
City of
REDLANDS

Budget In Brief

F.Y. 2009/10



City Council of the City of Redlands



Jon Harrison
Mayor



Pat Gilbreath
Mayor Pro Tem



Mick Gallagher
Council Member



Pete Aguilar
Council Member



Jerry Bean
Council Member

City Council Goals

- A fiscally healthy and economically sustainable city
- Superior municipal services
- A community with superior public physical assets
- An economically and culturally vibrant downtown that reflects our heritage and spirit
- A connected and inclusive community
- An environmentally responsible community

About Redlands

Nestled in the heart of the Inland Empire in San Bernardino County, the City of Redlands is located 63 miles east of Los Angeles and 110 miles north of San Diego.



The City was named after the color of the region's adobe soil, and is a "big town" with a "small town" feel. Called the "Jewel of the Inland Empire" and known historically as the "Washington Navel Orange Growing Capital of the World," the community is famous for its Victorian architecture.

In addition to the City's many cultural offerings, Redlands has several institutions of higher learning, including the University of Redlands, Crafton Hills College, and Community Christian College. Redlands functions as a regional business and transportation hub for a multitude of business interests. As an example, ESRI, a leader in the GIS software industry, houses its world headquarters in the community. The Redlands Municipal Airport serves small private planes, and the Ontario International Airport is just a 30-minute drive from the City.

The City's motto is "A City That Works." Incorporated in 1888,



Redlands is committed to preserving the City's historical qualities while providing services to its 71,646 residents that are reflective of the 21st Century.

Redlands operates under a Council-Manager form of government. The five members of the City Council are elected at-large for four-year terms. A majority of the City Council selects the Mayor. The City Clerk and City Treasurer are elected, while the City Manager is appointed by the City Council.



City Manager's Budget Message



Choices made in developing the Fiscal Year 2009-2010 budget were once again guided by the City Council's priorities as defined by its goals and objectives, the City's Financial Management Plan, and community input. However, these priorities and objectives were tempered by the realities of an economy that is the worst seen in many years. Concerns about the economic downturn and decline in revenues prompted the City Manager and department staff to take action early in Fiscal Year 2008-2009 to address the anticipated decline in revenues for Fiscal Year

2008-2009 and to lay the groundwork for the Fiscal Year 2009-2010 budget.

During Fiscal Year 2008-2009, the City Manager and staff made reductions in expenditures and explored opportunities to increase resources into the General Fund. Reductions in expenditures, in part through vacancies, City-wide furloughs and "Golden Handshake" early retirements, as well as less of a decline in revenues than originally projected, and the infusion of one-time monies from bond proceeds, resulted in an estimated \$6.1 million in fund balance for the year ended June 30, 2009, with sources over requirements of \$1.2 million.

With the economic downturn and decline in revenues not expected to improve significantly in Fiscal Year 2009-2010, departments were instructed to submit their budget requests at existing service levels, maintaining the same level of reductions as in Fiscal Year 2008-2009. Furloughs at the same level as required in Fiscal Year 2008-2009 were to be included and vacancies were to be excluded pending further review by the City Manager. Further, no requests were to be submitted for increased service levels or capital needs unless they resulted from legal or other requirements of the City and departments were encouraged to present ideas for revenue enhancements, staff reductions, departmental reorganization and/or out-sourcing of services.

The 2009-2010 Budget, as presented, maintains the decline in revenues at slightly more than the decline estimated to be realized in Fiscal Year 2008-2009. Revenues were originally estimated to decline in 2008-2009 by as much as \$5.5 million, with \$4.7 million expected in the categories of property tax, sales tax, motor vehicle fees and development fees, and another \$800,000 in other categories. Final projections resulted in an overall shortfall in revenues estimated at \$4.2 million. Revenue estimates for Fiscal Year 2009-2010 project a further decline of approximately \$322,000.

Estimated expenditures for Fiscal Year 2008-2009 are \$50.7 million, a reduction of approximately \$3.5 million from the original budget. Fiscal Year 2009-2010 expenditures are estimated at \$50.5 million, a decrease of approximately \$235,000. These expenditures include reductions for furloughs (\$1.1 million), net savings from early retirements of \$653,000, and vacancies, primarily in the Police department, but

also include contractual salary and benefit increases of approximately \$1.4 million for the Public Safety and Civilian Safety bargaining units. Additional reductions of \$711,915 in various departments were approved by Council prior to budget adoption. Despite the net reduction in expenditures from Fiscal Year 2008-2009 to Fiscal Year 2009-2010, a budget gap of \$1.8 million remained providing a clear indication that the City requires a new revenue source or further reductions to balance its budget, not only for Fiscal Year 2009-2010, but in future years.

One option recommended by the City Manager to provide an additional revenue source to the General Fund was to have the City lease its water and wastewater facilities as allowed by the Public Utilities Code per a resolution adopted by the majority of the City Council and to receive annual lease compensation payments sufficient to meet the budget gap. Furthermore, the City Manager recommended that the City Council not use reserves to balance the City's budget because of the uncertainty of economic recovery in the short-term and the impacts to the City from the State's budget crisis, including a proposal by the State to "borrow" 8% of the City's property taxes, or \$1.8 million, which is not included in the Fiscal Year 2009-2010 Budget. Ultimately, three reduction scenarios were also presented to Council for consideration.

Both the recommendation to lease the water and wastewater facilities and a majority of the alternative budget reductions were rejected. The Council, by a 4/5 vote, approved a motion to "balance the Fiscal Year 2009-2010 Financial Sources to Requirements by allocating \$1,788,085 from the General Fund Reserve with the goal to balance the current year budget without the use of those reserves," essentially utilizing unreserved fund balance. Council directed the City Manager and staff to attempt to find reductions in this amount during Fiscal Year 2009-2010. The City Manager and staff are committed to continuing to look at service methodologies and cost-effective restructuring to maintain sufficient levels of service to the citizens of Redlands. However, failure to secure an additional on-going source of revenue will result in cuts so deep that maintenance of adequate service levels will be greatly compromised.

Thank you to the Executive Team and to the members of each employee group for working together and sacrificing throughout Fiscal Year 2008-2009 and for making the difficult choices necessary in the development of the Fiscal Year 2009-2010 Budget.

The Budget-In-Brief contains budget summaries that provide information on revenues, departmental expenditures, transfers from and to other funds and reserves. The Annual Operating Budget for FY 2009/2010 provides detailed information and is available for review at the A.K. Smiley Public Library or in the Finance Department and can be accessed online at www.ci.redlands.ca.us.

We thank you for your interest in City's financials, and hope that you will find this Budget-In-Brief helpful in understanding Redlands' fiscal picture.

Budget Context

The City of Redlands adopts an annual budget as an operational and financial plan for providing services to its residents and local businesses. The document outlines the sources (revenues) and uses (expenditures) for all City services, programs, and projects. It also serves as a communication tool to allow the citizens, City Council, and staff to review the level and costs of services provided with public funding sources.

City Structure:

The City of Redlands has a Council/Manager form of government, whereby the people of Redlands elect representatives (Council Members). The Mayor is selected bi-annually by a majority of the City Council. The Council sets policy guidelines and directs the City Manager to implement the policies. Residents also elect both a City Clerk and City Treasurer. The City Clerk provides professional service and support to the City Council, City departments and citizens by maintaining and preserving the integrity of the City's records and serves as the elections official for the City's municipal election. The City Treasurer is responsible for the City's cash flow and the investment of funds.

The City Manager, with the aid of his Assistants and Directors, coordinates and directs departmental functions. The City's organizational structure includes eleven (11) major departments. These departments have been categorized as Community Development, Finance, Fire, Human Resources, Innovation and Technology, Library, Municipal Utilities & Engineering, Police, Public Information, Quality of Life, and the Redevelopment Agency. Each department is separated into program levels called divisions. Distinct goals and objectives exist for each division.

Budget Structure:

The City's Annual Operating Budget includes a budget message by the City Manager, to highlight the City's fiscal condition and address certain policy issues. The budget and organizational structure of the City is comprised of operations undertaken by two separate entities. These entities are the City of Redlands and the Redevelopment Agency of the City of Redlands. Although these are separate and distinct agencies, services provided to the citizenry and businesses are executed from the specific capabilities of each, working in concerted efforts. Since the City Council acts as the governing body for these agencies, the relationship between them may not be apparent. However, the combined agencies constitute the total services and projects provided to the general public.

Budget Process:

The annual budget serves as the foundation for the City's financial planning and control. Prior to the beginning of the fiscal year, the City Manager submits a budget for the upcoming year to the City Council. Budget Committee meetings, which are open to the public, are held before final approval of the budget. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved

by the City Council. The City maintains budgetary controls to ensure compliance with provisions embodied in the annual appropriated budget, approved by the City Council. Activities of the general fund, special revenue funds, debt service funds, capital projects funds, enterprise funds, and internal service funds are included in the annual budget. The level of control (level at which expenditures may not exceed budget) is the fund.

The budget process generally starts in the spring. The Finance Department prepares preliminary revenue estimates for the new fiscal year. They also prepare a budget calendar, which is reviewed and approved by the City Manager, for distribution to all departments. The department directors are then provided with information relating to the new fiscal year and any perceived changes in the economic outlook of the City. The directors in each department are responsible for preparing and submitting preliminary current year figures for revenue and expenditures relating to their respective departments. The directors then proceed to prepare their departmental budgets, for the subsequent fiscal year, in various stages and identify the impact of any changes in the service they provide.

The City Manager, along with the Finance Director and staff, reviews all budget submissions from the departments. After reviewing budget requests and meeting with department directors as necessary, the Finance Department assembles the budget document. The City Manager then presents the proposed budget to the Budget Committee for consensus of presentation to the City Council. The Budget Committee is comprised of two Council Members.

Following review by the Budget Committee, the budget is presented to the Council at-large for discussion of budget issues and priorities. This provides an opportunity to review any changes in policy or service levels and make modifications before final adoption. Copies of the proposed budget are made available to the general public at the City Clerk's office and at the A.K. Smiley Public Library prior to the public budget sessions.

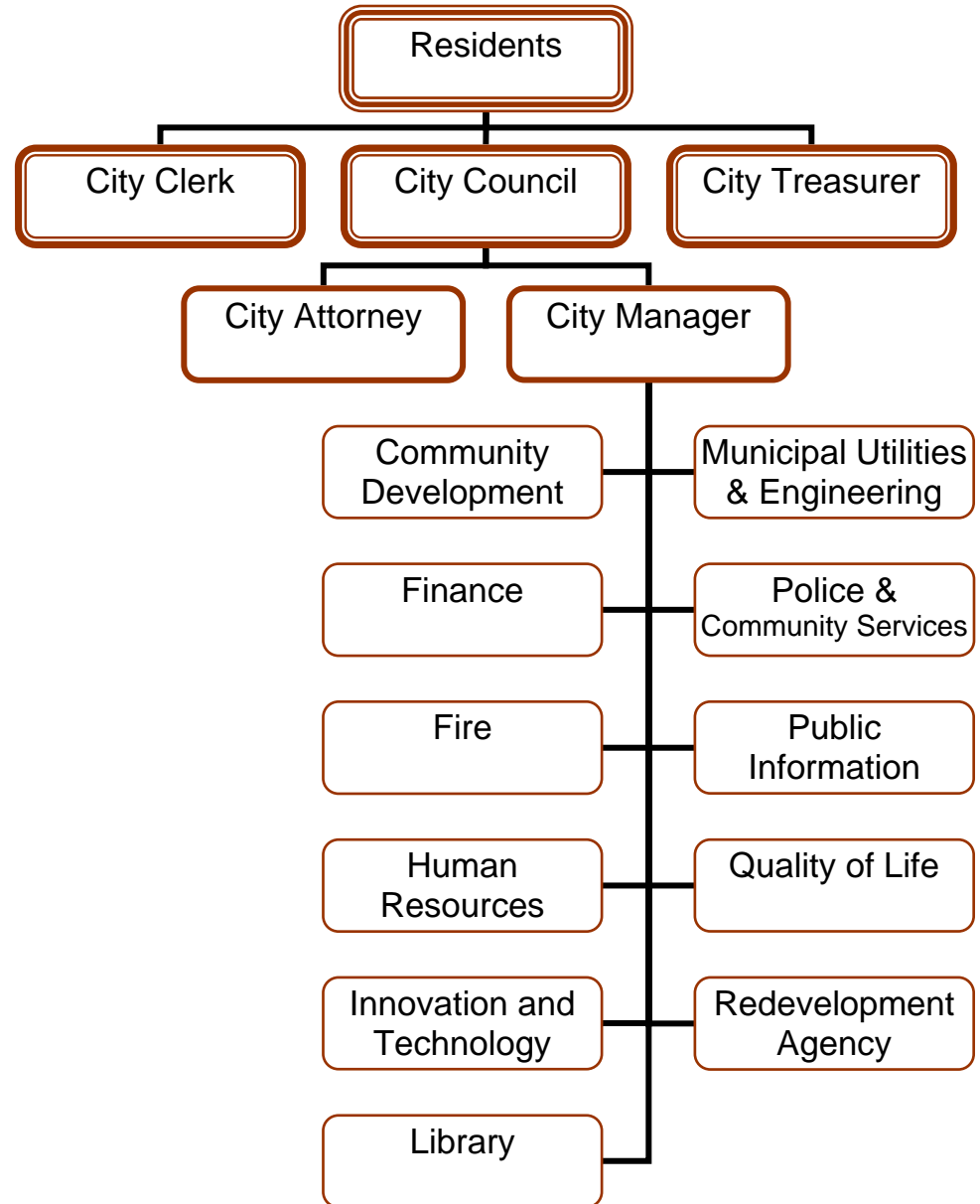
The budget preparation process generally culminates in June with the adoption of the budget for the new fiscal year. The City's fiscal year begins July 1 and ends June 30 of the following year.



City Management Team

N. Enrique Martinez -----City Manager
 Daniel J. McHugh-----City Attorney
 Lorrie Poyzer -----City Clerk
 Tina T. Kundig ----- Finance Director / City Treasurer
 Oscar Orci----- Community Development Director
 Jeff Frazier----- Fire Chief
 David Hexem ----- Chief Information Officer
 Debbie Scott-Leistra-----Human Resources Director
 Larry Burgess----- Library Director
 Rosemary Hoerning --- Municipal Utilities & Engineering Director
 Jim Bueermann----- Chief of Police
 Carl Baker----- Public Information Officer
 Gary van Dorst ----- Quality of Life Director
 Daniel G. Hobbs ----- Redevelopment and Economic Development Director

City's Organization Chart



Fund Descriptions

The City of Redlands Budget for FY 2009-2010 is separated into various funds. Below are brief descriptions of the City's funds:

General Fund (101) – To account for all activities, except those required to be accounted for in another fund.

Special Revenue Funds:

Emergency Service Fund (205) – To account for the collection of a special property tax to be spent on paramedic services.

Household Hazardous Waste Fund (206) – To account for revenue collected and expenditures made to properly dispose of household hazardous waste.

Gas Tax Fund (207) – To account for the receipt and subsequent expenditure of the City's share of the State levied tax on gasoline and other vehicle fuels.

Measure I Fund (208) – To account for revenues resulting from a voter-approved half-cent retail transaction and use tax, to be used for transportation improvements and traffic management programs.

Local Transportation Fund (209) – To account for the receipt and expenditure of street and road construction funds including projects financed by a share of the quarter of one percent State sales tax pursuant to the Transportation Development Act.

Air Quality Improvement Fund (221) – To account for the collection and subsequent expenditure of AB2766 (District Fees to Implement the California Clean Air Act) monies to be used for pollution reduction.

Traffic Safety Fund (223) – To account for the receipt and subsequent expenditure of traffic fines for moving violations within the City limits.

Designated Receipts Fund (225) – To account for deposits and donations designated for specific purposes.

Open Space Fund (227) – To account for receipt and subsequent expenditure of development impact fees collected to provide for open space land in and around the City.

Downtown Redlands Business Association Fund (236) – To account for collection and subsequent expenditure of a fee, collected with the business license fee, for attracting business to the downtown area.

Parking Authority Fund (237) – To account for a city-wide authority formed to control parking.

General Capital Improvement Fund (240) – To account for the receipt and expenditure of grant revenue received by the City, other than Community Development Block Grant revenues.

Community Development Block Grant Fund (243) – To account for expenditures and related reimbursements of various grants from the U.S. Department of Housing and Urban Development.

Neighborhood Initiative Program Fund (245) – To account for expenditures and related reimbursements of grant monies received from the County of San Bernardino to preserve and revitalize neighborhoods.

Drug Confiscation Fund (246) – To account for receipt and subsequent expenditure of various asset seizure monies.

Police Grants Fund (247) – To account for receipt and expenditure of grant monies received from various agencies for public safety programs.

Supplemental Law Enforcement Fund (249) – To account for receipt and subsequent expenditure of AB1913 monies, which, pursuant to the Citizens' Option for Public Safety (COPS) Program, must be spent for supplemental law enforcement services.

Park Development Fund (250) – To account for the collection and subsequent expenditure of development impact fees levied for the purpose of acquiring land for parks.

Public Facilities Development Fund (251) – To account for the collection and related expenditure of development impact fees designated for constructing new and upgrading existing public facilities.

Arterial Street Construction Fund (252) – To account for the collection and related expenditure of development impact fees designated for new street construction projects.

Traffic Signals Fund (253) – To account for the collection and related expenditure of development impact fees designated for new traffic signal construction projects.

Freeway Interchanges Fund (254) – To account for the collection and related expenditure of development impact fees designated for new freeway interchange construction projects.

Street Lighting District #1 Fund (260) – To account for the maintenance, operation, and service of street lighting facilities financed by assessments collected from landowners within the district.

CFD 2004-1 Assessments Fund (261) – To account for the maintenance of landscaping in public right-of-way and easements surrounding tract no. 16408.

Landscape Maintenance District Fund (263) – To account for assessments collected from landowners to maintain landscaping in parkways and common areas within the district.

Community Facilities District Fund (265) – To account for developer deposits and bond proceeds related to Community Facilities Districts established for the purpose of constructing infrastructure.

Disaster Recovery Fund (270) – To account for all expenditures and revenues relating to natural disasters, for the purpose of consolidating such information for federal and state reimbursements and enhancing Single Audit reporting requirements.

Low & Moderate Housing Fund (285) – To account for annual monies which, by law, must be set aside from Redevelopment tax increment revenues for the purpose of funding a program for development and improvement of housing for low and moderate income families.

Debt Service Funds:

General Debt Service Fund (305) – To account for the receipt of property taxes to be used for the retirement of the 1988 General Obligation Measure “O” Open Space Bonds, the 1994 Refunding General Obligation Bonds, the 2003 General Obligation Refunding Bonds, and the 2007 Pension Obligation Bonds.

Redlands Public Improvement Corporation Fund (311) – To account for the retirement of the 1993 Refunding of the 1986 and 1987 Projects Certificates of Participation, the 1994 Taxable Certificates of Participation (City of Redlands/Wal-Mart Parking Facility), and the 2003 Refunding Lease Revenue Certificates of Participation.

Redevelopment Debt Service Fund (380) – To account for the receipt of tax increment and retirement of the 1987 Tax Allocation Refunding Bonds, the 1994 Subordinated Tax Allocation Refunding Bonds, the 1994 Refunding Parking Lease Revenue Bonds, and the 2003A Series Tax Allocation Bonds.

Capital Projects Funds:

Storm Drain Construction Fund (405) – To account for receipt and subsequent expenditure of development impact fees assessed to provide additional storm drains, as required.

Measure ‘O’ Bond Fund (417) – To account for proceeds of a general obligation bond, approved by the voters, for the purchase of park lands and “open space” areas.

Redevelopment Funds (480-488) – To account for monies to be used for the acquisition or construction of facilities or land, as well as other project and administrative costs.

Enterprise Funds:

Water Funds (501-509) – To account for water utility operations, projects, debt service costs, and impact fees of the City.

Solid Waste Funds (511-519) – To account for refuse disposal collection operations, projects, debt service costs, and impact fees of the City.

Sewer Funds (521-529) – To account for sewer utility operations, projects, debt service costs, and impact fees of the City.

Groves Fund (538) – To account for the farming operations of citrus groves owned by the City.

Non Potable Water Funds (541-549) – To account for non potable water utility operations, projects, debt service costs, and impact fees of the City.

Cemetery Funds (562-563) – To account for the operations of Hillside Memorial Park Cemetery.

Airport Fund (564) – To account for the operations of the Redlands Municipal Airport.

Internal Services Funds:

Liability Self-Insurance Fund (602) – To account for the City’s self-insured general and automobile liability programs, which are provided to all City departments and funds.

Innovation and Technology Fund (604) – To account for the general maintenance and service of all City computers and phone equipment provided to all City departments.

Worker’s Compensation Fund (606) – To account for the City’s self-insured Workers’ Compensation General Safety Programs, which are provided to all City departments and funds.

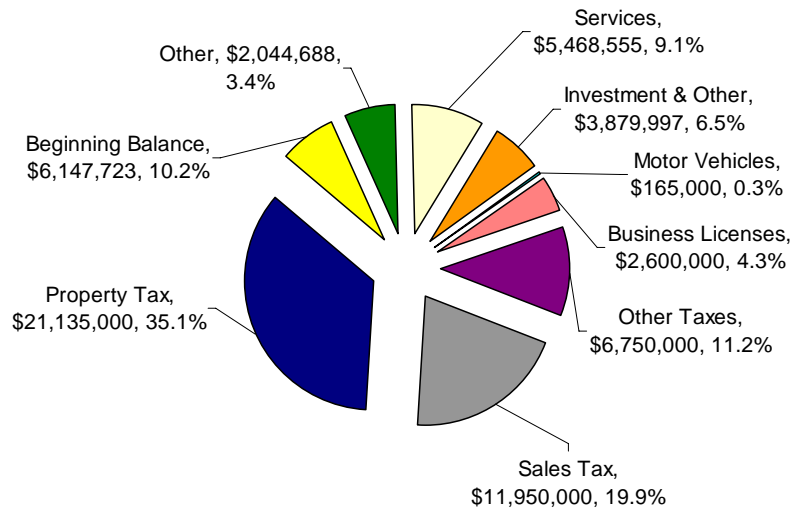
Equipment Maintenance Fund (607) – To provide ongoing maintenance of all City vehicles and major equipment and to account for vehicle rental services to all City departments.

Utility Billing Fund (608) – To account for billing services costs provided for water, sewer, and solid waste.

Trust & Agency Funds (701-720) – To account for the collection and disposition of deposits retained for specific purposes or subsequent refunding.

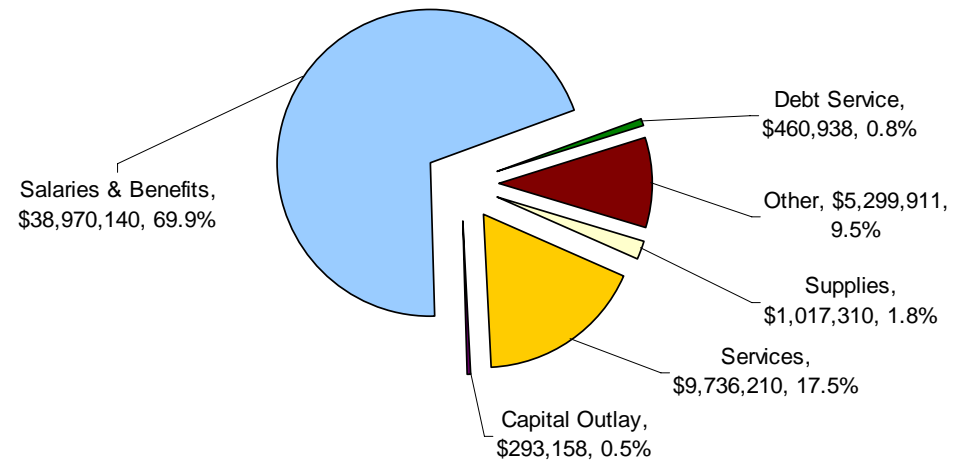
Where The Money Comes From...

FY 2009 – 2010
Summary of General Fund Revenues
& Other Financing Sources
\$ 60,140,963

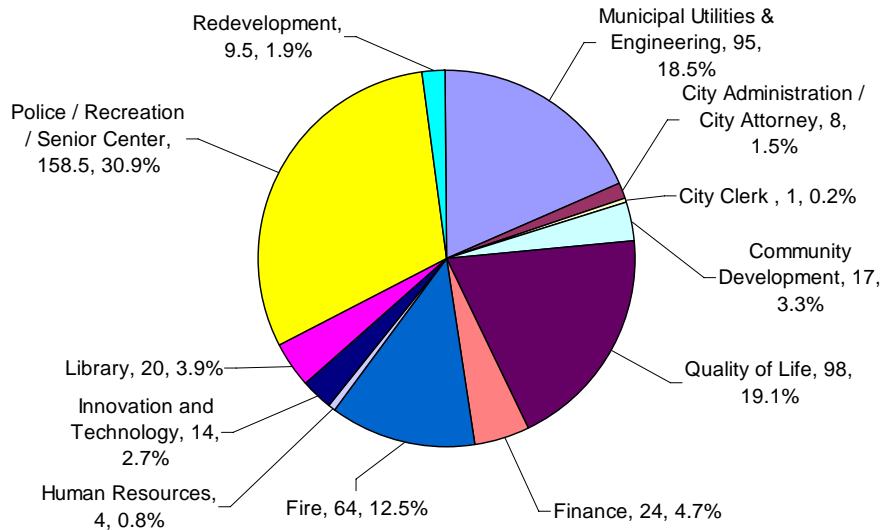


... And Where It Goes

FY 2009-2010
Expenses & Other Financing Uses
\$ 55,777,667

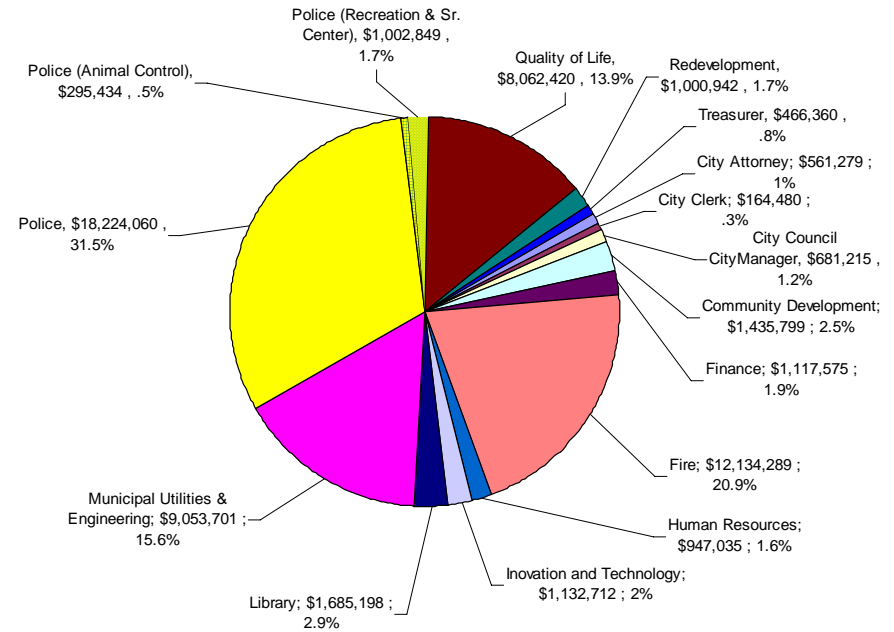


City of Redlands 513 Full Time Positions By Department



* Includes Elected and Contract Employees

City of Redlands Salaries & Benefits Full & Part-Time Positions By Department \$57,965,348

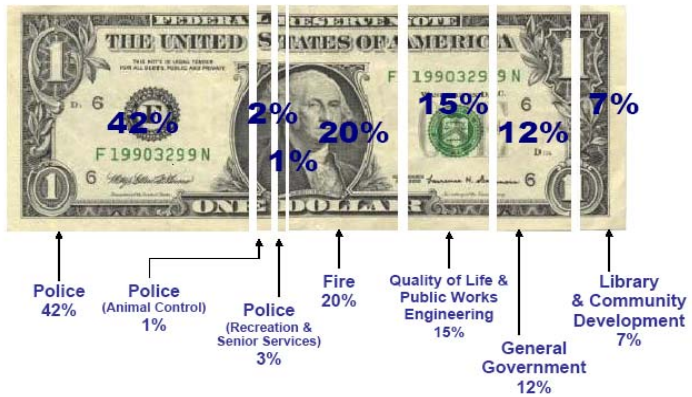


PROPERTY TAX ALLOCATION

WHERE YOUR TAX DOLLAR GOES



**CITY OF REDLANDS
GENERAL FUND EXPENDITURES
BY CATEGORY**



Notes

Redlands City Hall
P.O. Box 3005
35 Cajon Street
Redlands, CA 92373
[p] 909 798-7510
[f] 909 798-7503
www.ci.redlands.ca.us

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