



Meeting Date: 7 / 10 / 12

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	X Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: James Cameron J.C. Agenda Item No. 0-1  
 Reviewed By: City Manager JRB City Attorney [Signature] Finance J.C. Other (Specify) \_\_\_\_\_

**DATE:** July 5, 2012  
**TO:** City Council  
**FROM:** James Cameron James Cameron  
 Chief Financial Officer

**SUBJECT: Fiscal Year 2012-13 Budget Balancing Discussion**

**RECOMMENDATION**

1. That City Council receive Departmental presentations by Fire, Recreation and Community Services, Public Works, and General Services.
2. That City Council consider options for balancing the Fiscal Year 2012-13 General Fund Budget and provide direction to staff.

**DISCUSSION**

On July 19, 2011 the City Council approved the Fiscal Years 2011-12 & 2012-13 Two-Year Budget. The Fiscal Year 2012-13 (FY 2013) budget included a \$111.2 million General Fund revenue projection and expenditure appropriation. The Fiscal Years 2011-12 & 2012-13 Two-Year Budget can be found in the Libraries and on the City's web page at:

<http://www.ci.oxnard.ca.us/uploads/FY%202011-2013%20Adopted%20Budget%20Document%202012-12-11.pdf>

On June 19, 2012, City Council received a presentation by the Police Department on various programmatic issues, as well as an update of the FY 2013 General Fund budget which included revenue projections of \$104.2 million and a base expenditure budget of \$107.4 million. Anticipated revenues have been revised by \$1.8 million to \$106.0 million. While the economic recovery has been lagging and still faces potential hurdles, the recently reported assessed valuations for Oxnard (up 1.5%) and relatively strong sales tax growth has largely offset the use of one-time sources in prior years. However, economic growth has not been adequate to meet FY 2013 expenditure appropriations and the State's taking of vehicle license fees added to the shortfall with a \$744,000 reduction from FY 2013 projected amounts. Revenues are projected to be 4% lower than the original projection for FY 2013.

The revised General Fund base appropriations budget for FY 2013 reflects a decrease of about 3% from that approved FY 2013. Including \$1 million for the Performing Arts and Convention Center, appropriation requirements are \$108.4 million, resulting in a \$2.4 million deficit; however, there are several funding issues that require City Council attention. First, based on current year trends, there is a high probability that an additional \$1.1 million will be required for, fuel and vehicle maintenance, animal shelter, and public safety overtime costs. These costs are highly variable and could change depending on factors largely beyond the control of the City despite efforts to minimize their impacts. Second, while the Golf Fund has not required a subsidy from the general fund for several years based on available fund balances and transfers from capital funds, a \$1.3 million short fall is projected in FY 2012-13. Finally, based on the California Department of Finance review of the Recognized Obligation Payment Schedule (ROPS) for the Successor Agency to the Community Development Commission, a \$1 million shortfall is estimated. Assuming the various funding needs are covered by the General Fund, a total of \$6 million from savings or revenue solutions is required to balance the budget for FY 2013.

At the City Council's strategic planning session, one of the key priorities identified by the City Council was to balance the budget without impacting City services. Subsequently, the City Council asked staff to provide options for meeting this priority. Given the economic environment, this is clearly a challenge for the City and a significant effort has been made to identify options that while not proposals or recommendations of staff, will include difficult choices. At the July 10th meeting, in addition to continuing departmental presentations by Fire, Recreation and Community Services, Public Works, and General Services, staff will present budget balancing options for City Council consideration.

After July 10<sup>th</sup> meeting, the following schedule is anticipated in order to meet Government Code Section 7900 and City Code, Section 2-81:

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|-------------|---|
| July 11-13  | Incorporate direction provided by City Council in the recommended budget and prepare the appropriations limit                                     |
| July 16     | Submit appropriations limit to City Clerk for public review   |
| July 16     | Submit required budget summaries for publication in the newspaper   |
| July 16 -18 | Print Update to FY 2013 budget  |
| July 19     | Newspaper publishes budget summaries and Update to FY 2013 budget sent to City Council, City Clerk, and Libraries and posted on the City web page |
| July 31     | FY 2013 Budget Public Hearing and Consideration for Adoption  |

## **FINANCIAL IMPACT**

Budget balancing direction provided by Council will be incorporated in the FY 2013 budget recommendations for Council consideration at the Budget Public Hearing scheduled for July 31, 2012.

JC:tr