



City of Gilroy

7351 Rosanna Street
Gilroy, California
95020-6197

Telephone (408) 846-0202
Facsimile (408) 846-0500
<http://www.ci.gilroy.ca.us>

Thomas J. Haglund
CITY ADMINISTRATOR

DATE: May 16, 2011

T TO: Honorable Mayor and Members of the City Council

FROM: Thomas J. Haglund, City Administrator

SUBJECT: FY 2012 and FY 2013 Operating Budget and Capital Improvement Budget Adoption

Recommendation

Staff respectfully recommends that the city council, by motion,

1. Adopt the attached resolution approving the City of Gilroy Operating Budget for FY 2012 (FY 12) and FY 13 and appropriating proposed expenditures, and additional expenditures as detailed below, for the purposes set forth in the Operating Budget;
2. Adopt the attached resolution setting the appropriation limit for FY 12;
3. Approve the Capital Improvement Budget (CIB) for FY 12 through FY 17;
4. Approve the South County Regional Wastewater Authority (SCRWA) Operating Budget for FY 12 and FY 13 and CIB for FY 12 through FY 17.

Discussion

On May 9, 2011 City Council reviewed the proposed operating and capital budgets for the City of Gilroy and the SCRWA. City Council identified certain additional expenditures for inclusion in the City of Gilroy operating budget as follows:

- Additional contribution to the Gilroy Economic Development Corporation (EDC) – The City will contribute \$40K in addition to the \$160K included in the proposed City of Gilroy budget for a total of \$200K in each of FY 12 and FY 13.
- Additional contribution to the Gilroy Visitors Bureau (GVB) – The City will contribute \$100K in addition to the \$200K included in the proposed City of Gilroy budget for a total of \$300K in each of FY 12 and FY 13. This increase is pursuant to the GVB's request for one-time funding over two years to achieve an independent revenue source.
- Hiring of a Development Center Manager to focus on projects related to new development, redevelopment, the permitting process and other economic development related assignments (\$162K and \$172K in FY 12 and FY 13, respectively)

The updated general fund projections for FY 12 and FY 13:

	FY 12	FY 13
Operating Income - proposed	379,273	247,817
Accumulated annual savings - FY 12	-	77,226
EDC contribution	(40,000)	(40,000)
GVB (one-time contribution over two years)	(100,000)	(100,000)
Development Center Manager (salary and benefits)	(162,047)	(171,779)
Operating Income - updated	<u>77,226</u>	<u>13,264</u>

The SCRWA budget was adopted by the SCRWA Board on May 10, 2011. The budget included temporary deferrals and cost reductions which lower the City of Gilroy FY 12 required member contributions by \$0.9 million for an updated total of \$3.6 million. The City of Gilroy FY 13 required member contributions increase by \$0.2 million.

Summary

Staff respectfully recommends that the City Council adopt a resolution approving the FY 12 and FY 13 Operating Budget; adopt a resolution setting the appropriation limit for FY 12; approve the FY 12 through FY 17 CIB and approve the FY 12 and FY 13 SCRWA Operating Budget and FY 12 through FY 17 CIB. Staff will be present to answer any questions of the City Council.