

To: Mayor & Council  
From: Joe Menicucci

As you know the actual mill value will not be known until late August or early September, therefore we will not know the exact revenues in those funds until that time, however, I don't anticipate any change in the value of the mill. Reductions have been made in all departments wherever possible. Several line items were reduced in the General Fund in order to continue the required 20% reserve. The budget includes a 2.6% Cost of Living increase for all employees. Step increases are also included for Police Officers who have achieved promotions to higher classifications. Gas Tax, Water and Sewer each include 1/3 funding for replacement of a City Dump truck.

The General Fund Budget is \$2,027,409.20 The General Fund includes a transfer of \$446,000.00 to the Volunteer Fire Department Fund. Galavan has requested an increase to \$12,000.00, however, the fund includes a continued contribution to Galavan in the amount of \$8,000.00 The Street Fund had been eliminated from the General Fund and all salaries, supplies and purchases are included in the Gas Tax Fund.

The Library has worked diligently to provide a balanced budget. The budget currently shows a deficit of \$5,738.00, however they are continuing to work toward a balanced budget and are proposing to build a 20% reserve over the next five years.

I am proposing an inter-fund loan to the Planning Department budget to eliminate the deficit of \$67,000.00 to be paid back with a 2.5 % interest. The proposed budget eliminates the 1/2 time planning position.

I am proposing that the Building Department deficit be eliminated by utilizing an inter-fund loan. The fund will owe \$110,000.00 plus 2.5 % interest annually. The Department is operating at minimum staffing at the present time.

The Police Public Safety Mill Fund contains personnel funding, police retirement funding and a capital purchase of one fully equipped police vehicle.

The Volunteer Fire Department Fund contains funds for a part time fire inspector as well as funding for the contract with Central Valley Fire District in the amount of \$370,000.00 (37 mills) and equipment funding in the amount of \$100,000.00 (10 mills). I have not included the proposed purchasing of a \$1,000,000.00 ladder truck and a \$500,000.00 pumper to replace the 1993 Pierce truck. In addition, a request to fund \$75,000.00 fire inspector position was eliminated from the budget. At the time a public safety mill to operate the fire department is created, an amount to fund new apparatus should also be included.

The Gas Tax Fund includes street maintenance funding including salaries and supplies.

The Water Fund contains funding for personnel as well as operation and maintenance of the water system. In addition to the waterline replacement projects, \$750,000.00 is budgeted for water system improvements including the painting of the water tower.

The Sewer Operating Budget contains funding for personnel and supplies for the sewer system. A minimal increase in sewer rates may be required for sewer line improvements.

A ½ time public works position funded by water, sewer and gas tax has been eliminated.