



# FY 2012 & 2013 Budget Summary

## Highlights of the City's Budget

- ✓ The total combined expenditure budget for FY 12 and FY 13 is \$112.9 million and \$85.1 million, respectively.
- ✓ These overall budget totals include a general fund budget expense in FY 12 of \$37.2 million, representing an increase of 10.1% over FY 11. The FY 13 general fund expenditure budget of \$37.6 million, represents an increase of 1.0% over FY 12.
- ✓ The City's general fund balance exceeds identified goals and the City continues to meet and exceed its minimum general fund reserve levels (25% general fund reserve and 15% economic stability reserve).
- ✓ Sales tax receipts for FY 12 are anticipated to total \$12.6 million, up from FY 10 actual receipts of \$11.5 million.



## Message from the City Administrator

I am pleased to present this summary of the City of Gilroy's biennial budget which is wholly balanced with general fund revenues slightly exceeding expenditures in each fiscal year. This budget also fully achieves the City Council's reserve policy goals of a combined reserve of 40% of general fund expenditures.



The City is recovering from the Great Recession and the market crash of 2008 that led to reduced consumer demand and an unprecedented number of foreclosures and plummeting real estate values which equated to less property and sales tax for the City. Due to the reduced access to credit and the uncertainty of the timing in the improvement of economic conditions, residential and commercial development came to a halt in the City. This coupled with low consumer confidence and associated sales tax losses caused a shortage of budgeted general fund revenue.

The City took proactive and aggressive steps to reduce its expenditures including personnel reductions of 48 full-time and numerous part-time positions, employee concessions, elimination of most materials and services, and the cancellation, deferment or reduction of projects. These expenditure reductions allowed the City to remove its structural deficit and right-size the organization for the reduced level of revenue. The City continues to operate within the current structure in place and to live within its means, and views recent upturns in revenue with cautious optimism. The City sales tax revenue rebounded in FY 11 and saw four quarters of consistent growth during calendar year 2010. By the end of FY 13, it is projected that we will have recovered over 40% of sales tax loss since FY 07.

To the benefit of the City's financial position, during FY 11, the City lost less in property tax than budgeted; however the County is continuing its reassessment of property tax valuations. We anticipated a drop in property tax revenue but it was not as significant as predicted, helping the City's budget.

The City regularly reviews its revenues and expenditures to keep a pulse on its current fiscal health and to ensure the adequate protection of the City's financial resources. City Staff will continue to work closely and communicate with the development community, State Board of Equalization, State Controller's Office and Santa Clara County to proactively update the City's revenue assumptions.

Please don't hesitate to contact us should you have any questions or comments regarding this budget information. Much more detailed information on the City budget is available on the City website at [www.cityofgilroy.org](http://www.cityofgilroy.org)

Sincerely,

Thomas J. Haglund  
City Administrator



# City of Gilroy Budget

The City's budget is comprised of several fund types. The General Fund accounts for the City's monies that are used to provide City services, including police, fire and other services to the community. Other funds are used when a separate fund is necessary for legal or administrative purposes.

The table below shows the expenditures for FY 12 and FY 13 in each of the City's fund types.

	FY 12	FY 13
General Fund	37,247,631	37,622,773
Special Revenue	15,826,427	8,002,205
Capital	26,013,929	7,175,355
Debt Service	5,799,614	4,542,324
Internal Service	7,519,861	7,312,309
Enterprise	19,242,783	19,228,298
Trust/Agency	1,206,764	1,205,426
Total	112,857,009	85,088,690

**Special Revenue:** Funds that are restricted for specific purposes (such as gas tax funds and grant funding)

**Capital :** Resources intended to be used primarily for major capital facilities (impact fees and construction projects)

**Debt Service:** Funds for the payment of debt principal and interest

**Internal Service:** Interdepartmental charges primarily related to fleet, equipment, facilities, and IT

**Enterprise:** Funds in which the cost of providing goods or services to the public are recovered primarily through user charges (water and sewer funds)

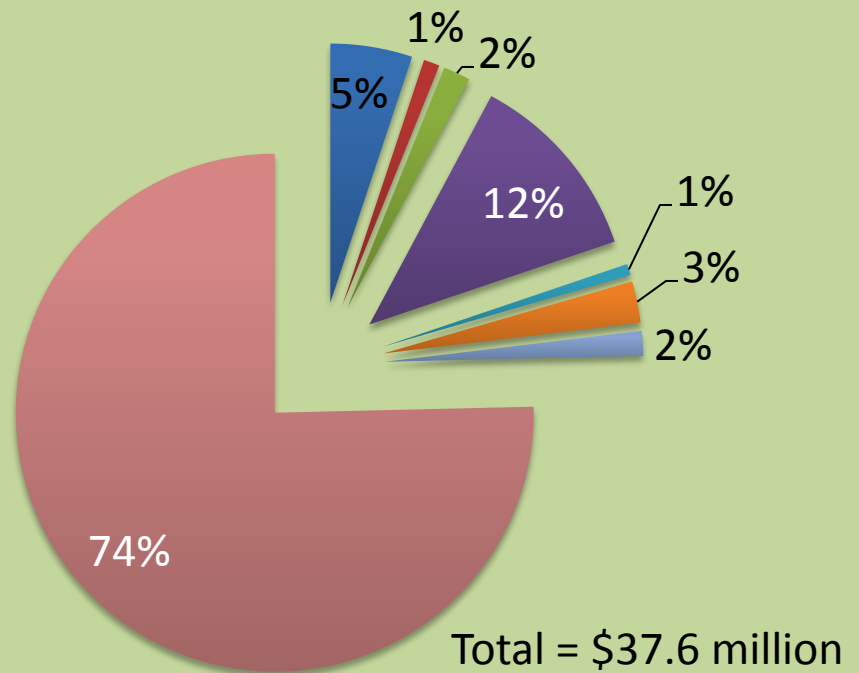
**Trust/Agency:** Resources held by City on behalf of other organizations

# General Fund Revenue

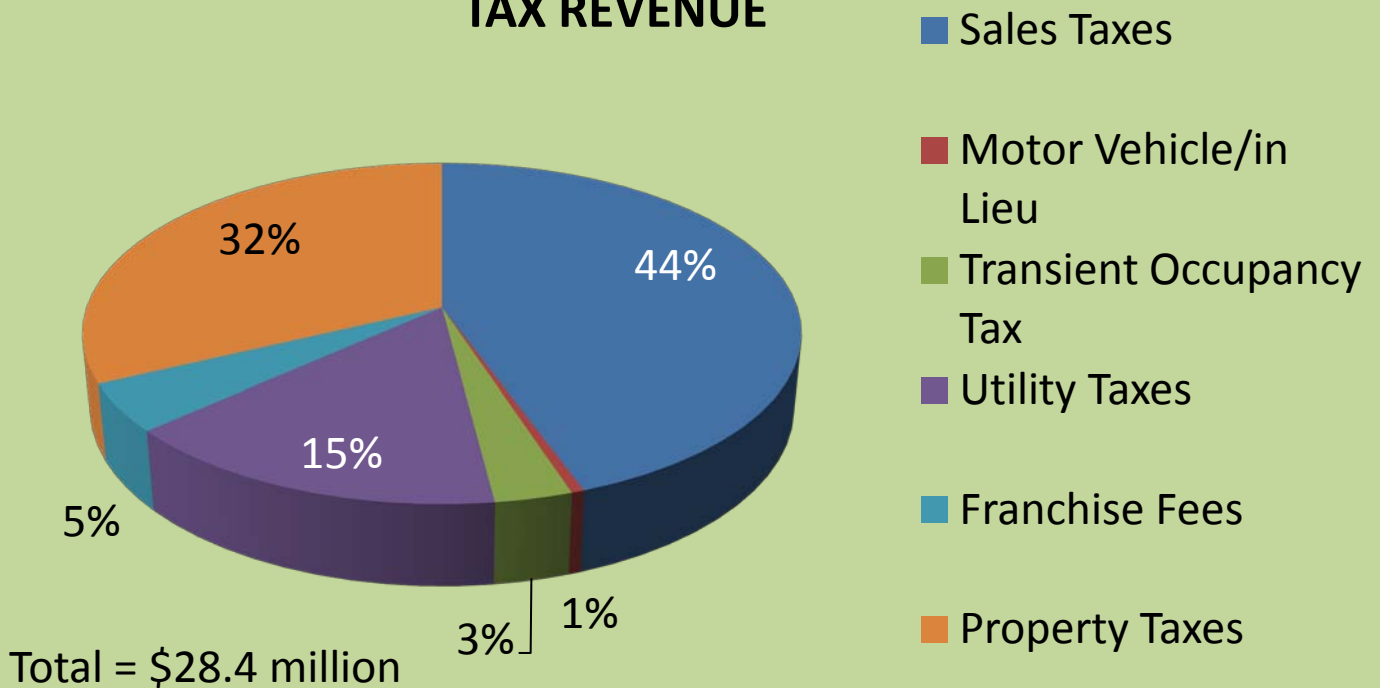
The primary revenues in the general fund include sales tax, property tax, utility users' taxes, charges for services, franchise fees and licenses and permits. Of these revenues, sales tax and property tax were the most adversely impacted by the economic downturn, but began rebounding in FY 11. Below is a breakdown of the City's general fund revenues, as well as each tax source within the general fund.

- Licenses and Permits
- Fines and Forfeitures
- Intergovernmental
- Charges and Services
- Use of Money and Property
- Other Revenue
- Other Financing
- Taxes

## GENERAL FUND REVENUE FY12



## TAX REVENUE

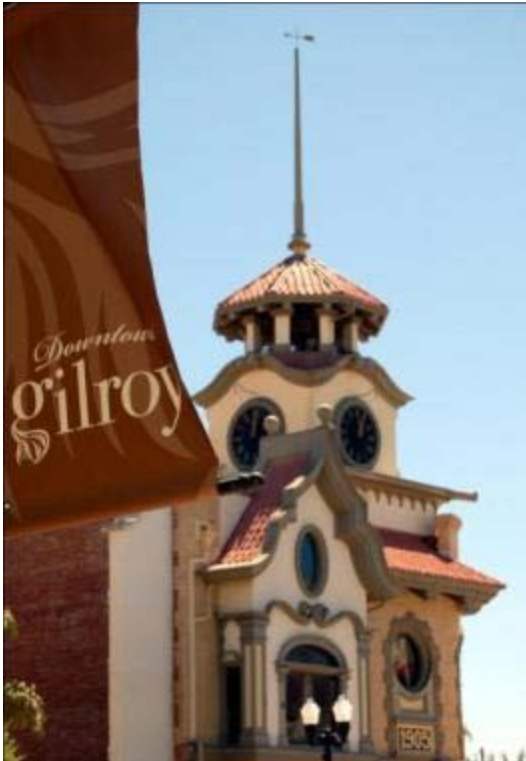


# The General Fund

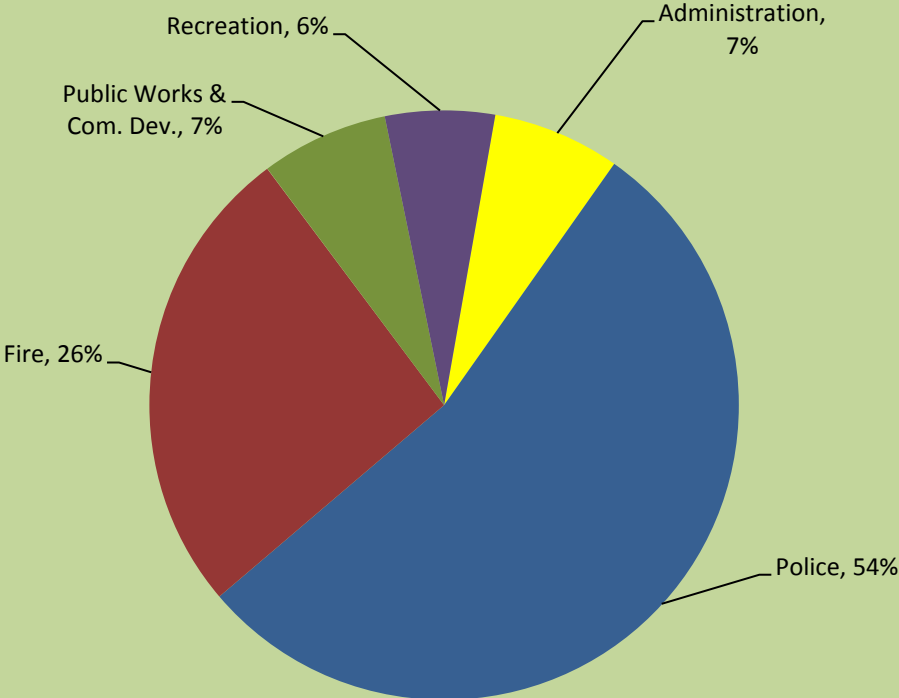
The General Fund accounts for all resources except for those where a separate fund is necessary for legal or administrative purposes. This fund includes the City's general purpose services that relate to public safety, public works, recreation, community development, finance and administration.



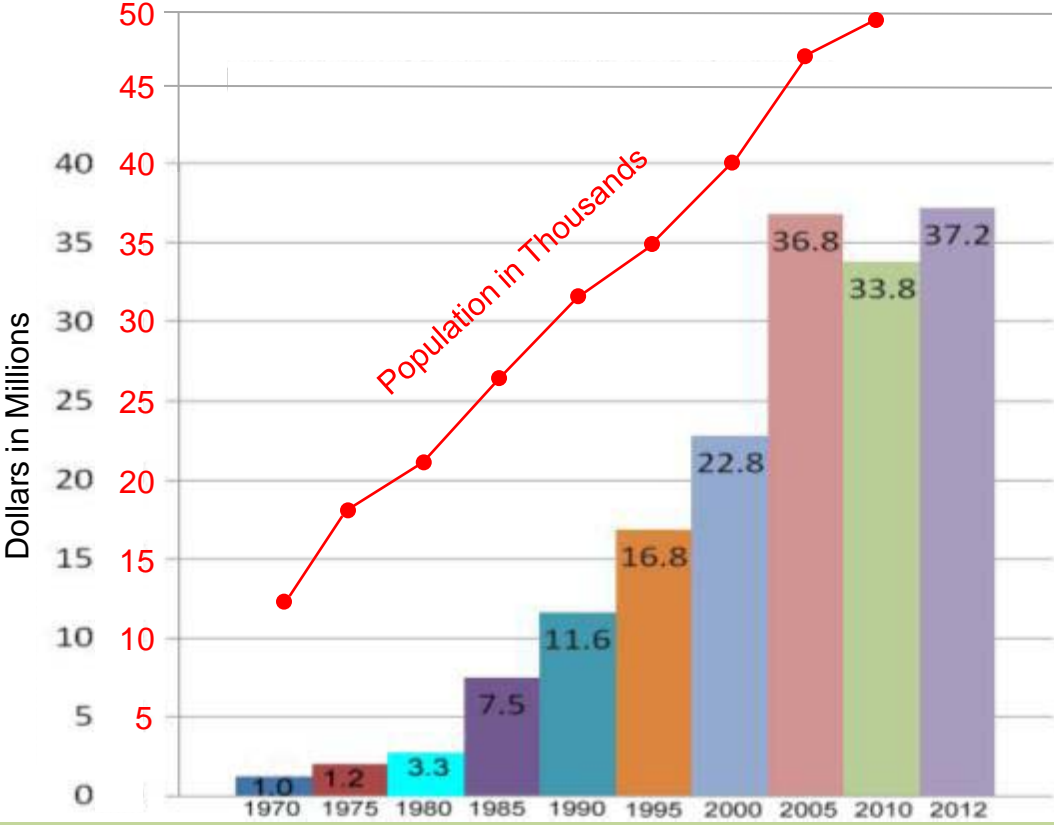
	FY 12	FY 13
Revenue	37,198,923	37,442,609
Accumulated Annual Savings	427,981	427,981
Expenditures	<u>(37,247,631)</u>	<u>(37,622,773)</u>
Operating Income	379,273	247,817
Beginning Fund Balance	21,353,959	20,505,251
Less Accumulated Annual Savings	(427,981)	( 427,981)
Less Reserves for Capital Outlay	(800,000)	(800,000)
Adjusted Fund Balance	20,125,978	19,277,270
Projected Ending Fund Balance	20,505,251	19,525,087
Economic Stability Reserve	5,587,145	5,643,416
Minimum General Fund Reserve	9,311,908	9,405,693
Remaining Unrestricted Fund Balance	5,606,198	4,475,978



# GENERAL FUND TAX DOLLARS (by Department)



## General Fund Expense by Population 1970-2012



# General Fund Expenditures by Department

DESCRIPTION	Budget FY 12	Budget FY 13	DEPARTMENT
City Council	194,678	200,007	ADMINISTRATION
City Attorney	510,000	510,000	
City Administrator	381,274	386,313	
City Clerk	288,238	360,885	
Public Information	207,979	209,741	
General Admin/Economic Development	1,041,026	1,027,955	
Environmental Programs	129,822	132,978	
Sidewalk Repair Reserve Transfer	250,000	250,000	
Finance	623,596	646,084	
Human Resources & Risk Management	792,658	810,505	
Community Development Admin	14,307	14,428	COMMUNITY DEVELOPMENT
Planning	797,544	778,947	
Building, Life and Environmental Safety	946,556	959,324	
Fire Prevention-HAZ MAT	308,334	316,905	
Fire Administration/Fleet/Facilities/Equip/IT	1,158,480	1,207,746	FIRE
Fire Operation	6,880,297	7,051,610	
Police Administration/Fleet/Facilities/Equip/IT	3,666,836	3,746,523	POLICE
Police Patrol	9,558,541	9,852,044	
Police Investigations	1,113,465	1,126,656	
Police Communications	1,617,011	1,638,250	
Police Records	920,368	932,394	
Neighborhood Resources Unit	25,000	25,000	
Auto Theft Task Force Transfer	84,699	86,328	
Storm Drain Development	3,772	2,660	PUBLIC WORKS
Street Tree Development	86	61	
Traffic Impact	127,925	108,457	
Sewer Development	62,753	63,048	
Water Development	13,027	13,105	
Public Facilities Impact	70,417	90,651	
Downtown Streetscape	300	300	
Landscape Maintenance	1,974,857	2,001,445	
Street Maintenance	810,098	825,665	
Engineering	332,648	317,555	
Plan Check Review & Inspection Services	45,000	45,000	
High Speed Rail- City	100,000	75,000	
High Speed Rail – State	200,000		
High Speed Rail VTA Grant	75,000	-	
High Speed Rail – Federal Grant	200,000	-	
Recreation	1,721,039	1,809,202	RECREATION
<b>GENERAL FUND</b>	<b>37,247,631</b>	<b>37,622,772</b>	

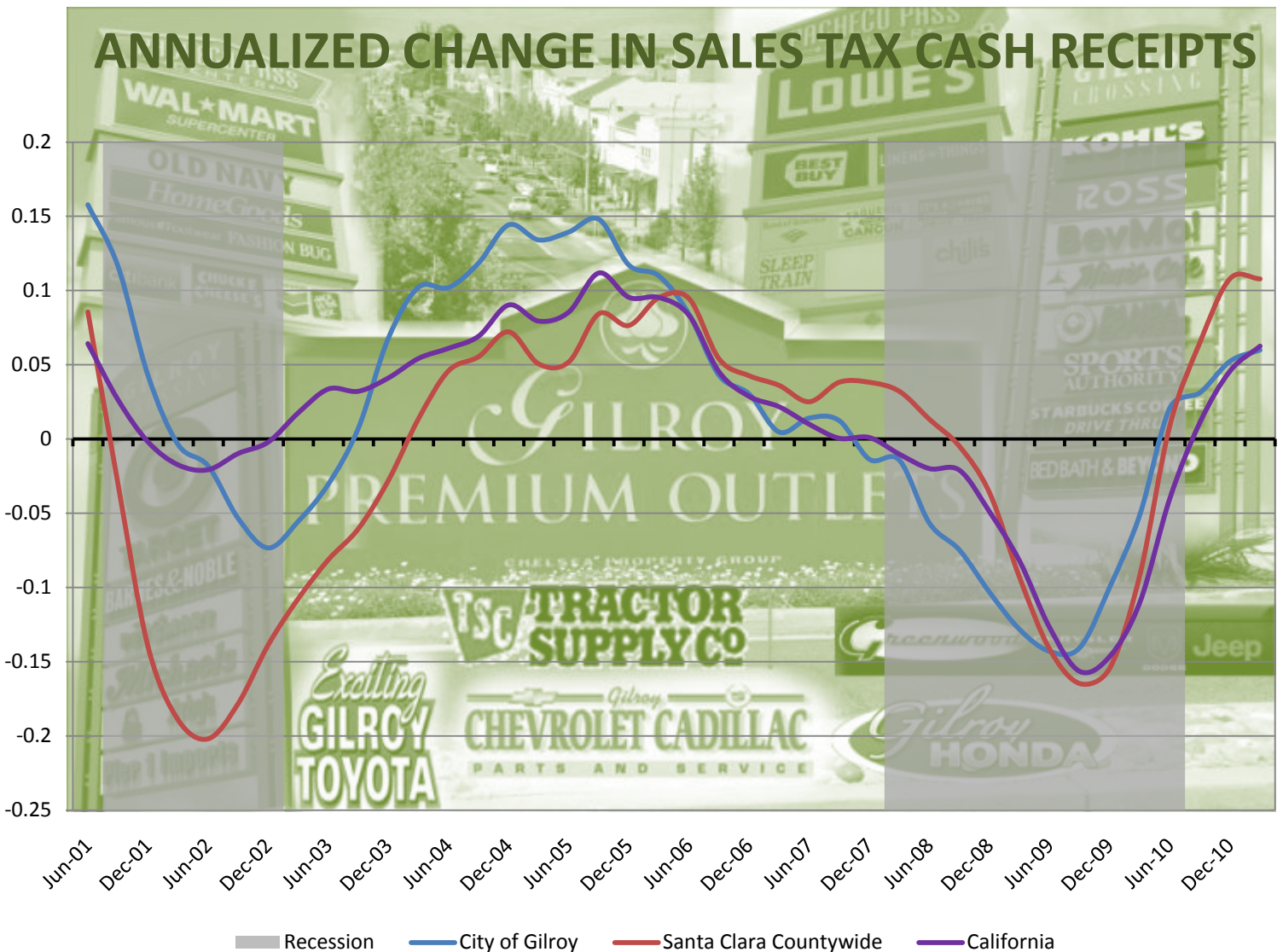
# THE IMPORTANCE OF SHOPPING IN GILROY

Shopping at local retailers keeps more of our money in our community. Local businesses hire our neighbors and friends, pay taxes to support local roads, schools, parks and libraries, often donate to our children's schools and other worthy community causes. They buy many of their supplies and much of their inventory locally, and actually create real community in the myriad of connections that people make in stores and through events and activities.

Shopping in Gilroy offers the best of both worlds — the convenience of a great location and the customer service you can only get from a local merchant. Shopping locally keeps your favorite shops in business and supports the overall local economy. That is good news for the entire community as we strive to develop a climate in which local businesses can create jobs and operate at a profit.

Due to our central location and highway access, Gilroy is ideally suited to serve as a shopping destination for shoppers in the region, including Merced, San Benito, Santa Cruz, Monterey and Santa Clara counties. This fact is not lost on retailers, whose market research over the years has targeted Gilroy as a prime shopping location worthy of investment.

The City receives a portion of the sales tax collected by the retailers which helps fund the City services for our community. Gilroy is a sales tax "capture" community, and even with the recession, is a regional destination capturing sales tax in excess of what residents alone typically spend.



## City Administrator/ Administration

The City Administrator is the City's Chief Executive Officer and responsible for the administrative management of the City operation including the preparation of the biennial budget. The administrator works with the City Council to develop goals and objectives for the organization which are then addressed in this budget document. The City focuses on active economic development efforts in cooperation with local partners to bring increased economic activity and opportunity to the City. The City Administrator also serves as the Director of Emergency Services responsible for coordinating the City's operational response to emergency situations and natural disasters.

The City's public information office and environmental programs are under the City Administrator's direction.

Budget:	FY12	FY13
General Fund	\$2,986,370	\$2,988,587



## City Clerk

The City Clerk's Office provides services within the organizational structure to the City Council, City Administrator, the various departments, and the general public.

The City Clerk's Office manages the records archiving of the City and also receives and works with City departments to coordinate responses to requests for public records. This includes the establishment of a master index of City-wide records pursuant to the Gilroy Open Government Ordinance.

The clerk serves as the local elections official and consolidates the City's election with the election services provided by the Santa Clara County Registrar of Voters.

Budget:	FY12	FY13
General Fund	\$288,238	\$360,885



## Finance / I.T.

The Finance Department manages accounts receivable, accounts payable, general accounting, purchasing, payroll, utility billing, budget analysis, and capital project financial oversight to the entirety of the City operation. The department also serves as the fiscal agent for the South County Regional Wastewater Authority (SCRWA). In concert with the Public Works Department, Finance conducted a water and sewer rate study for presentation to the City Council. As a result of the city-wide organizational restructuring the Finance Director now oversees the administration of the Information Technology division which manages the City's technological infrastructure.

Budget:	FY12	FY13
General Fund	\$ 623,596	\$ 646,084
Enterprise Funds	1,205,974	1,205,812
Internal Funds	<u>2,226,134</u>	<u>1,984,451</u>
Total	4,055,704	3,836,347

## Human Resources/ Risk Management/Fleet and Facilities

The Human Resources/Risk Management Department provides personnel and benefits services to the City's workforce and directs the City's risk management program for both the workforce and City infrastructure generally. The department also provides overall administrative direction to the City's fleet and facilities divisions.

The Human Resources Department oversees labor relations processes and will begin labor negotiations with the City's various labor units in FY 12 and FY 13.

The department administers the City's safety program ensuring that both facilities and work procedures are safe, effective and employees are well trained.

Budget:	FY12	FY13
General Fund	\$ 629,347	\$ 647,194
Internal Funds	<u>4,903,741</u>	<u>5,085,168</u>
Total	5,533,088	5,732,362





## Community Development

The Community Development Department consists of planning; building, life, and environmental safety; housing and community development; and code enforcement divisions. Based on increased development activity a full-time planning manager will be hired to provide management oversight and workload capacity to the division. The budget includes the reestablishment of this position in the biennial budget.

The Community Development Department's various divisions will continue providing planning related services for development applications serving as a primary facilitator of economic expansion and opportunity in the City.

Budget:	FY12	FY13
General Fund	\$2,228,788	\$2,241,383
Special Revenue Funds	<u>7,097,237</u>	<u>2,845,189</u>
Total	9,326,025	5,086,572

## Economic Development

The City of Gilroy undertakes significant economic development activities on behalf of the community in order to promote economic expansion and create jobs.

In addition to the work of the City Administrator's Office and Community Development and Public Works Departments, the City accomplishes these goals by funding several organizations that work in partnership with the City to address economic development goals and objectives.

The City invests approximately \$700,000 in economic development programs by funding most of the cost of the following partners:

- The Gilroy Economic Development Corporation \$200,000;
- The Gilroy Welcome Center \$300,000;
- The Downtown Business Association \$20,000;
- Funding the cost of capital improvements such as the City's Wayfinding Program \$170,000



## Fire

Responding to over 4,000 emergency calls for service each year, the Fire Department serves as the City's emergency management agency establishing the City's coordinated response efforts to emergencies of major significance. The department will continue to provide City-wide and inter-jurisdictional training opportunities to prepare City staff for large scale mass casualty events.

The Fire Department will also coordinate Gilroy's participation in the citizen emergency response training (CERT) program in which interested residents are recruited to be trained to respond to mass emergency situations. Citizen involvement is an integral part of any community's response to disaster.

Budget:	FY12	FY13
General Fund	\$8,038,777	\$8,259,356
Special Revenue Funds	<u>827,638</u>	<u>434,696</u>
Total	8,866,415	8,694,052



## Police

The Police Department responds to 24,000 emergency calls for service annually and proactively patrols the streets. The department fosters community partnerships with residents, schools, community based organizations, and businesses.

Staff are deployed in the areas of Administration, Anti-Crime Team, Communications 911, Crime Analysis, Detectives, Neighborhood Resource Unit, and the Records Unit.

The Department also employs the services of a Crime Scene Investigation Team, Major Accident Investigation Team, Mounted Unit, Traffic Officer, Bike Patrol Unit, Special Operations Team, a Hostage Negotiations Team, and a School Resource Officer Program.

Budget:	FY12	FY13
General Fund	\$16,985,920	\$17,407,195
Special Revenue Funds	<u>895,475</u>	<u>879,592</u>
Total	17,881,395	18,286,787



## Public Works

Public Works designs, builds and maintains the City's water, sewer, storm drain, streets, sidewalk, park, landscape, forest and related infrastructure. The department prepares and coordinates the capital expenditures budget. Each capital improvement project undertaken by the City of Gilroy is the result of a master plan prepared in conjunction with data from the General Plan and other policy or forecast documents. The Engineering Division of the Public Works Department uses the master plan reports as a tool in developing the City's capital improvement budget and to identify the timing and/or type of improvement to be made.

The department also works closely with the South County Regional Wastewater Authority (SCRWA) to maintain and augment the City's existing sewer system .

Budget:	FY12	FY13
General Fund	\$ 3,737,603	\$ 3,264,665
Special Revenue Funds	4,363,616	1,212,407
Capital Funds	25,956,129	7,117,355
Enterprise Funds	<u>18,036,809</u>	<u>18,022,486</u>
Total	52,094,157	29,616,913

## Recreation

Making Gilroy a fun place to live, work and play is the overarching focus of the Recreation Department. The Department creates fun and healthy activities for Gilroy residents. The department supports the City's youth and senior centers with daily, year round programming and embarked on the development of neighborhood based non-traditional recreation programming in FY 11 and will continue those efforts over the next two years.

Recreation serves as a central point of our efforts to engage in community building with a focus on extending the reach of our recreation programming in positive ways and at a neighborhood level to enhance the livability of Gilroy.

Budget:	FY12	FY13
All Funds	2,454,296	2,630,321





## City Council Top Priorities

1. Provide for public safety through crime prevention, enforcement of laws and life safety services
2. Offer recreation for citizens to celebrate life and community through people, parks and programs
3. Provide quality city services including community development, public works, water and sewer services, finance and administration efficiently for the benefit of the community
4. Maintain sustainable financial structure and promote economic development
5. Ensure building safety and preservation through enforcement of regulations and modern building standards
6. Serve as a model of environmental stewardship
7. Provide transparency in City's operations through open governance



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