizens Police Academy Alumni, revitalize the Neighborhood Watch Program under the philosophy of community policing.
- 5.) Host the 14th annual Citizens Police Academy in September 2007 to strengthen awareness and build community engagement in public safety challenges.

Performances Indicators:

- Number of police events in 2006: 15,281 (i.e., average of 42 events per day)
- Number of Part I crimes (violent personal crimes) in 2006: 429

Comparative data (note: data not yet available for 2006)

2. 2006 Part I crimes in Pacific Grove	
Category	Number
Murder (attempted)	0
Rape	2
Agg. Assault	10
Robbery	6
Burglary	84
Car theft	9
Theft	313
Arson	5
Total	429

Peninsula City Comparisons in Part I Crimes, 2005			
City	Pop.	No. of Part I crimes	No./1000 pop.
Carmel	4,176	139	33.20
Del Rey Oaks	1,675	95	56.72
Marina	19,137	617	32.24
Monterey	30,306	1,380	45.54
Pacific Grove	15,622	354	22.66
Sand City	290	156	534.48
Seaside	34,288	907	26.45

Public Works Department

Mission Statement:

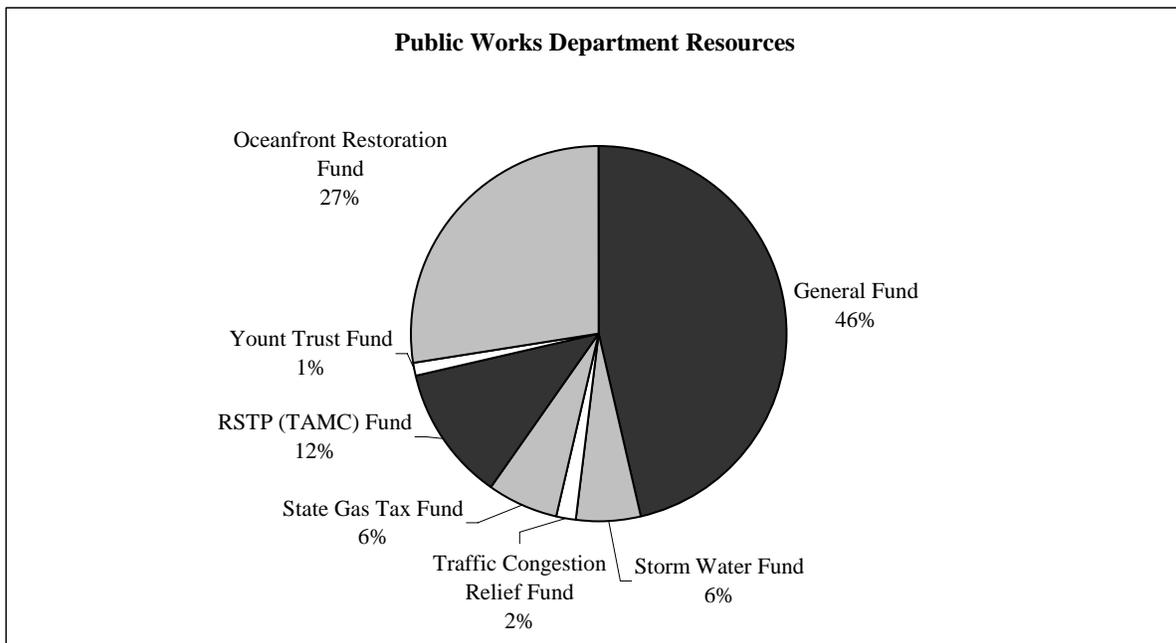
Ensure stewardship and maintenance for the City's natural and constructed environment, including streets, parks, open space, forested areas, storm water facilities, public buildings, sanitary sewer system, and El Carmelo Cemetery.

Services and Responsibilities:

The Public Works Department is responsible for all activity in public rights-of-way and administers all related permit processes required by the Municipal Code. To achieve its mission, the department provides the following services:

- Maintenance of streets, downtown sidewalks, streetlights, traffic signs, pavement markings, and street signs.
- Maintenance of parks, forested areas, open spaces areas including the coastal recreation trail, and City buildings.
- Storm water management related to City compliance with Federal and State laws and storm water discharge permits.
- Maintenance of sewer and wastewater infrastructure.
- Maintenance of City vehicles and equipment.
- Operation of the City-owned El Carmelo Cemetery.
- Special event facilities set-up and clean-up.

For budget purposes, the sewer and cemetery operations are funded in enterprise funds, and are not included in the Public Works Department budget.



Public Works Appropriations Summary (ALL FUNDS)	FY 2005/06 Actual	FY 2006/07 Est. Actual	FY 2006/07 Mid-Year Budget	FY 2006/07 Original Budget	FY 2007/08 Budget
Personnel*	\$1,708,021	\$1,566,483	\$1,610,110	\$1,628,919	\$1,617,105
Services/contracts	755,217	471,338	715,750	715,750	888,400
Materials/supplies	128,836	118,427	119,100	119,100	152,850
Non-operating transfers	209,057	4,000	5,720	5,720	4,000
Debt service	3,333	5,000	12,500	18,000	5,000
Capital	118,108	1,677,600	3,373,500	3,368,000	1,819,500
TOTAL	\$2,922,573	\$3,842,848	\$5,836,680	\$5,855,489	\$4,486,855

* The City's issuance of Pension Obligation Bonds (POBs) in FY 2005/06 lowered the City's retirement costs for FY 2006/07. The value of the FY 2006/07 "savings" must be factored into FY 2006/07 department costs to provide a better basis for comparison with FY 2007/08 costs. More information on the effects of POBs may be found in the General Fund Analysis section of this document.

Major Budget Changes:

The FY 2007/08 budget includes an additional \$250,000, shown in the contracts/services category, for a more comprehensive forestry/tree maintenance program. The personnel budget reflects the elimination of the Public Works Director position, for which all cost would have been approximately \$170,000 in FY 2007/08. The Public Works Business Manager will assume responsibility for the operations, with crew supervisors assuming more responsibility for daily management tasks. The cost savings resulting from the eliminated position is partially offset by an increase of approximately \$113,000 for Pension Obligation Bond (POB) debt service, retirement costs that were saved in FY 2006/07, and are due in FY 2007/08. The budget also includes an additional \$25,000, which had been omitted from the FY 2006/07 budget, for street light electricity costs.

The significant change in the capital budget category is attributable to the anticipated completion of the storm water diversion project, which is expected to cost \$1,300,000 in FY 2006/07.

Service Objectives:

- Implement an expanded and more comprehensive forestry program, the first steps of which will be an assessment and inventory of all trees in the public right-of-way. The inventory will provide the basis upon which a prioritized, multi-year plan for tree-planting and dead tree removal plan will be based.
- Implement comprehensive measures required to comply with the City's National Pollution Discharge Elimination System (NPDES) Phase II permit. Measures include testing on storm water quality at various points along the coast, increased street sweeping, and public education regarding practices required for permit compliance, and City facility improvements.
- Complete phase II of the Urban Diversion Runoff project, an underground collection system that will deliver dry-weather run-off for pollution control treatment via the sanitary sewer system.

- Complete Recreation Trail improvements, which will rehabilitate 18 sites along the Recreation trail; improvements range from construction of new sea walls to repairing sink-holes.
- Complete intersection improvements at the intersection of Lighthouse Ave. and Eardley Ave. Improvements will include resurfacing and upgrading access for the disabled.

Performance Indicators:

- Number of miles of streets maintained: 55 lane-miles
- Number of potholes patched in 2006: 200
- Number streetlights for which City is responsible to maintain: 699
- Number of bulb replacements/streetlight repairs in 2006: 60/40
- Number of vehicles (rolling stock) in City fleet: 119
- Linear feet/miles of sewer line in Pacific Grove: 58
- Number of sewer failures in 2006: 5

Recreation Department

Mission Statement:

Make Pacific Grove the best possible place to live, work and play by providing high-quality recreational programs and special events that keep people active and engaged in our small-town heritage and economic vitality.

Description of Services and Responsibilities:

The department provides a broad range of recreational services: sports leagues for youth and adults, leisure and educational programs for all ages, programs and services for teens, management of the historic Chautauqua Hall and Community Center, rental of City parks and facilities, a broad range of summer camps and programs for children and teens, and oversight and management of a broad range of special events in the City.

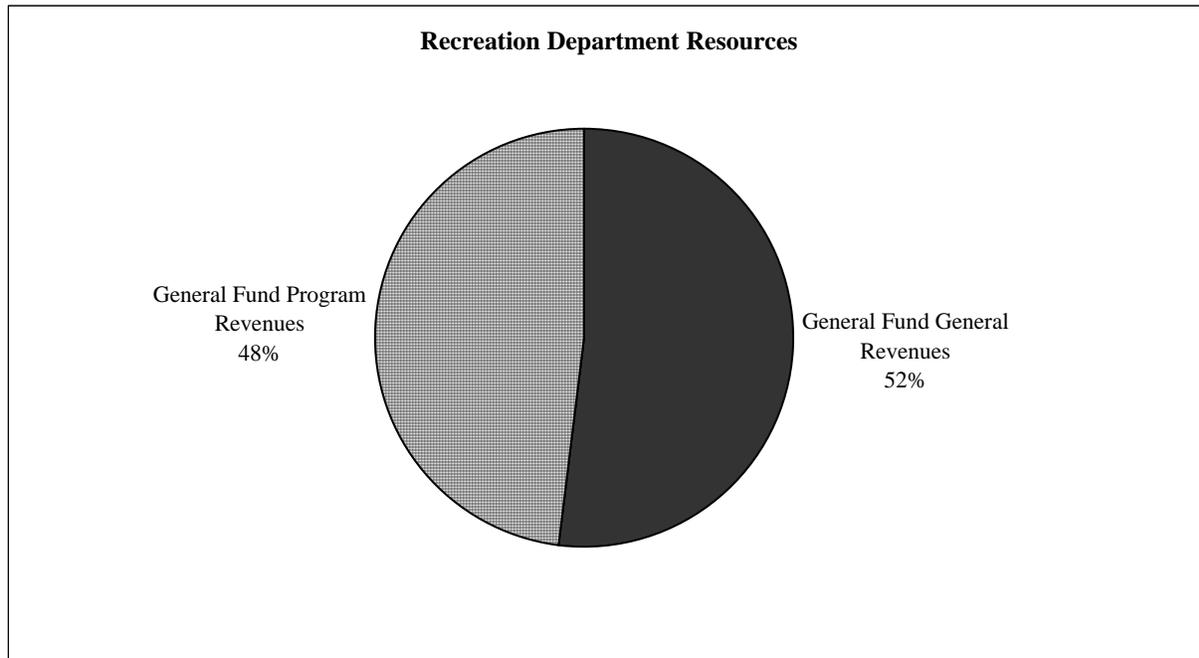
Sports leagues include soccer, basketball, and track leagues for youth participants, with softball and basketball leagues for adults. The department has 10 professional providers who teach a wide assortment of leisure programs mainly for adults, ranging from Jazzercise to Brazilian drumming and dancing. The department also offers many summer programs, from the Tots Athletic Club, the Dinosaur Days preschool program, and Lovers Point swimming lessons to Adventure Beyond Teen Camp. The department either runs or oversees almost a dozen camps and day programs, ranging from traditional day camps such as Adventure Camp, to shorter-term sports camps, to a month-long Musical Theatre Camp and weekly field trips for elementary school-aged children and teens to places such as the San Jose Tech Museum, Great America and Raging Waters.

The department operates the City's Youth Center, historic Chautauqua Hall, and the Community Center. The Youth Center is open to middle school and high school students six afternoons a week for students to play, study, make friends and have fun. Youth Center staff coordinate many events for teens, including themed dances, pizza parties, movie specials, and Girl Talk: a special program for girls aimed at boosting self esteem and career choices. Chautauqua Hall is home to most of the leisure classes offered by the Department, in addition to the meeting site for Boy Scout Troop 90 and the Saturday night Chautauqua Hall Dance Club. The Community Center facility is rented for private meetings, parties, and receptions. It is also home to the popular, City-run preschool, which has an enrollment of 45 students, aged three to five. Although not a City facility, the department manages rentals for the Sally Griffin Senior Center.

The department is responsible for rental of Lovers Point Park, Berwick Park, Jewell Park and Elmarie Dyke Open Space for weddings. During the course of a year, the Department schedules between 200-300 weddings at these parks. The department also handles the field preparation of baseball and softball fields for approximately 145 games played by the PG PONY Baseball League and Pacific Grove High School.

Finally, the Recreation Department oversees and manages all the special events held yearly in the City, from the small and simple ones, such as the Peace Lantern ceremony, to the very large

and complicated ones, such as the Good Old Days, Feast of Lanterns and Triathlon. The Department works on these events from inception to planning to the actual event, ending with the post-event wrap-up. This involves close coordination with many other departments, including Police, Fire and Public Works to ensure a trouble-free event.



Recreation Appropriations Summary (ALL FUNDS)	FY 2005/06 Actual	FY 2006/07 Est. Actual	FY 2006/07 Mid-Year Budget	FY 2006/07 Original Budget	FY 2007/08 Budget
Personnel*	\$709,421	\$718,914	\$720,914	\$745,914	\$731,840
Services/contracts	176,762	136,379	139,379	144,379	147,441
Materials/supplies	58,265	52,987	76,433	81,433	80,350
Non-operating transfers	0	0	0	0	0
Debt service	0	0	0	0	0
Capital	0	0	0	0	0
TOTAL	\$944,448	\$908,280	\$936,726	\$971,726	\$959,631

* The City's issuance of Pension Obligation Bonds (POBs) in FY 2005/06 lowered the City's retirement costs for FY 2006/07. The value of the FY 2006/07 "savings" must be factored into FY 2006/07 department costs to provide a better basis for comparison with FY 2007/08 costs. More information on the effects of POBs may be found in the General Fund Analysis section of this document.

Major Budget Changes:

The budget for personnel is decreasing because as part of a citywide strategy to de-fund the Office Assistant. While the position will remain an authorized position, it is not funded, pending further revenue certainty. The savings (approximately \$40,000, including all benefits) is partially offset by an increase of \$34,000 for Pension Obligation Bond (POB) debt service, retirement costs that were saved in FY 2006/07, and are due in FY 2007/08.

Service Objectives:

- Increase revenue by \$50,000 with market-adjusted rental rates for City parks and facilities.
- Expand recreational offerings through partnerships with local nonprofit organizations. The department is seeking to expand our current relationship with the Sally Griffin Active Living Center to work with them on programs, classes and services targeted at the area's growing older-adult population.
- Re-establish the Teen Advisory Committee to seek teens' input on issues of concern, as well as advice to the Department on the types of programs and services they feel are valuable and important.
- Form a partnership with Youth Action to establish a scholarship program to assist families with participation in our recreation programs.

Performance Indicators:

- Percentage of funding from program revenues: 48%
- Number of participants in 2006:
 - Adult classes: 16,138
 - Youth classes: 5,650
 - Youth sports: 635
 - Adult sports: 385
 - Preschool: 128
 - Swimming programs: 1,040
- Daily average users of Youth Center in 2006: 40
- Park rentals for weddings in 2006: 250
- City special events coordinated in 2006: 27

Cemetery Enterprise Fund

Services and Responsibilities:

The City operates and maintains El Carmelo Cemetery. The City coordinates with area mortuaries for services at the cemetery.

Cemetery Appropriations Summary (ALL FUNDS)	FY 2005/06 Actual	FY 2006/07 Est. Actual	FY 2006/07 Mid-Year Budget	FY 2006/07 Original Budget	FY 2007/08 Budget
Personnel*	\$70,791	\$132,922	\$127,122	\$91,964	\$174,161
Services/contracts	64,083	40,100	48,900	48,900	57,215
Materials/supplies	11,297	11,600	11,600	11,600	12,950
Non-operating transfers	60,699	29,300	29,300	29,300	54,819
Debt service	0	0	0	0	0
Capital	1,572	15,000	19,000	19,000	15,000
TOTAL	\$208,443	\$228,922	\$235,922	\$200,764	\$314,145

* The City's issuance of Pension Obligation Bonds (POBs) in FY 2005/06 lowered the City's retirement costs for FY 2006/07. The value of the FY 2006/07 "savings" must be factored into FY 2006/07 department costs to provide a better basis for comparison with FY 2007/08 costs. More information on the effects of POBs may be found in the General Fund Analysis section of this document.

Major budget changes:

Personnel costs are increasing as a result of the City's structural reorganization, whereby the Deputy City Clerk will assume responsibility for cemetery administration. Half of the Deputy City Clerk's position (\$46,000, including benefits) will be funded by the cemetery enterprise fund. The increase in personnel costs is also attributable to an increase of \$17,000 for Pension Obligation Bond (POB) debt service, retirement costs that were saved in FY 2006/07, and are due in FY 2007/08. The budget for non-operating transfers is increasing because the fund's FY 2007/08 budget comprises a larger share of total indirect services costs.

Sewer Enterprise Fund

Services and Responsibilities:

The City maintains the sanitary sewer system that collects and delivers sewage to the Monterey Regional Water Pollution Control Agency processing facility. In addition performing maintenance activities, the City also manages the Sewer Lateral Loan Program that provides low-interest loans up to \$10,000 to repair or replace private sewer lateral facilities.

Sewer Appropriations Summary (ALL FUNDS)	FY 2005/06 Actual	FY 2006/07 Est. Actual	FY 2006/07 Mid- Year Budget	FY 2006/07 Original Budget	FY 2007/08 Budget
Personnel*	\$302,119	\$302,119	\$286,831	\$286,831	\$303,331
Services/contracts	509,800	509,800	644,800	644,800	464,231
Materials/supplies	24,400	24,400	24,400	24,400	24,900
Non-operating transfers	293,100	293,100	293,100	293,100	300,205
Debt service	105,000	105,000	105,000	105,000	62,571
Capital	595,000	595,000	595,000	595,000	690,000
TOTAL	\$1,829,419	\$1,829,419	\$1,949,131	\$1,949,131	\$1,845,238

* The City's issuance of Pension Obligation Bonds (POBs) in FY 2005/06 lowered the City's retirement costs for FY 2006/07. The value of the FY 2006/07 "savings" must be factored into FY 2006/07 department costs to provide a better basis for comparison with FY 2007/08 costs. More information on the effects of POBs may be found in the General Fund Analysis section of this document.

Major budget changes:

The most significant change from the FY 2006/07 budget is that the capital budget includes \$100,000 to replace a sewage vacuum truck.

Budget Detail by Department and Fund

City Council

		FY 07/08 budget
		General Fund
5101	BASE SALARY	38,460
5121	FICA-MEDICARE BENEFITS	560
5122	RETIREMENT (PERS)	1,580
5124	UNEMPLOYMENT COST	14
5126	WORKERS' COMPENSATION	275
5129	FLEXIBLE HEALTH BENEFIT	0
	Staffing subtotal	40,889
5201	CONTRACT SERVICES	53,400
5215	MEETING/TRAINING/TRAVEL	8,000
5217	TRAVEL, MEAL COSTS	0
5261	SUBSCRIPTIONS, MEMB	69,500
5291	SPECIAL DEPT EXPENSE	10,000
	Services/Contracts subtotal	140,900
5301	OFFICE SUPPLIES	2,500
5471	CONTRIBUTIONS	116,000
	TOTAL	300,289

City Attorney

		FY 07/08 budget
		General Fund
5201	CONTRACT SERVICES	151,350
5203	ADMIN/RETAINER SERVICES	130,000
5215	MEETING/TRAINING/TRAVEL	2,000
5224	EQUIP REPAIR, MAINT	1,000
	Services subtotal	284,350
	TOTAL	284,350

City Manager's Office

		01 General Fund	12 Carillon	FY 07/08 budget total
	Beginning Balance	N/A	22,329	N/A
	Revenues			
4651	INTEREST EARNED		600	N/A
	EXPENDITURES			
5101	BASE SALARY	580,428		580,428
5104	SALARIES RETROACTIVE PAY	0		0
5105	PART-TIME SALARIES	0		0
5121	FICA-MEDICARE BENEFITS	8,206		8,206
5122	RETIREMENT (PERS)	72,205		72,205
5123	HEALTH INSURANCE COST	4,425		4,425
5124	UNEMPLOYMENT COST	204		204
5125	DEFERRED COMPENSATION	0		0
5126	WORKERS' COMPENSATION	4,075		4,075
5128	OTHER EMPLOYEE BENEFITS	9,120		9,120
5129	FLEXIBLE HEALTH BENEFIT	6,000		6,000
5130	POB DEBT SERVICE	42,784		42,784
	Staffing subtotal	727,446	0	727,446
5201	CONTRACT SERVICES	30,000		30,000
5202	PROF/CONSULTANT SERVICES	50,900		50,900
5211	POSTAGE	10,000		10,000
5212	TELEPHONE	2,500		2,500
5215	MEETING/TRAINING/TRAVEL	2,000		2,000
5216	ATTENDANCE COSTS	10,000		10,000
5217	TRAVEL, MEAL COSTS	8,000		8,000
5219	POST TRAINING	1,200		1,200
5221	ADVERTISING	1,000		1,000
5224	EQUIP REPAIR, MAINT	4,000	2,000	6,000
5261	SUBSCRIPTIONS, MEMB	1,400		1,400
5291	SPECIAL DEPT EXPENSE	2,000		2,000
	Services subtotal	123,000	2,000	125,000
5301	OFFICE SUPPLIES	3,500		3,500
5303	BOOKS, PRINTED MATL	3,000		3,000
5309	OTHER SUPPLIES	1,500		1,500
5322	SMALL TOOLS	0		0
	Materials/supplies subtotal	8,000	0	8,000
6001	EQUIPMENT	2,000		2,000
	Capital subtotal	2,000	0	2,000
	TOTAL	860,446	2,000	862,446
	NET RESULTS OF OPERATIONS	N/A	-1,400	N/A
	ENDING FUND BALANCE	N/A	20,929	N/A

Community Development

		01 General Fund	15 Housing	34 CDBG	FY 07/08 budget
	BEGINNING FUND BALANCE	N/A	158,002	74,402	N/A
	REVENUES				
4320	CDBG GRANT		191,100	163,000	
4409	LOAN REPAYMENTS AMORTIZED		20,000	75,000	
4651	INTEREST EARNED		3,000	0	
4701	REIMBURSEMENTS		1,200	0	
	TOTAL REVENUES	N/A	215,300	238,000	N/A
	EXPENDITURES				
5101	BASE SALARY	669,000	53,791	10,411	733,202
5102	OVERTIME	0	0	0	0
5104	SALARIES RETROACTIVE PAY	0	0	0	0
5105	PART-TIME SALARIES	72,000	0	24,770	96,770
5111	PART-TIME SALARIES	0	0	0	0
5121	FICA-MEDICARE BENEFITS	9,700	780	151	10,631
5122	RETIREMENT (PERS)	85,996	5,655	1,095	92,746
5123	HEALTH INSURANCE COST	5,616	0	0	5,616
5124	UNEMPLOYMENT COST	0	19	4	23
5125	DEFERRED COMPENSATION	0	0	0	0
5126	WORKERS' COMPENSATION	4,817	387	75	5,279
5128	OTHER EMPLOYEE BENEFITS	11,127	889	172	12,189
5129	FLEXIBLE HEALTH BENEFIT	9,756	744	144	10,644
5130	POB DEBT SERVICE	50,576	4,067	787	55,430
	Staffing subtotal	918,589	66,333	37,609	1,022,531
5201	CONTRACT SERVICES	92,000	195,200	3,500	290,700
5202	PROF/CONSULTANT SERVICES	0	0	0	0
5208	CONTRACT PERSONNEL	0	0	0	0
5211	POSTAGE	6,500	0	0	6,500
5212	TELEPHONE	600	0	0	600
5215	MEETING/TRAINING/TRAVEL	5,000	2,800	0	7,800
5216	ATTENDANCE COSTS	0	0	0	0
5218	EDUCATION INCENTIVE	1,000	0	0	1,000
5221	ADVERTISING	7,500	500	3,000	11,000
5222	UTILITIES	8,500	0	0	8,500
5224	EQUIP REPAIR, MAINT	11,700	0	0	11,700
5226	EQUIPMENT REPAIR	0	0	0	0
5227	VEHICLE REPAIR	500	0	0	500
5261	SUBSCRIPTIONS, MEMB	1,800	0	0	1,800
5291	SPECIAL DEPT EXPENSE		20,600	4,000	24,600
	Services subtotal	135,100	219,100	10,500	364,700
5301	OFFICE SUPPLIES	8,500	1,000	0	9,500
5303	BOOKS, PRINTED MATL	2,500	0	0	2,500
5309	OTHER SUPPLIES	6,500	500	4,000	11,000
5311	VEHICLE FUEL	1,300	0	0	1,300
	Materials/supplies subtotal	18,800	1,500	4,000	24,300
5421	LOANS		75,000	185,250	260,250
5431	RENT SUBSIDIES		51,000	0	51,000
5422	WF LOAN SHARE		0	0	0
	Loans subtotal	0	126,000	185,250	311,250
6001	EQUIPMENT	5,500	0	0	5,500
	Capital subtotal	5,500	0	0	5,500
	TOTAL EXPENDITURES	1,077,989	412,933	237,359	1,728,281
	NET RESULTS OF OPERATIONS	N/A	-197,633	641	N/A
	ENDING FUND BALANCE	N/A	-39,631	75,043	N/A

Finance and Budget Office

		FY 07/08 budget
		General Fund
5101	BASE SALARY	518,537
5102	OVERTIME	3,000
5104	SALARIES RETROACTIVE PAY	0
5105	PART-TIME SALARIES	0
5121	FICA-MEDICARE BENEFITS	7,371
5122	RETIREMENT (PERS)	85,324
5123	HEALTH INSURANCE COST	4,914
5124	UNEMPLOYMENT COST	183
5125	DEFERRED COMPENSATION	0
5126	WORKERS' COMPENSATION	3,660
5128	OTHER EMPLOYEE BENEFITS	8,427
5129	FLEXIBLE HEALTH BENEFIT	7,200
5130	POB DEBT SERVICE	38,430
	Staffing subtotal	677,046
5201	CONTRACT SERVICES	50,000
5202	PROF/CONSULTANT SERVICES	10,000
5206	DATA, COMMUNICATION SVCS	10,000
5207	MAINTENANCE SERVICES	9,000
5211	POSTAGE	0
5212	TELEPHONE	21,000
5215	MEETING/TRAINING/TRAVEL	1,000
5216	ATTENDANCE COSTS	4,000
5217	TRAVEL, MEAL COSTS	6,000
5221	ADVERTISING	1,000
5222	UTILITIES	10,000
5224	EQUIP REPAIR, MAINT	62,500
5226	EQUIPMENT REPAIR	0
5261	SUBSCRIPTIONS, MEMB	2,000
5291	SPECIAL DEPT EXPENSE	0
	Services subtotal	186,500
5301	OFFICE SUPPLIES	8,500
5303	BOOKS, PRINTED MATL	2,000
5309	OTHER SUPPLIES	1,000
	Materials/supplies subtotal	11,500
5801	INTEREST PMTS	29,100
5803	BOND - INTEREST PMTS	0
6001	EQUIPMENT	50,000
	Capital subtotal	79,100
	TOTAL EXPENDITURES	954,146

Fire

		01 General Fund	04 Ocean Rescue	12 Fire Emerg. Equip	FY 07/08 total
	BEGINNING FUND BALANCE	N/A	11,641	18,283	N/A
	REVENUES				
4491	MPC FIREFIGHT.UDPT/TRAIN			10,000	
4524	SMOKE DETECTOR RECEIPTS			200	
4526	SAFETY TRAILER REVENUE			1,000	
4608	FIRE EMERG MED DONATIONS			1,000	
4609	HYPER CHAMBER REVENUE		10,000		
4651	INTEREST EARNED		100	200	
	TOTAL REVENUES	N/A	10,100	12,400	N/A
5101	BASE SALARY	1,699,058			1,699,058
5102	OVERTIME	75,000	1,000		76,000
5103	STAND-BY PAY/FLSA PAY	35,894			35,894
5104	SALARIES RETROACTIVE PAY	0			0
5105	PART-TIME SALARIES	55,000	8,000		63,000
5106	UNIFORM ALLOWANCE PAY	13,210			13,210
5107	VOLUNTEER FIREMEN	40,000			40,000
5108	OES REIMBURSEMENTS	30,000			30,000
5121	FICA-MEDICARE BENEFITS	23,459	100		23,559
5122	RETIREMENT (PERS)	344,488	200		344,688
5123	HEALTH INSURANCE COST	8,764	0		8,764
5124	UNEMPLOYMENT COST	582	50		632
5125	DEFERRED COMPENSATION	0			0
5126	WORKERS' COMPENSATION	158,530	1,000		159,530
5127	LIFE/DISABILITY INSURANCE	0			0
5128	OTHER EMPLOYEE BENEFITS	7,082			7,082
5129	FLEXIBLE HEALTH BENEFIT	3,600			3,600
5130	POB DEBT SERVICE	236,655			236,655
	Staffing subtotal	2,731,322	10,350	0	2,741,672
5201	CONTRACT SERVICES	63,750			63,750
5211	POSTAGE	1,000			1,000
5212	TELEPHONE	3,000	600		3,600
5215	MEETING/TRAINING/TRAVEL	1,000	1,000		2,000
5216	ATTENDANCE COSTS	0	0		0
5218	EDUCATION INCENTIVE	2,500			2,500
5220	TRAINING	8,100	1,000		9,100
5222	UTILITIES	17,113			17,113
5223	BLDG REPAIR, MAINT	8,500			8,500
5224	EQUIP REPAIR, MAINT	5,000	500		5,500
5226	EQUIPMENT REPAIR	13,650	500		14,150
5227	VEHICLE REPAIR	13,000	500		13,500
5261	SUBSCRIPTIONS, MEMB	4,200			4,200
5275	SAFETY EQUIP	22,000	500		22,500
5276	FUEL SYSTEM REPAIR	0			0
5277	VOLUNTEER EXPENSE	11,250			11,250
5291	SPECIAL DEPT EXPENSE	8,400	2,000	2,500	12,900
5295	FIRE PREVENTION	3,300			3,300
	Services subtotal	185,763	6,600	2,500	194,863
5301	OFFICE SUPPLIES	5,800	100		5,900
5302	PRINTING SUPPLIES	1,500	0		1,500
5305	JANITORIAL SUPPLIES	2,400			2,400
5309	OTHER SUPPLIES	3,700	500	5,000	9,200
5311	VEHICLE FUEL	13,613	500		14,113
5312	VEHICLE TIRES	3,000			3,000
5322	SMALL TOOLS	1,900			1,900
5352	CHEMICAL SUPPLIES	4,450			4,450
5371	DISASTER SUPPLIES	1,000			1,000
	Materials/supplies subtotal	37,363	1,100	5,000	43,463
6001	EQUIPMENT	2,000	0	10,000	12,000
	Capital subtotal	2,000	0	10,000	12,000
	TOTAL EXPENDITURES	2,956,448	18,050	17,500	2,991,998
	NET RESULTS OF OPERATIONS	N/A	-7,950	-5,100	N/A
	ENDING FUND BALANCE	N/A	3,691	13,183	N/A

Golf

	Fund	77 Golf 621 Golf operations	77 Golf 622 Golf capital improvements	77 Golf 624 Pro shop operations	FY 07/08 budget total
	BEGINNING FUND BALANCE				381,014
	REVENUES				
4490	GOLF COURSE GREEN FEES				2,135,000
4495	GOLF MERCHANDISE				300,000
	GOLF CART RENTALS				330,000
4496	GOLF RENTALS				60,000
4497	GIFT CERTIFICATE SOLD				20,000
4498	CREDIT BOOK DEPOSIT				10,000
4499	DRIVING RANGE FEES				50,000
4651	INTEREST EARNED				15,000
4666	GOLF SNACK BAR CONCESSION				45,000
	TOTAL REVENUES				2,965,000
	EXPENDITURES				
5101	BASE SALARY	594,063		78,591	672,655
5102	OVERTIME	7,500			7,500
5103	STAND-BY PAY/FLSA PAY	0			0
5104	SALARIES RETROACTIVE PAY	0			0
5105	PART-TIME SALARIES	28,000		240,000	268,000
5106	UNIFORM ALLOWANCE PAY	0			0
5111	PART-TIME SALARIES	0			0
5121	FICA-MEDICARE BENEFITS	8,493		1,117	9,610
5122	RETIREMENT (PERS)	61,642		8,104	69,746
5123	HEALTH INSURANCE COST	4,084		1,021	5,105
5124	UNEMPLOYMENT COST	211		28	239
5125	DEFERRED COMPENSATION	0		0	0
5126	WORKERS' COMPENSATION	21,671		2,851	24,522
5127	LIFE/DISBILITY INSURANCE	0			0
5128	OTHER EMPLOYEE BENEFITS	10,036		1,292	11,327
5129	FLEXIBLE HEALTH BENEFIT	10,800		1,200	12,000
5130	POB DEBT SERVICE	44,280		5,825	50,105
	Staffing subtotal	790,780	0	340,028	1,130,808
5201	CONTRACT SERVICES	50,000		55,000	105,000
5202	PROF/CONSULTANT SERVICES	3,000			3,000
5204	ENGINEERING/DESIGN SVCS	2,000			2,000
5206	DATA, COMMUNICATION SVCS	5,000			5,000
5211	POSTAGE	200		300	500
5212	TELEPHONE	5,000			5,000
5215	MEETING/TRAINING/TRAVEL	2,000		1,500	3,500
5216	ATTENDANCE COSTS	0			0
5217	TRAVEL, MEAL COSTS	0			0
5221	ADVERTISING	6,000		1,200	7,200
5222	UTILITIES	180,000		23,400	203,400
5223	BLDG REPAIR, MAINT	5,000		1,200	6,200
5224	EQUIP REPAIR, MAINT	4,000			4,000
5226	EQUIPMENT REPAIR	13,000		4,000	17,000
5227	VEHICLE REPAIR	3,000			3,000
5231	INSURANCE	56,700			56,700
5233	GOLF DAMAGE CLAIMS	10,000			10,000
5241	EQUIP RENTAL	1,000			1,000
5261	SUBSCRIPTIONS, MEMB	1,000			1,000
	Services/contracts total	346,900	0	86,600	433,500

Golf (continued)

	Fund	77 Golf	77 Golf	77 Golf	
	Division	621 Golf operations	622 Golf capital improvements	624 Pro shop operations	FY 07/08 budget total
5301	OFFICE SUPPLIES	2,000			2,000
5302	PRINTING SUPPLIES	500			500
5303	BOOKS, PRINTED MATL	300			300
5304	ELECTRONIC MATLS	300			300
5305	JANITORIAL SUPPLIES	4,000		1,800	5,800
5309	OTHER SUPPLIES	17,000			17,000
5311	VEHICLE FUEL	12,000			12,000
5312	VEHICLE TIRES	1,500			1,500
5322	SMALL TOOLS	1,500			1,500
5324	CONSTRUCTION SUPPLIES	1,000			1,000
5325	HAZ WASTE DISPOSAL	500			500
5351	AGRICULTURAL SUPPLIES	35,000			35,000
5352	CHEMICAL SUPPLIES	5,000			5,000
	Materials/supplies subtotal	80,600	0	1,800	82,400
5411	BLDG DEPRECIATION				0
5412	IMPROVEMENTS DEPR				0
5413	EQUIP DEPRECIATION				0
5491	INDIRECT COST ALLOCATION	216,914		44,428	261,342
	INTERFUND TRANSFER	400,000			400,000
	Depreciation/Indirect costs subtotal	616,914	0	44,428	661,342
5801	INTEREST PMTS		205,072		205,072
5802	PRINCIPAL PMTS		65,000		65,000
	Debt service subtotal	0	270,072	0	270,072
6001	EQUIPMENT (MERCHANDISE)			200,000	200,000
6021	GENERAL BLDG IMP				0
6031	PARK, OPEN SPACE IMP		100,000		100,000
6061	GOLF COURSE IMP		50,000		50,000
6062	LAND ACQUISITION				0
	Capital Subtotal	0	150,000	200,000	350,000
	TOTAL EXPENDITURES	1,835,194	420,072	672,856	2,928,122
	NET RESULTS OF OPERATIONS				36,878
	ENDING FUND BALANCE				417,892

Library

		01 General Fund	07 Lib. Bldg. and Equip.	11 Lib. Book Fund	85 Library Trust	40 Poetry Promotion	FY 07/08 total
	BEGINNING FUND BALANCE	N/A	552,371	24,831	383,356	164,198	N/A
	REVENUES						
4611	LIBRARY BOOK FUND DONATIONS			30,000			
4651	INTEREST EARNED		9,000	450	6,600	5,000	
4663	MISC REIMBURSEMENT/RENTS					7,200	
	TOTAL REVENUES	N/A	9,000	30,450	6,600	12,200	N/A
	EXPENDITURES						
5101	BASE SALARY	518,099					518,099
5102	OVERTIME	0					0
5104	SALARIES RETROACTIVE PAY	0					0
5105	PART-TIME SALARIES	57,900					57,900
5121	FICA-MEDICARE BENEFITS	7,401					7,401
5122	RETIREMENT (PERS)	53,723					53,723
5123	HEALTH INSURANCE COST	5,935					5,935
5124	UNEMPLOYMENT COST	184					184
5125	DEFERRED COMPENSATION	0					0
5126	WORKERS' COMPENSATION	3,675					3,675
5127	LIFE/DISABILITY INSURANCE	0					0
5128	OTHER EMPLOYEE BENEFITS	8,037					8,037
5129	FLEXIBLE HEALTH BENEFIT	8,400					8,400
5130	POB DEBT SERVICE	38,588					38,588
	Staffing subtotal	701,943	0	0	0	0	701,943
5201	CONTRACT SERVICES	21,000					21,000
5204	ENGINEERING/DESIGN SVCS						0
5211	POSTAGE	4,300					4,300
5212	TELEPHONE	10,000					10,000
5215	MEETING/TRAINING/TRAVEL	750					750
5217	TRAVEL, MEAL COSTS	0					0
5218	EDUCATION INCENTIVE	0					0
5221	ADVERTISING					300	
5222	UTILITIES	20,000					20,000
5223	BLDG REPAIR, MAINT	47,000				2,000	49,000
5224	EQUIP REPAIR, MAINT	37,165					37,165
5226	EQUIPMENT REPAIR	500					500
5291	SPECIAL DEPT EXPENSE	2,500		1,000		3,000	6,500
	Services subtotal	143,215	0	1,000	0	5,300	149,215
5301	OFFICE SUPPLIES	14,700					14,700
5303	BOOKS, PRINTED MATL	73,000		38,000	6,600	250	117,850
5304	ELECTRONIC MATLS	12,492					12,492
	Materials/supplies subtotal	100,192	0	38,000	6,600	250	145,042
6001	EQUIPMENT	8,000					8,000
	Capital subtotal	8,000	0	0	0	0	8,000
	TOTAL EXPENDITURES	953,350	0	39,000	6,600	5,550	1,004,200
	NET RESULTS OF OPERATIONS	N/A	9,000	-8,550	0	6,650	N/A
	ENDING FUND BALANCE	N/A	561,371	16,281	383,356	170,848	N/A

Museum

		01 General Fund	08 Museum Improvement	27 Lighthouse Maintenance and Improvement	FY 07/08 total
	BEGINNING FUND BALANCE	N/A	416,428	23,000	N/A
	REVENUES				
4451	LIGHTHOUSE ADMISSION			30,000	
4601	DONATIONS			26,000	
4615	MUSEUM IMPROVMT FUND DON		60,000		
4651	INTEREST EARNED		8,500		
4931	INTERFUND OPERATING TRANS			20,000	
	TOTAL REVENUES	N/A	68,500	76,000	N/A
	EXPENDITURES				
5101	BASE SALARY	165,812			165,812
5104	SALARIES RETROACTIVE PAY	0			0
5105	PART-TIME SALARIES	18,000			18,000
5121	FICA-MEDICARE BENEFITS	2,345			2,345
5122	RETIREMENT (PERS)	36,384			36,384
5123	HEALTH INSURANCE COST	1,999			1,999
5124	UNEMPLOYMENT COST	58			58
5125	DEFERRED COMPENSATION	0			0
5126	WORKERS' COMPENSATION	1,164			1,164
5127	LIFE/DISBILITY INSURANCE	0			0
5128	OTHER EMPLOYEE BENEFITS	2,695			2,695
5129	FLEXIBLE HEALTH BENEFIT	2,400			2,400
5130	POB DEBT SERVICE	12,227			12,227
	Staffing subtotal	243,086	0	0	243,086
5201	CONTRACT SERVICES			5,000	5,000
5202	PROF/CONSULTANT SERVICES	1,000			1,000
5206	DATA, COMMUNICATION SVCS	0			0
5207	MAINTENANCE SERVICES	0			0
5211	POSTAGE	500			500
5212	TELEPHONE	3,000			3,000
5215	MEETING/TRAINING/TRAVEL	0			0
5217	TRAVEL, MEAL COSTS	0			0
5221	ADVERTISING	695			695
5222	UTILITIES	14,000			14,000
5223	BLDG REPAIR, MAINT	3,500			3,500
5224	EQUIP REPAIR, MAINT	4,000			4,000
5226	EQUIPMENT REPAIR	0			0
5231	INSURANCE	6,500			6,500
5261	SUBSCRIPTIONS, MEMB	1,500			1,500
	Services subtotal	34,695	0	5,000	39,695
5301	OFFICE SUPPLIES	1,000			1,000
5305	JANITORIAL SUPPLIES	1,200			1,200
5309	OTHER SUPPLIES	3,000			3,000
	Materials/supplies subtotal	5,200	0	0	5,200
5401	INTERFUND TRANSFER		20,000		20,000
6001	EQUIPMENT		5,000		5,000
6021	GENERAL BLDG IMP		75,000	70,800	145,800
	Capital subtotal	0	80,000	70,800	150,800
	TOTAL EXPENDITURES	282,981	100,000	75,800	458,781
	NET RESULTS OF OPERATIONS	N/A	-31,500	200	N/A
	ENDING FUND BALANCE	N/A	384,928	23,200	N/A

Police

	01 General Fund	21 Drug Awareness	42 Public Safety Augmentation	43 SLESF	FY 07/08 total
BEGINNING BALANCE	N/A	14,131	-38,156	54,620	N/A
REVENUES					
4305 PUBLIC SFTY AUGMNT FUND			95,000		
4377 COUNTY OF MONTEREY-COPS				100,000	
4651 INTEREST EARNED				1,000	
4931 INTERFUND OPERATING TRANS			115,000		
TOTAL REVENUES	N/A	0	210,000	101,000	N/A
EXPENDITURES					
5101 BASE SALARY	2,698,269			72,380	2,770,649
5102 OVERTIME	160,000				160,000
5103 STAND-BY PAY/FLSA PAY	0				0
5104 SALARIES RETROACTIVE PAY	0				0
5105 PART-TIME SALARIES	45,000				45,000
5106 UNIFORM ALLOWANCE PAY	27,840			870	28,710
5111 PART-TIME SALARIES	0				0
5121 FICA-MEDICARE BENEFITS	38,860			1,050	39,910
5122 RETIREMENT (PERS)	578,042			14,563	592,605
5123 HEALTH INSURANCE COST	17,783			936	18,719
5124 UNEMPLOYMENT COST	965			26	991
5125 DEFERRED COMPENSATION	0			0	0
5126 WORKERS' COMPENSATION	273,363			10,025	283,388
5128 OTHER EMPLOYEE BENEFITS	12,480			390	12,870
5129 FLEXIBLE HEALTH BENEFIT	3,600				3,600
5130 POB DEBT SERVICE	362,091			10,814	372,905
Staffing subtotal	4,218,293	0	0	111,054	4,329,347
5201 CONTRACT SERVICES	86,000		210,000		296,000
5211 POSTAGE	2,350				2,350
5212 TELEPHONE	14,500				14,500
5215 MEETING/TRAINING/TRAVEL	6,000				6,000
5216 ATTENDANCE COSTS	0				0
5218 EDUCATION INCENTIVE	12,000				12,000
5219 POST TRAINING	30,000				30,000
5220 TRAINING	10,000				10,000
5222 UTILITIES	27,500				27,500
5223 BLDG REPAIR, MAINT	9,500				9,500
5224 EQUIP REPAIR, MAINT	21,000				21,000
5226 EQUIPMENT REPAIR	12,500				12,500
5227 VEHICLE REPAIR	17,000				17,000
5251 PRISONER EXPENSES	11,000				11,000
5261 SUBSCRIPTIONS, MEMB	1,800				1,800
5291 SPECIAL DEPT EXPENSE	6,200	10,000			16,200
Services subtotal	267,350	10,000	210,000	0	487,350
5301 OFFICE SUPPLIES	6,000				6,000
5302 PRINTING SUPPLIES	8,000				8,000
5309 OTHER SUPPLIES	0				0
5311 VEHICLE FUEL	33,000				33,000
5312 VEHICLE TIRES	2,500				2,500
5352 CHEMICAL SUPPLIES	3,500				3,500
Materials/supplies subtotal	53,000	0	0	0	53,000
5801 INTEREST PMTS	180,000				180,000
6001 EQUIPMENT	0			14,566	14,566
6011 POLICE VEHICLES				30,000	30,000
Capital subtotal	180,000	0	0	44,566	224,566
TOTAL EXPENDITURES	4,718,643	10,000	210,000	155,620	5,094,263
NET RESULTS OF OPERATIONS	N/A	-10,000	0	-54,620	N/A
ENDING FUND BALANCE	N/A	4,131	-38,156	0	N/A

Public Works

	General Fund	44 Storm water	16 Traffic Cong. Relief	18 Gas Tax	20 RSTP (via TAMC)	41 Yount Trust (expend.)	53 Oceanfront Restoration	FY 07/08 total
BEGINNING FUND BALANCE		-250,627	125,271	140,646	-208,317	22,898	1,236,481	
REVENUES								
4315 TRAFFIC CONGESTION RELIEF			60,000					60,000
4331 STATE GAS TAX 2105				89,000				89,000
4332 STATE GAS TAX 2106				42,000				42,000
4333 STATE GAS TAX 2107				114,000				114,000
4334 STATE GAS TAX 2107.5				4,500				4,500
4339 CLEAN BEACHES INIT. GRANT								0
4351 INTERFUND TRANSFER						20,000		20,000
4371 RSTP ALLOCATIONS					131,000			131,000
4373 TEA GRANT					75,000			75,000
4381 STIP1 ALLOC					484,000			484,000
4382 STIP2 ALLOC					0			0
4638 PROJECT MATCH							25,000	25,000
4651 INTEREST EARNED				500		30,000		30,500
4931 INTERFUND TRANSFER		250,000						250,000
REVENUE TOTAL	N/A	250,000	60,000	250,000	690,000	50,000	25,000	1,325,000
EXPENDITURES								
5101 BASE SALARY	1,109,067			78,075	18,000		4,000	1,209,142
5102 OVERTIME	7,500					300		7,800
5104 SALARIES RETROACTIVE PAY	0							0
5105 PART-TIME SALARIES	20,000					21,000		41,000
5106 UNIFORM ALLOWANCE PAY	0							0
5121 FICA-MEDICARE BENEFITS	15,886			1,118	250	350	60	17,664
5122 RETIREMENT (PERS)	115,286			8,114			325	123,725
5123 HEALTH INSURANCE COST	6,994			396			0	7,389
5124 UNEMPLOYMENT COST	394			28	15		2	439
5125 DEFERRED COMPENSATION	0			0				0
5126 WORKERS' COMPENSATION	72,595			6,167	125	950	420	80,257
5127 LIFE/DISABILITY INSURANCE	0							0
5128 OTHER EMPLOYEE BENEFITS	18,681			1,323			90	20,094
5129 FLEXIBLE HEALTH BENEFIT	19,500			1,440				20,940
5130 POB DEBT SERVICE	82,826			5,828				88,654
Staffing subtotal	1,468,730	0	0	102,488	18,390	22,600	4,897	1,617,105
	0							
5201 CONTRACT SERVICES	334,500	225,000		25,000			25,000	609,500
5202 PROF/CONSULTANT SERVICES	4,000				1,000			5,000
5204 ENGINEERING/DESIGN SVCS	6,000							6,000
5206 DATA, COMMUNICATION SVCS	3,000			1,000				4,000
5207 MAINTENANCE SERVICES	9,500							9,500
5208 CONTRACT PERSONNEL	4,500							4,500
5212 TELEPHONE	4,500							4,500
5215 MEETING/TRAINING/TRAVEL	7,100			500				7,600
5216 ATTENDANCE COSTS	0			500				500
5217 TRAVEL, MEAL COSTS	1,350			250				1,600
5222 UTILITIES	55,000			85,000				140,000
5223 BLDG REPAIR, MAINT	13,000			3,000				16,000
5224 EQUIP REPAIR, MAINT	1,000			3,000				4,000
5226 EQUIPMENT REPAIR	9,000			2,500				11,500
5227 VEHICLE REPAIR	13,000			3,000				16,000
5261 SUBSCRIPTIONS, MEMB	1,900							1,900
5263 COMMITTEE EXPENSES	500							500
5275 SAFETY EQUIP	3,800			500				4,300
5276 FUEL SYSTEM REPAIR	0			3,000				3,000
5291 SPECIAL DEPT EXPENSE	10,000	25,000				3,500		38,500
Services subtotal	481,650	250,000	0	127,250	1,000	3,500	25,000	888,400

Public Works (continued)

		General Fund	44 Storm water	16 Traffic Cong. Relief	18 Gas Tax	20 RSTP (via TAMC)	41 Yount Trust (expend.)	53 Oceanfront Restoration	FY 07/08 total
5301	OFFICE SUPPLIES	4,000			250				4,250
5303	BOOKS, PRINTED MATL	250							250
5305	JANITORIAL SUPPLIES	24,000							24,000
5309	OTHER SUPPLIES	30,500					21,000		51,500
5311	VEHICLE FUEL	18,600			4,000				22,600
5312	VEHICLE TIRES	2,050			200				2,250
5322	SMALL TOOLS	1,000							1,000
5324	CONSTRUCTION SUPPLIES	3,000							3,000
5325	HAZ WASTE DISPOSAL	2,000			2,500				4,500
5331	STREET SUPPLIES	23,000			10,000		1,000		34,000
5337	INVENTORY	2,500							2,500
5351	AGRICULTURAL SUPPLIES	3,000							3,000
5352	CHEMICAL SUPPLIES	0							0
	Materials/supplies subtotal	113,900	0	0	16,950	0	22,000	0	152,850
		0							
5401	FUND TRANSFERS	0			4,000				4,000
		0							0
5801	INTEREST PMTS	5,000							5,000
6001	EQUIPMENT	14,000							14,000
6026	URBAN RUNOFF DIVERSION II	0							0
6031	PARK, OPEN SPACE IMP	0						1,200,000	1,200,000
6041	STREET, SIDEWALK IMP	7,000		75,000	15,000				97,000
6046	STREET RECON (RSTP2)	0				477,000			477,000
6047	STREET RECON (RSTP2)	0				31,500			31,500
6048	CONG/FOREST OVERLAY STIP1	0							0
6051	SEWER SYSTEM IMP	0							0
	Capital subtotal	26,000	0	75,000	15,000	508,500	0	1,200,000	1,824,500
		0							
	TOTAL EXPENDITURES	2,090,280	250,000	75,000	265,688	527,890	48,100	1,229,897	4,486,855
	NET RESULTS OF OPERATIONS	N/A	0	-15,000	-15,688	162,110	1,900	-1,204,897	N/A
	ENDING FUND BALANCE	N/A	-250,627	110,271	124,957	-46,207	24,798	31,584	N/A

Recreation

	Fund	01 General Fund	26 Chautauqua Hall	FY 07/08 total
	BEGINNING FUND BALANCE	N/A	17,163	N/A
	REVENUES			
4603	CHAUTAUQUA HALL FEES		5,000	
4651	INTEREST EARNED		500	
	TOTAL REVENUES		5,500	
	EXPENDITURES			
5101	BASE SALARY	455,306		455,306
5102	OVERTIME	0		0
5104	SALARIES RETROACTIVE PAY	0		0
5105	PART-TIME SALARIES	145,000		145,000
5111	PART-TIME SALARIES	0		0
5121	FICA-MEDICARE BENEFITS	6,495		6,495
5122	RETIREMENT (PERS)	47,118		47,118
5123	HEALTH INSURANCE COST	3,088		3,088
5124	UNEMPLOYMENT COST	161		161
5125	DEFERRED COMPENSATION	0		0
5126	WORKERS' COMPENSATION	26,070		26,070
5127	LIFE/DISABILITY INSURANCE	0		0
5128	OTHER EMPLOYEE BENEFITS	7,537		7,537
5129	FLEXIBLE HEALTH BENEFIT	7,200		7,200
5130	POB DEBT SERVICE	33,864		33,864
	Staffing subtotal	731,840	0	731,840
5201	CONTRACT SERVICES	15,320		15,320
5208	CONTRACT PERSONNEL	0		0
5211	POSTAGE	1,800		1,800
5212	TELEPHONE	10,500		10,500
5215	MEETING/TRAINING/TRAVEL	0		0
5216	ATTENDANCE COSTS	0		0
5217	TRAVEL, MEAL COSTS	2,500		2,500
5221	ADVERTISING	23,000		23,000
5222	UTILITIES	55,000		55,000
5223	BLDG REPAIR, MAINT	12,500		12,500
5224	EQUIP REPAIR, MAINT	7,900		7,900
5226	EQUIPMENT REPAIR	2,400		2,400
5227	VEHICLE REPAIR	1,500		1,500
5231	INSURANCE	10,450		10,450
5261	SUBSCRIPTIONS, MEMB	2,800		2,800
5291	SPECIAL DEPT EXPENSE	1,771		1,771
	Services subtotal	147,441	0	147,441
5301	OFFICE SUPPLIES	3,650		3,650
5305	JANITORIAL SUPPLIES	4,500		4,500
5309	OTHER SUPPLIES	0		0
5311	VEHICLE FUEL	2,000		2,000
5312	VEHICLE TIRES	600		600
5352	CHEMICAL SUPPLIES	600		600
5361	RECREATION SUPPLIES	41,000		41,000
5362	SPECIAL EVENT SUPPLIES	28,000		28,000
5363	ARTS PROMOTION EXP	0		0
	Materials/supplies subtotal	80,350	0	80,350
6001	EQUIPMENT	0		0
	Capital subtotal	0	0	0
	TOTAL EXPENDITURES	959,631	0	959,631
	NET RESULTS OF OPERATIONS	N/A	5,500	N/A
	ENDING FUND BALANCE	N/A	22,663	N/A

Cemetery Enterprise Fund

	BEGINNING BALANCE	-105,239
	REVENUES	
4481	SITE SALES & SERVICE	190,000
4482	CEMETERY MAUSOLEUM SALES	35,000
4484	CEMETERY LABOR CHARGES	75,000
4651	INTEREST EARNED	10,000
4662	CREMATORIUM LEASE	5,000
	TOTAL REVENUES	315,000
	EXPENDITURES	
5101	BASE SALARY	127,303
5102	OVERTIME	500
5104	SALARIES RETROACTIVE PAY	0
5105	PART-TIME SALARIES	13,000
5106	UNIFORM ALLOWANCE PAY	0
5107	VOLUTEER FIREMEN	0
5121	FICA-MEDICARE BENEFITS	1,845
5122	RETIREMENT (PERS)	13,393
5123	HEALTH INSURANCE COST	0
5124	UNEMPLOYMENT COST	32
5125	DEFERRED COMPENSATION	0
5126	WORKERS' COMPENSATION	5,052
5127	LIFE/DISBILITY INSURANCE	0
5128	OTHER EMPLOYEE BENEFITS	1,617
5129	FLEXIBLE HEALTH BENEFIT	1,800
5130	POB DEBT SERVICE	9,619
	Staffing subtotal	174,161
5201	CONTRACT SERVICES	20,000
5202	PROF/CONSULTANT SERVICES	2,000
5204	ENGINEERING/DESIGN SVCS	3,000
5207	MAINTENANCE SERVICES	3,000
5211	POSTAGE	415
5212	TELEPHONE	300
5217	TRAVEL, MEAL COSTS	400
5222	UTILITIES	12,600
5226	EQUIPMENT REPAIR	1,500
5227	VEHICLE REPAIR	5,000
5231	INSURANCE	9,000
	Services subtotal	57,215
5301	OFFICE SUPPLIES	500
5309	OTHER SUPPLIES	5,000
5311	VEHICLE FUEL	1,500
5312	VEHICLE TIRES	200
5337	INVENTORY	5,000
5351	AGRICULTURAL SUPPLIES	750
	Materials/supplies subtotal	12,950
5411	BLDG DEPRECIATION	0
5412	IMPROVEMENTS DEPR	0
5413	EQUIP DEPRECIATION	0
5491	INDIRECT COST ALLOCATION	54,819
	Depreciation/Indirect costs subtotal	54,819
6001	EQUIPMENT	15,000
6021	GENERAL BLDG IMP	0
6023	PUB WKS FAC IMP	0
	Capital Subtotal	15,000
	TOTAL EXPENDITURES	314,145
	NET RESULTS OF OPERATIONS	855
	ENDING FUND BALANCE	-104,384

Sewer Enterprise Fund

	FUND #76 SEWER	FY 07/08 budget
	BEGINNING FUND BALANCE	445,774
	REVENUES	
4470	SEWER CONNECTION FEES	8,000
4471	SEWER SERVICE SURCHARGE	2,000,000
	TOTAL REVENUES	2,008,000
	EXPENDITURES	
5101	BASE SALARY	230,822
5102	OVERTIME	5,000
5104	SALARIES RETROACTIVE PAY	0
5105	PART-TIME SALARIES	0
5106	UNIFORM ALLOWANCE PAY	0
5111	PART-TIME SALARIES	0
5121	FICA-MEDICARE BENEFITS	3,289
5122	RETIREMENT (PERS)	23,872
5123	HEALTH INSURANCE COST	311
5124	UNEMPLOYMENT COST	82
5125	DEFERRED COMPENSATION	0
5126	WORKERS' COMPENSATION	14,720
5127	LIFE/DISABILITY INSURANCE	0
5128	OTHER EMPLOYEE BENEFITS	3,889
5129	FLEXIBLE HEALTH BENEFIT	4,200
5130	POB DEBT SERVICE	17,148
	Staffing subtotal	303,331
5201	CONTRACT SERVICES	357,500
5202	PROF/CONSULTANT SERVICES	50,000
5204	ENGINEERING/DESIGN SVCS	4,500
5207	MAINTENANCE SERVICES	1,500
5212	TELEPHONE	4,000
5215	MEETING/TRAINING/TRAVEL	5,000
5216	ATTENDANCE COSTS	0
5222	UTILITIES	12,000
5223	BLDG REPAIR, MAINT	3,000
5226	EQUIPMENT REPAIR	10,000
5227	VEHICLE REPAIR	10,000
5231	INSURANCE	5,231
5232	INSURANCE CLAIMS	0
5261	SUBSCRIPTIONS, MEMB	1,500
5291	SPECIAL DEPT EXPENSE	0
	Services subtotal	464,231

Sewer Enterprise Fund (Continued)

5309	OTHER SUPPLIES	15,000
5311	VEHICLE FUEL	8,500
5312	VEHICLE TIRES	1,400
5352	CHEMICAL SUPPLIES	0
	Materials/supplies subtotal	24,900
5411	BLDG DEPRECIATION	0
5412	IMPROVEMENTS DEPR	0
5413	EQUIP DEPRECIATION	0
5441	FRANCHISE TAXES	75,000
5491	INDIRECT COST ALLOCATION	225,205
	Depreciation/Indirect costs subtotal	300,205
5801	INTEREST PMTS	0
5802	PRINCIPAL PMTS	30,000
5803	BOND - INTEREST PMTS	32,571
5804	AMORTIZATION EXPENSES	0
	Debt service subtotal	62,571
6001	EQUIPMENT	100,000
6012	PUB WKS VEHICLES	25,000
6051	SEWER SYSTEM IMP	500,000
6052	PUMP STA IMPROVEMENTS	25,000
6053	SEWER LATERALS REPLCMT.	40,000
6061	GOLF COURSE IMP	0
	Capital Subtotal	690,000
	EXPENDITURES TOTAL	1,845,238
	NET RESULTS OF OPERATIONS	162,762
	ENDING FUNDING BALANCE	608,536

Non-Departmental

		71 Workers Comp	72 Risk Management	70 Employee Benefits	14 Civic Center	32 Vehicle Replacement	54 Butterfly Bonds	61 Bldg. and Facilities	Tax and Revenue Anticipation Notes	FY 07/08 total
	BEGINNING FUND BALANCE	-579,639	14,292	-23,700	-20,288	-8,569	-3,293	660,077	2,940,134	N/A
	REVENUES									
4001	PROPERTY TAXES SECURED						87,000			87,000
4002	UNSECURED PROPERTY TAXES						1,600			1,600
4003	SUPPLEMENTAL ROLL TAX						2,200			2,200
4004	PRIOR PERIOD SECURED TAX						1,176			1,176
4005	PRIOR PERIOD UNSECURED TX						16			16
4378	HOMEOWNERS' PROP. TAX REL						200			200
4512	HEALTH BENEFITS MISC. REV			70,000						70,000
4515	WORKERS COMP. MISC. REVENUE	720,000								720,000
4519	UNEMPLOYMENT CHARGES			3,500						3,500
4651	INTEREST EARNED							170,000		170,000
4661	CIVIC CNTR SITE PROP.RENT				12,000					12,000
4703	HEALTH CARE SPENDING ACCT			35,000						35,000
4705	DEPENDENT CARE SPENDING			6,000						6,000
4931	INTERFUND OPERATING TRANS		300,000	38,200	212,292	115,881				666,373
	TOTAL REVENUES	720,000	300,000	152,700	224,292	115,881	92,192	0	170,000	1,775,065
	EXPENDITURES									
5101	BASE SALARY	24,186	18,171							42,357
5104	SALARIES RETROACTIVE PAY	0	0							0
5121	FICA-MEDICARE BENEFITS	259	198							457
5122	RETIREMENT (PERS)	1,878	1,434							3,312
5123	HEALTH INSURANCE COST	176	176	60,000						60,351
5124	UNEMPLOYMENT COST	6	5							11
5125	DEFERRED COMPENSATION	0	0							0
5126	WORKERS' COMPENSATION	129	98							227
5128	OTHER EMPLOYEE BENEFITS	293	230							523
5129	FLEXIBLE HEALTH BENEFIT	225	225							450
5130	POB DEBT SERVICE	1,351	1,030							2,381
5141	PARS SOC.SEC. REPLACEMENT			3,700						3,700
5142	HEALTH BENF. REIMBRMST.			36,000						36,000
	Staffing subtotal	28,503	21,566	99,700	0	0	0	0	0	149,769
5201	CONTRACT SERVICES				1,500					1,500
5202	PROF/CONSULTANT SERVICES									0
5203	ADMIN/RETAINER SERVICES	75,000								75,000
5231	INSURANCE	300,000	235,000							535,000
5232	INSURANCE CLAIMS	325,000	12,000							337,000
5234	DENTAL CLAIMS			50,000						50,000
5235	UNEMPLOYMENT CLAIMS			3,000						3,000
5291	SPECIAL DEPT EXPENSE	0								0
	Services subtotal	700,000	247,000	53,000	1,500	0	0	0	0	1,001,500
5801	INTEREST PMTS				222,792				106,500	329,292
5802	PRINCIPAL PMTS						54,773	3,000,000		3,054,773
5803	BOND - INTEREST PMTS						34,126			34,126
	Debt service subtotal	0	0	0	222,792	0	88,899	0	3,106,500	3,418,191
6011	POLICE VEHICLES					46,951				46,951
6012	PUB WKS VEHICLES					18,654				18,654
6013	FIRE VEHICLES					50,276				50,276
6014	MISC VEHICLES									0
6021	GENERAL BLDG IMP									0
6024	REC FACILITY IMP									0
6031	PARK, OPEN SPACE IMP									0
	Capital subtotal	0	0	0	0	115,881	0	0	0	115,881
	TOTAL	728,503	268,566	152,700	224,292	115,881	88,899	0	3,106,500	4,685,341
	NET RESULTS OF OPERATION	-8,503	31,434	0	0	0	3,293	0	-2,936,500	N/A
	ENDING FUND BALANCE	-588,143	45,726	-23,700	-20,288	-8,569	0	660,077	3,634	

Fund Descriptions

CARILLON ACQUISITION AND MAINTENANCE FUND

This fund accounts for donations designated for the maintenance of the tower clock and chimes system at City Hall.

OCEAN RESCUE FUND

This fund accounts for donations to the Ocean Rescue program and fees generated by the use of the hyperbaric chamber at the Fire Department.

LIBRARY BUILDING & EQUIPMENT FUND

This fund accounts for donations designated for improvements to the City Library.

MUSEUM IMPROVEMENT FUND

This fund accounts for donations designated for improvements to the Museum facility and Museum exhibits.

LIBRARY BOOK FUND

This fund accounts for donations designated for the purchase of books for the City Library.

FIRE DEPARTMENT EMERGENCY EQUIPMENT FUND

This fund accounts for grants, fees and donations in support of Fire Department safety programs.

TRANSPORTATION DEVELOPMENT ACT FUND

This fund accounts for revenues associated with the Transportation Development Act.

CIVIC CENTER SITE FUND

This fund accounts for funds dedicated to the maintenance and improvement of City Hall and surrounding property, and revenues derived from the use of City owned buildings in that area.

RSTP (TAMC) FUND

This fund accounts for allocations from the Regional Surface Transportation Program designated for street and sidewalk improvements.

DRUG AWARENESS (DARE) FUND

This fund accounts for revenues designated for the Drug Awareness and Resistance Program directed by the Police Department.

RECREATION DONATION FUND

This fund accounts for donations in support of youth programs through the Recreation Department.

CHAUTAUQUA HALL PRESERVATION FUND

This fund accounts for revenues designated for the maintenance and improvement of the historic Chautauqua Hall building.

VEHICLE REPLACEMENT FUND

This fund accounts for the purchase of City vehicles.

HOUSING REHABILITATION LOANS (DPRL) FUND

This fund accounts for the revolving loan funds used in the City's Housing Rehabilitation Loan Program managed by the Community Development Department.

YOUNT TRUST INCOME FUND

This fund accounts for income from the expendable portion of the Yount Trust.

PUBLIC SAFETY AUGMENTATION FUND

This fund accounts for revenue resulting from the passage of Proposition 172, designated for Public Safety related programs.

SUPPLEMENTAL LAW ENFORCEMENT SERVICES (SLESF) FUND

This fund receives Prop. 172 special sales tax revenues which must be spent on law enforcement programs.

OCEAN FRONT RESTORATION FUND

This fund accounts for donations designated for maintenance and improvements to the City's coastline area.

POETRY PROMOTION FUND

This fund accounts for income from a bequest to the City designated for the promotion of poetry in the community.

BUTTERFLY HABITAT BOND DEBT FUND

This fund accounts for payment of City bonds issued for the purchase of the property known as the Butterfly Habitat.

BUILDINGS & FACILITIES IMPROVEMENT CAPITAL PROJECTS FUND

This fund accounts for funds used for the acquisition, construction and improvement of City facilities, with the exception of those assets financed with proprietary funds.

LIBRARY ENDOWMENT TRUST FUND

This fund accounts for the principal corpus of this endowment.

CEMETERY ENDOWMENT TRUST FUND

This fund accounts for the principal corpus of this endowment.

YOUNT TRUST FUND

This fund accounts for the principal corpus of this endowment

Staffing Summary

			FY 006/07	FY 2007/08
Dpt	Division	Positions	Position%	Position %
10	101	COUNCILMEMBER	6.00	6.00
		MAYOR	1.00	1.00
		Full-Time	7.00	7.00
TOTAL: CITY COUNCIL			7.00	7.00
12	121	ADMINISTRATIVE ASSISTANT	0.50	0.00
		ADMINISTRATIVE SERVICES DIRECTOR	1.00	0.00
		CITY MANAGER	1.00	1.00
		DEPUTY CITY MANAGER	0.00	1.00
		EXECUTIVE ASSISTANT	0.00	1.00
		MANAGEMENT ANALYST	0.00	0.75
		PRINICIPAL ANALYST	0.00	0.75
		DEPUTY CITY CLERK	0.00	0.50
		SECRETARY TO THE CITY MANAGER	1.00	0.00
		Full-Time	3.50	5.00
TOTAL: CITY MANAGER'S OFFICE			3.50	5.00
13	131	ACCOUNTING ASSISTANT II	2.00	1.00
		ASSISTANT FINANCE OFFICER	1.00	1.00
		DIRECTOR OF MANAGEMENT AND BUDGET	1.00	1.00
		PAYROLL TECHICIAN	1.00	1.00
		SENIOR ACCOUNTANT	0.00	1.00
		Full-Time	5.00	5.00
	133	INFORMATION SYSTEMS ANALYST	0.00	1.00
	Full-Time	0.00	1.00	
TOTAL: FINANCE OFFICE			5.00	6.00
20	201	ADMIN SECRETARY II - CDD	1.00	1.00
		ASSOCIATE PLANNER	1.00	1.00
		BLDG INSPECTOR OFFICE TECH	1.00	1.00
		BUILDING INSPECTOR	1.00	1.00
		CHIEF BUILDING INSPECTOR	1.00	1.00
		COMMUNITY DEVELOPMENT DIRECTOR	1.00	1.00
		PLANNING TECHNICIAN	1.00	1.00
		SENIOR PLANNER	1.00	1.00
		SENIOR PLANNER- HOUSING	0.13	0.13
	202	SENIOR PLANNER- HOUSING	0.17	0.31
203	SENIOR PLANNER- HOUSING	0.05	0.00	
204	SENIOR PLANNER- HOUSING	0.31	0.31	
209	SENIOR PLANNER- HOUSING	0.22	0.12	
	Full-Time	8.88	8.87	
	201	BUILDING INSPECTOR	0.50	0.50
		BUILDING INSPECTOR P/T	0.50	0.50
		OFFICE ASSISTANT I- CDD	0.50	0.50
	202	HOUSING REHABILITATION INSPECTOR	0.20	0.20
	203	PLANNING AID -HOUSING	0.34	0.34
	204	PLANNING AID -HOUSING	0.66	0.66
	206	PLANNING AID -HOUSING	0.00	0.00
	209	HOUSING REHABILITATION INSPECTOR	0.80	0.80
	Part-Time	3.50	3.50	
TOTAL: COMMUNITY DEVELOPMENT DEPT.			12.38	12.37

30	301	ANIMAL CONTROL OFFICER	1.00	1.00	
		PARKING ENFORCER OFFICER	1.00	2.00	
		POLICE CHIEF	0.50	1.00	
		POLICE COMMANDER	2.00	2.00	
		POLICE CORPORALS	4.00	4.00	
		POLICE OFFICER	12.00	12.00	
		POLICE SERGEANT	6.00	6.00	
		POLICE SERVICES TECHICIAN II	2.00	2.00	
		POLICE SERVICES TECHNICIAN I	3.00	3.00	
	SECRETARY TO POLICE CHIEF	1.00	1.00		
	304	POLICE OFFICER- SLESF (304)	1.00	1.00	
Full-Time			33.50	35.00	
301	301	CROSSING GUARD	0.50	0.50	
		PARKING ENFORCEMENT OFFICER P/T	0.50	0.50	
		POLICE RESERVE OFFICER	2.50	2.50	
		POLICE SERVICES TECHNICIAN I -PT	0.50	0.50	
		STUDENT INTERN	0.50	0.50	
		TRAFFIC ENGINEER	0.48	0.48	
Part-Time			4.98	4.98	
TOTAL: POLICE DEPARTMENT			38.48	39.98	
35	351	ADMINISTRATIVE SECRETARY II - FIRE	1.00	1.00	
		ASSISTANT FIRE CHIEF	1.00	1.00	
		ENGINE CAPTAIN	3.00	3.00	
		FIRE CHIEF	1.00	1.00	
		FIRE ENGINEER	9.00	7.00	
		FIRE MARSHAL/DIVISION CHIEF	1.00	0.00	
		FIRE STATION CAPTAIN	3.00	3.00	
		FIREFIGHTER	0.00	2.00	
		Full-Time			19.00
	351	351	FIRE CLERK I	0.50	0.50
FIRE PREVENTION OFFICER			0.00	0.50	
352	352	OCEAN RESCUE VOLUNTEER	15.00	15.00	
Part-Time			15.50	16.00	
351	351	PAID ON-CALLFIREFIGHTER	17.50	17.50	
Part-Time			17.50	17.50	
TOTAL: FIRE DEPARTMENT			52.00	51.50	
40	401	ADMINISTRATIVE SECRETARY I -LIB	1.00	0.00	
		LIBRARIAN I >30H.	0.75	0.75	
		LIBRARIAN II	2.00	2.00	
		LIBRARY ASSISTANT I	1.00	1.00	
		LIBRARY ASSISTANT II	1.00	2.00	
		LIBRARY DIRECTOR	1.00	0.00	
		SENIOR LIBRARIAN	0.00	1.00	
		SENIOR LIBRARY ASSISTANT	2.00	2.00	
		Full-Time			8.75
	401	401	LIBRARIAN I	0.50	0.50
ADMINISTRATIVE SECRETARY I			0.00	0.00	
LIBRARIAN II			0.50	0.50	
LIBRARY ASSISTANT I			2.50	2.50	
LIBRARY ASSISTANT II			1.00	1.00	
SENIOR LIBRARY ASSISTANT			0.50	0.50	
SHELVER			1.50	1.50	
Part-Time			6.50	6.50	
TOTAL: LIBRARY DEPARTMENT			15.25	15.25	

41	411	ASSISTANT MUSEUM CURATOR	1.00	1.00	
		MUSEUM DIRECTOR	1.00	1.00	
Full-Time			2.00	2.00	
		MAINT WORKER I - MUSEUM	0.50	0.50	
		PROGRAM COORDINATOR - MUSUEM	0.50	0.50	
Part-Time			1.00	1.00	
TOTAL MUSEUM DEPARTMENT			3.00	3.00	
42	421	ADMIN SECRETARY II	1.00	1.00	
		MAINTENANCE WORKER II -REC	1.00	1.00	
		OFFICE ASSISTANT II REC	0.85	0.85	
		RECREATION COORDINATOR I	2.00	2.00	
		RECREATION DIRECTOR	1.00	1.00	
		SENIOR RECREATION COORDINATOR	1.00	1.00	
Full-Time			6.85	6.85	
421	421	ASSISTANT PROGRAM COORDINATOR	3.50	3.50	
		COMMUNITY CENTER ATTENDANT	1.00	1.00	
		DESK ATTENDANT	0.50	0.50	
		PLAYGROUND LEADER	5.00	5.00	
		POOL INSTRUCTOR/LIFEGUARD	5.00	5.00	
		POOL MANAGER	1.50	1.50	
		PRE-SCHOOL AID	0.50	0.50	
		PRE-SCHOOL DIRECTOR	0.50	0.50	
		PRE-SCHOOL TEACHER	0.50	0.50	
		PROGRAM COORDINATOR - REC	4.50	4.50	
		PROGRAM SPECIALIST -REC	3.00	3.00	
		SENIOR PLAYGROUND LEADER	3.50	3.50	
		SENIOR RECREATION LEADER	1.50	1.50	
		SLOW PITCH UMPIRES	0.50	0.50	
		SOCKO UMPIRES/YOUTH SPORTS	2.50	2.50	
YOUTH SPORTS REFEREE	7.50	7.50			
YOUTH SPORTS REFEREE -REC	2.50	2.50			
Part-Time			43.50	43.50	
TOTAL: RECREATION			50.35	50.35	
50	501	ADMIN SECRETARY I	1.00	1.00	
		ASSISTANT TO THE PUBLIC WORKS DIRECTOR	0.00	0.50	
		PUBLIC WORKS BUSINESS MANAGER	0.00	0.65	
		PUBLIC WORKS DIRECTOR	1.00	0.00	
	502	502	EQUIPMENT MECHANIC I	1.00	1.00
			EQUIPMENT MECHANIC II	1.00	1.00
			MECHANICAL SUPERVISOR	1.00	1.00
	503	503	MAINT FIELD SUPERVISOR - BLDG & GROUNDS	1.00	1.00
			MAINT WORKER II - BLDG & GROUNDS	5.00	5.00
			MAINTENANCE WORKER I BLDG & GROUNDS	1.00	1.00
			PUBLIC WORKS SUPERVISOR	0.60	0.00
	505	505	ASSIST TO THE DIRECTOR OF PW	0.85	0.30
			MAINT FIELD SUPERVISOR - STREETS	1.00	0.70
			MAINT WORKER II - STREETS	0.50	1.40
			MAINTENANCE WORKER II - STREETS ONLY	1.00	0.00
SENIOR MAINTENANCE WORKER - STREETS			0.50	0.70	
TBD	ARBORIST	1.00	1.00		
508	508	MAINT WORKER II - STREETS	0.50	0.60	
		MAINT FIELD SUPERVISOR - STREETS	1.00	0.30	
		SENIOR MAINTENANCE WORKER - STREETS	0.50	0.30	
511	PUBLIC WORKS SUPERVISOR	0.10	0.00		
512	PUBLIC WORKS BUSINESS MANAGER	0.00	0.05		
Full-Time			19.55	17.50	
503	503	MAINTENANCE WORKER I - PT BULD&GRNDS	0.00	0.00	
		MAINTENANCE WORKER I -B&G	1.50	1.50	
509	TRAFFIC ENGINEER	0.52	0.52		
Part-Time			2.02	2.02	
TOTAL: PUBLIC WORKS DEPARTMENT			21.57	19.52	

60		DEPUTY CITY CLERK	0.00	0.50
	601	MAINT WORKER I - CEMETERY	1.00	0.75
		MAINT. WORKER II - CEMETERY	0.00	1.00
		Full-Time	1.00	2.25
	601	CEMETERY OFFICE ASSISTANT	0.50	0.00
		LABORER - CEMETERY		
		MAINTENANCE WORKER I - CEMETERY	0.50	0.50
		Part-Time	1.00	0.50
		TOTAL: CEMETERY FUNCTION	2.00	2.75
61	611	ASSIST TO THE DIRECTOR OF PW	0.15	0.20
		MAINT FIELD SUPERVISOR - SEWER	1.00	1.00
		MAINT WORKER I - SEWER	1.00	1.00
		MAINTENANCE WORKER II-SEWER	1.00	1.00
		PUBLIC WORKS SUPERVISOR	0.30	0.00
		PUBLIC WORKS BUSINESS MANAGER	0.00	0.30
		SENIOR PLANNER- HOUSING	0.13	0.13
		Full-Time	3.58	3.63
		TOTAL: SEWER FUNCTION	3.58	3.63
62	621	ASST. TO DIRECTOR OF GOLF OPERATIONS	1.00	1.00
		EQUIPMENT MECHANIC II- GOLF/SEWER	0.00	0.00
		GOLF DIRECTOR	1.00	1.00
		GOLF COURSE SUPERINTENDENT	0.00	0.00
		LABORER-GOLF	0.75	0.00
		MAINT FIELD SUPERVISOR - GOLF	0.00	0.00
		MAINT WORKER I - GOLF	3.00	3.00
		MAINT WORKER II - GOLF	4.00	4.00
		OFFICE ASSISTANT II REC	0.15	0.15
	624	GOLF ASSISTANT	1.00	0.00
		GOLF SERVICES ASSISTANT	1.00	0.00
		GOLF SHOP SUPERVISOR/PRO	1.00	1.00
		GOLF STARTER @ 0.75	3.00	0.00
		Full-Time	15.90	10.15
	621	GOLF STARTER @ 0.50	0.00	5.00
		GOLF COURSE MARSHAL	3.00	3.00
		LABORER - GOLF	0.50	0.00
		MAINTENANCE WORKER I- PT GOLF	0.50	0.50
	624	RANGE/CART SERVICES ATTENDANTS	1.00	2.00
		Part-Time	5.00	10.50
		TOTAL: GOLF DEPARTMENT	20.90	20.65
70	701	PRINCIPAL ANALYST	0.25	0.25
	702	MANAGEMENT ANALYST	0.25	0.25
		Full-Time	0.50	0.50
		TOTAL NON-DEPARTMENTAL	0.50	0.50
		Total Full-Time Employees	135.01	131.50
		Total Part-Time Employees	100.50	106.00
		Grand Total All Departments	235.51	237.50

Budget Policies

The City of Pacific Grove recognizes that budgetary compliance is an important component of its government's accountability. Its citizens, regardless of their profession, participate in the process of establishing the City's original annual operating budget. The annual budget becomes the City's fiscal statement of goals and priorities for the upcoming fiscal year. In order for the budget to be used as a strategic document, mid-year changes should be limited to minor adjustments and responses to unforeseen emergencies. Major program changes should only be considered as part of the annual budget process.

Generally accepted accounting principles ("GAAP"), including those pronouncements issued by the Government Accounting Standards Board ("GASB") require the City to provide budgetary comparative information and written analysis in its annual reports including a comparison of its original budget and revised budget to actual spending. The City of Pacific Grove may revise its original budget over the course of the year for a variety of reasons. With its annual reporting, the City will publish its original budget in addition to a revised budget which will add an additional analytical dimension and increases the usefulness of the budgetary comparison.

On an annual basis, the City Manager and Administrative Services Director will prepare their insights in a Management's Discussion and Analysis ("MD&A") informing the citizens with an objective and readable analysis of the City's financial performance for the year based on current known facts, decisions and conditions. This analysis, when read in combination with the City's financial statements and required supplemental information, will provide the citizens information useful in assessing whether the City's financial position has improved or deteriorated as a result of the year's operations.

Annual Budget Process Overview

The annual budget process is initiated by the City Manager through meetings and discussions with the City Council, Mayor and Staff to develop an overall plan of identifying the needs and priorities of the city's residents and developing a strategy of fulfilling these needs with resources the City is expected to receive. Concurrently, the City Manager will incorporate the annual capital spending plan into the annual budget. This in part is developed through a the City's development of a five-year General Fund operating revenue, expenditure and available reserve schedule and a five-year capital improvement program.

Following this, a series of meetings of key budget team members (The Finance and Budget Committee, the City Manager, and the Administrative Services Director) (collectively known as the "Budget Team") meet to discuss underlying fiscal policies, goals and objectives of the Council, personal service proposals, material changes in anticipated revenue/income and expenditures/expenses. The process continues with the distribution of a budget request package to all department heads. This package includes a brief message from the Administrative Services Director or City Manager along with general instructions for completing the budget template documents which when completed include proposed expenditures, capital outlays, departmental descriptions, activity accomplishments and future objectives, and other budget data.

Departmental requests are analyzed by the City Manager and the Administrative Services Director who then discuss each departmental request with the applicable department head. Adjustments are made as appropriate and required to meet the City Council's goals and objectives.

The Administrative Services Director prepares the final proposed revenue and expenditure for each department covering all funds and other supplemental material as well as combining all funds appropriately to present a comprehensive annual budget. The City Manager prepares a narrative budget overview. The proposed budget is submitted to the Council by the first meeting in May. Several Council study sessions are held before the required public meetings. The budget is scheduled for adoption in June.

With the adoption of the annual budget the City Council recognizes that appropriations for the many operating activities and capital budgets are based upon estimates of municipal needs for the fiscal year. In order to establish reasonable flexibility in the administration of the budget, the following policies have been adopted. These policies are intended to provide the authority necessary for the City Manager to administer the budget during the course of the fiscal year in light of varying conditions which may occur.

Operating Budget Policies

- The City Council will adopt and maintain a balanced annual operating budget and an integrated five-year capital improvement budget.
- Current annual revenues will be equal to or greater than current expenditures. The City will maintain a long-range fiscal perspective by annually preparing and maintaining a five-year General Fund operating revenue, expenditure and available reserve schedule and a five-year capital improvement plan.
- Any normal existing revenue inflation will be used to pay for normal existing expenditure inflation. The identification of funding sources will be required for any new or expanded programs.
- The City will provide for adequate maintenance and the orderly replacement of fixed assets and equipment.
- As resource allocation plans are developed, consideration for citywide public safety shall be given high priority.
- The City will comply with all the requirements of Generally Accepted Accounting Principles (GAAP).
The City will annually retain the services of an independent Certified Public Accounting firm to audit the City's financial statements and conduct any tests of the City's records deemed necessary to render an opinion on the City's compliance with Generally Accepted Accounting Principles (GAAP).

The City of Pacific Grove will apply its Financial Policies (below) in developing and preparing its budgets

Budget Timeline - Annual Budget Schedule for Fiscal Year Ending June 30

No specific dates are included below; however, the months in which these meetings would occur are as follows:

➤ January

Council meeting entirely devoted to setting goals and priorities and ensuring City decisions are made in an efficient and effective manner with optimum public input and understanding.

➤ February

Agenda item during regular Council meeting will present information on the City's revenues and expenditures through the first half of the fiscal year, and a projection of revenues and expenditures for the remainder of the fiscal year.

Budget Workshop; Council Meeting to consider mid-year adjustments to the Budget.

➤ March

Budget Town Hall Meeting; Convened by the Budget and Finance Committee, this meeting would be an opportunity for the public to provide input into the development of the Budget.

➤ May

Proposed Budget presented to City Council; Agenda item during regular Council meeting in which staff presents proposed Fiscal Year Budget

➤ May

Budget Workshop; Budget and Finance Committee meet with City Council to discuss proposed budget and give direction for changes to be incorporated into Final Budget

➤ June - Council adopts final budget

➤ September

Council approves revisions to prior year final budget based on information provided by staff on final year-end revenue and expenditure figures.

Periodic Budget Review and Guidance:

Budgetary control is maintained through monthly reports of all revenue and expenditure accounts. The City Manager, Administrative Services Director and each department head review the monthly reports. The City Manager and/or the Administrative Director is to provide the Finance and Budget Committee with the monthly budget reports along with explanations for any material variances. The City Manager and/or a representative of the Finance and Budget Committee are to report to the City Council at the next Council meeting any material variances affecting the veracity of the budget. A mid-year budget review and adjustment process is completed each January and submitted to Council for review and approval at the first meeting in February.

Projections of revenues and expenditures through the end of the fiscal year will be prepared and reviewed by the Administrative Services Director with a report to the City Council. Budgetary adjustments are only considered within the framework of the adopted budget and work plan. New work programs and new appropriations are discouraged during the mid-year budget review.

Financial Policies

Revenue Policies

- The City will set fees and user charges for each enterprise fund at a level that fully supports the total direct and indirect program costs including any debt service associated with capital projects. Indirect costs will include the cost of annual depreciation of fixed assets.
- The City Council will establish fees for non-enterprise funds based upon an awareness of the total direct and indirect costs of offering a service. It is recognized that certain services may be subsidized by general taxes based upon a level of subsidy determined by the Council.
- The City will aggressively pursue collection of all revenues when due.
The Budget will be developed following the same accounting policies utilized for Financial Reporting

The accounts of the City are reported and organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. These various funds are grouped as follows, in the general-purpose financial statements:

General Fund - is the general operating fund of the City. It is used to account for all resources except those required to be accounted for in another fund.

Special Revenue Fund - are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes. The City maintains twenty-seven Special Revenue Funds.

Debt Service Funds - are used to account for financial resources to be used for the payment of principal and interest on long-term obligations. The City maintains two Debt Service Funds.

Capital Projects Funds - are used to account for financial resources segregated for the acquisition or construction of major capital facilities (other than those financed by proprietary fund types). The City maintains one Capital Projects Fund.

Enterprise Funds - are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis by financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains three Enterprise Funds.

Internal Service Funds - are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City maintains three Internal Services Funds.

Nonexpendable Trust - are used to account for assets held by the City as a trustee for individuals, private organizations, other governments and/or other funds.

Nonexpendable trust funds are accounted for in the same manner as proprietary funds except that the principal of the trust may not be spent. The City maintains three Nonexpendable Trust Funds.

Basis of Accounting: All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt, which is recognized when due. Financial resources usually are appropriated in other funds for transfer to a debt service fund in the period in which maturing debt principal and interest must be paid. Such amounts are not current liabilities of the debt service fund as their settlement will not require expenditure of existing fund assets.

All proprietary fund types and nonexpendable trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Capital Improvement Policies

- All estimated construction, maintenance and operating costs and potential funding sources for each proposed capital improvement and neighborhood improvement will be identified before it is submitted to the City Council for approval.

- The City will finance only those capital improvement are consistent with the adopted capital improvement plan and City priorities. All capital improvement operating and maintenance costs will be included in operating budget forecasts.

Debt Policies

- Only capital improvements that cannot be financed from current revenues will be financed with debt borrowing except for enterprise funds. The City will determine and use the least costly financing method for all new capital improvement projects.
- The term for repayment of long-term financing for capital improvements will not exceed the expected useful life of the project.

Reserve Policies

- The City goal will be to maintain a reserve for emergencies and economic uncertainty equivalent to 10% of the General Fund annual operating budget.
- The City will maintain appropriate reserves in the Self-Insurance Funds based on statutory requirements and actuarially projected needs.

Property Management

- Acquisition of real property shall be tied to a specific objective, with the source of adequate funds identified and considerations given for the long-term fiscal and policy impacts.
- Disposition of real property shall be considered for those properties without specific deed restrictions and which are unused, under-utilized, economically not viable, or which were acquired for an outdated plan or purpose.