

CITY OF REDDING BIENNIAL BUDGET
FISCAL YEARS 2001-03

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

**PRESENTED TO
City of Redding,
California**

**For the Fiscal Year Beginning
July 1, 1999**

Linda K. Savitsky
President

Jeffrey L. Esler
Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award for Distinguished Budget Presentation to the City of Redding for its annual budget for the fiscal year beginning July 1, 1999. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications medium. The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

*California Society of
Municipal Finance Officers*

Certificate of Award

Excellence in Operational Budgeting 1999-2001

Presented to

City of Redding

This certificate recognizes the achievement of Excellence in Operational Budgeting and reflects an outstanding budget document and the underlying budgeting process through which the budget is implemented.

February 28, 2000



[Signature]
Chair, Budgeting & Financial Management

[Signature]
Vice-Chair, Budgeting & Financial Management

Dedicated to Excellence in Municipal Financial Management

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDDING ADOPTING AND APPROVING THE 2001-03 BIENNIAL BUDGET.

WHEREAS, proposed budget requests have been submitted to the City Manager by Department Directors of the City; and

WHEREAS, such requests and all sources of revenue have been studied by the City Manager and the Finance Division; and

WHEREAS, the City Manager has submitted a Proposed Budget which was balanced and prudent; and

WHEREAS, the City Council held a budget hearing and solicited input from the public; and

WHEREAS, the City Council has amended the Proposed Budget to better serve the residents of the City of Redding; and

WHEREAS, it has been determined that this matter is not subject to the provisions of the California Environmental Quality Act;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Redding as follows:

1. That the foregoing recitals are true and correct.
2. That it is deemed to be in the best interest of the City of Redding to adopt and approve the budget appropriations contained in the 2001-03 Biennial Budget at this time.
3. That the budget appropriations referred to hereinabove are as set forth in the Proposed Budget for fiscal years 2001-03, and that said budget appropriations are hereby approved as the Biennial Budget for the City of Redding for fiscal years 2001-03.

I HEREBY CERTIFY that the foregoing Resolution was introduced and read at a special meeting of the City Council of the City of Redding on the 26th day of June, 2001, and was duly adopted at said meeting by the following vote:

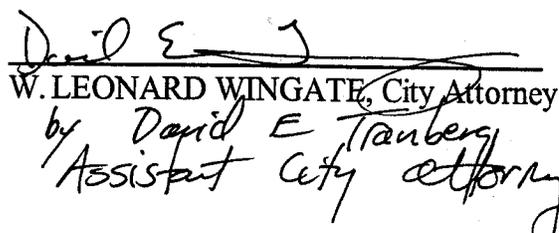
AYES:	COUNCIL MEMBERS:	Cibula, Kight, Pohlmeier, Stegall and McGeorge
NOES:	COUNCIL MEMBERS:	None
ABSENT:	COUNCIL MEMBERS:	None
ABSTAIN:	COUNCIL MEMBERS:	None


 DAVID L. MCGEORGE, Mayor

ATTEST:


 CONNIE STROHMAYER, City Clerk

FORM APPROVED


 W. LEONARD WINGATE, City Attorney
 by David E. Trauberg
 Assistant City Attorney

01-104

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MUNICIPAL OFFICIALS

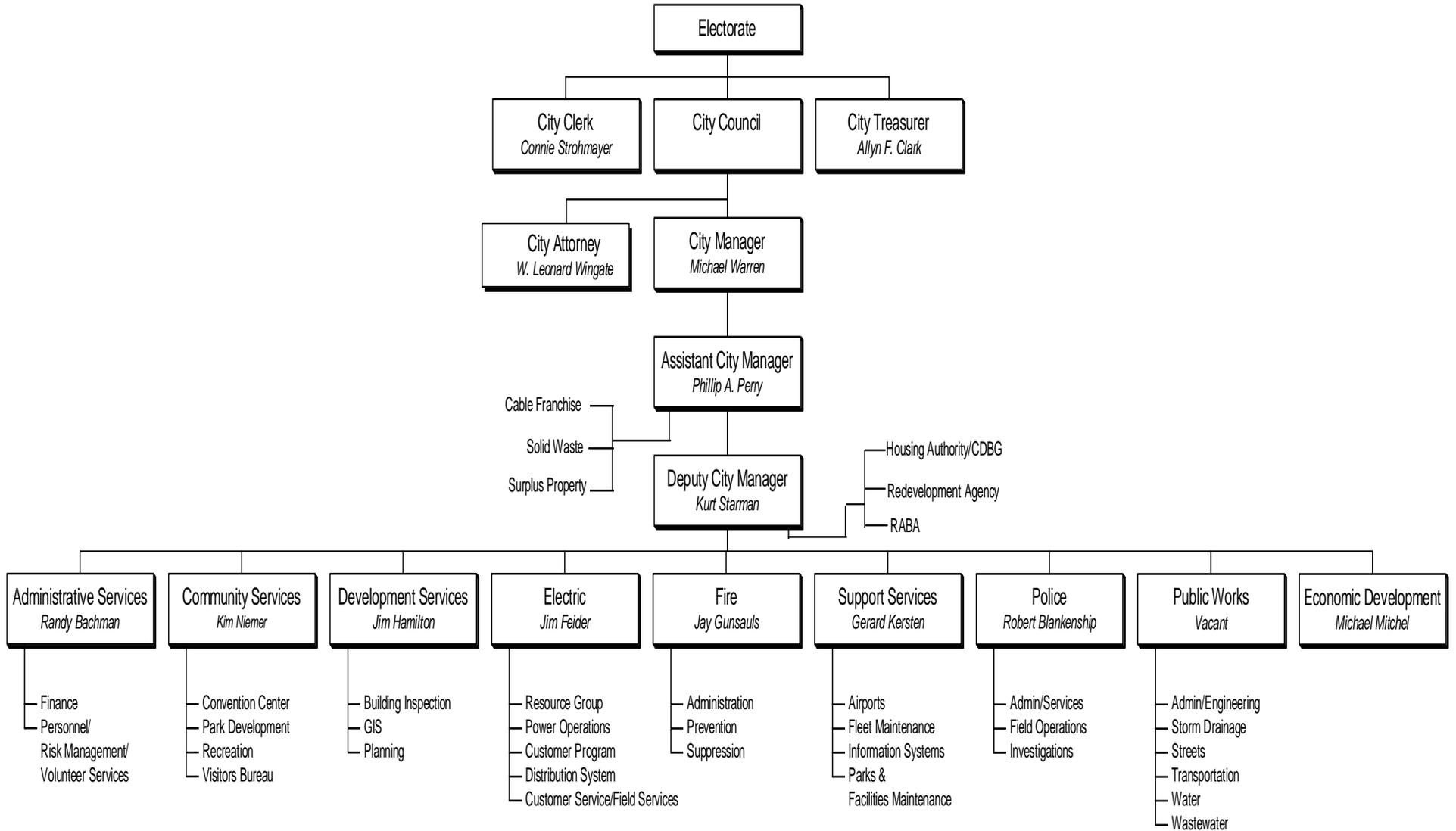
City Council

Mayor David L. McGeorge
Vice Mayor Pat Kight
Councilmember Mark Cibula
Councilmember Mary Stegall
Councilmember Michael Pohlmeier

Administrative Personnel

City Manager Michael Warren
Assistant City Manager Phillip A. Perry
Deputy City Manager Kurt J. Starman
City Attorney W. Leonard Wingate
City Clerk Connie Strohmayer
City Treasurer Allyn Feci Clark
Director of Administrative Services Randy Bachman
Director of Community Services Kim Niemer
Director of Development Services Jim Hamilton
Director of Electric Jim Feider
Director of Support Services Gerard Kersten
Director of Public Works Vacant
Fire Chief Jay Gunsauls
Police Chief Robert P. Blankenship

City of Redding Organizational Chart



CITY OF REDDING BIENNIAL BUDGET
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HOW TO USE THIS BUDGET DOCUMENT

Introduction

The City's Biennial Budget document is a comprehensive fiscal plan for achieving the desired goals of the City Council within the guidelines and policies established by resolution, ordinance, or law. At the Council budget hearing for the fiscal year 1997-98 budget, it was agreed upon that the City would prepare a two year budget.

Document Format

The Budget consists of 14 sections. The Introduction contains information of a general nature to the reader. The Budget Message presents information about the major goals and program strategies for the City as a whole; proposed budget resources and expenditures; reserve funds; and City priorities.

The Budget Summary follows the City Manager's message. The Budget Summary contains historical information about resources and expenditures for all funds and departments throughout the City.

The next 10 sections provide supporting detail for the Budget Summary information. These sections expand the presentation of prior fund balance and expenditures. In addition, these sections provide a summary of goals and objectives for all divisions.

The final section, the Appendix, provides information to the reader not given in other sections of the document. For example, this section includes a glossary of terms.

Fund Types

Government accounting requires the segregation of funds by type. The City of Redding uses five distinct fund types. These fund types include: **General, Special Revenue, Enterprise, Internal Services, and Trust and Agency funds.**

The **General Fund** is used to record all resources and expenditures not required to be accounted for in another fund type. **Special Revenue** funds account for the proceeds of legally restricted resources earmarked for specific purposes. Expenditures can be appropriated within the fund itself or transferred to another fund as reimbursement for expenditures. **Enterprise Funds** are established to account for operations that are financed and operated similar to private business. The intent of the City is to match costs associated with the enterprise operation with the revenues generated. The City's enterprise funds include the Airport, Convention Center, Electric, Water, Wastewater, Storm Drainage, and Solid Waste Funds. **Internal Service Funds** are created to account for services provided by one department for another. Costs of services are usually determined on a cost allocation basis. Expenditures are restricted to the dedicated use of the fund. **Trust and Agency** funds represent the Special Deposit Fund and other Trust Funds. All revenues are restricted to related expenditures within the responsible fund and are typically held in trust.

Revenues

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Revenues are monies received by the City and are reported by source as follows: **Taxes; Fines, Forfeitures, and Penalties; Licenses and Permits; Use of Money and Property; Internal Departments; Other Governmental Agencies; Charges for Current Services, and Other.**

Taxes are compulsory charges levied by a governmental agency for the purpose of financing services performed for the common benefit. Primary sources are Property Tax, Sales Tax, and Transient Occupancy Tax. **Fines** represent monies paid as an imposed penalty for an offense such as a traffic or safety violation. **Licenses and Permits** represent a voluntary or officially given right to levy a charge for a service provided. For example, a primary source of revenue from permits are those generated for approval of construction projects within the City limits, i.e., building permits. **Money and Property** identifies revenue received from investments or rental of assets. **Revenue from Internal Departments** is revenue charged to other departments for services provided by another department. The two main sources of revenue from internal departments is in-lieu property tax and cost allocation reimbursement. **Other Governmental Agencies** contribute revenue to the City by participating in specifically approved City activities. Revenues can be received from federal, state, county, or other local governmental agencies. Revenues for the most part are restricted to the guidelines developed by the governmental agency allocating the funds. Some of these include motor vehicle in-lieu fees, state mandated claims, Housing and Urban Development funds, various grants from the State of California and the federal government. **Charges for current services** are user charges applied to specific services provided by the City. The charges are established by resolution adopted by the City Council. Examples of charges for current services recreation fees, plan check fees, inspection fees, and fingerprinting fees. **Other revenues** are those resources not accounted for in any other category. They include miscellaneous revenue, compensation/property damage, and contributions.

The General Fund's five largest source of revenue are sales tax, property tax, transient occupancy tax, in-lieu property tax and motor vehicle in-lieu fees. These five sources make up over 75% of the General Fund revenue.

The revenue for the Special Revenue Funds generally consist of revenue from other governmental agencies and from fees for services. These funds are generally restricted and can only be used for specific purposes.

The revenue for the Enterprise Funds are generated by providing services, i.e. the fees paid for water on ones utility bill would go to the water utility, electric charges to the electric utility.

The revenue for the Internal Services Funds is generated by charging the users of their services (usually other City departments) .

Expenditures

Expenditures are divided into five categories: **Personnel Costs; Materials, Supplies, and Services; Debt Service, and Capital Outlay.**

Personnel costs account for all direct and indirect costs of City personnel. The cost also includes all employee benefits. **Materials, Supplies, and Services** represent expenditures for the operation of each department. **Debt Service** includes the principal and interest payments on all long-term debt. **Capital Outlay** accounts for any capital improvement, project, or equipment purchases over \$5,000. In prior years,

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this amount has been only \$1,000. Items that were once budgeted as capital outlay, i.e. computer equipment, are now budgeted as operating materials and supplies. These items are recorded separately.

Relationship to Annual Financial Report

The City's accounting records are maintained on the modified accrual basis (account method that recognizes revenue when available and recognizes expenses when the liability is concurred) for the General Fund and Special Revenue Funds. Internal Service Funds and Enterprise funds are accounted for on the accrual basis (accounting method that recognizes the financial effect of transactions when they occur, regardless of the timing of the related cash flows). For planning purposes, the Biennial Budget is developed utilizing the cash basis. The City's Comprehensive Annual Financial Report compares budgeted expenditures and revenues to actual expenditures and revenues, and delineates any variances.

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BUDGET PROCESS

Responsibility

The City Manager is responsible for preparing the budget, submitting it to the City Council for adoption, and administering the budget after adoption. The City Manager has assigned preparation and administration of the budget to the Finance Division of the Administrative Services Department.

Capital Improvements

The City's Five-Year Capital Improvement Plan is developed every two years, opposite of the biennial budget. Each department provides a listing, including funding and justification, for each project. Upon publication, the first two years of the plan are added to the department's budget request.

Kickoff Meeting and Budget Requests

The budget process begins in January when the Finance Division compiles budget request forms for all departments. They are distributed along with a copy of the Budget Policies and Procedures Manual at the "Budget Kickoff" meeting.

Departments prepare their budget requests and justifications for their requests during January, February and March. The request generally will encompass each budget category. New personnel requests (which are budgeted for nine months to allow for recruitment) are reviewed by both the Personnel and Finance divisions. Other City divisions will review applicable requests and prepare recommendations (Information Systems will review computer equipment requests; Communications, radio equipment requests; and so forth).

Preliminary Hearings

Starting in March, the Finance Division conducts fact-finding hearings with the City departments. Preliminary recommendations for each budget request are reviewed, and each department is given the opportunity to add justifications or to provide additional information in support of their budget requests.

City Manager Review

In April and early May, budget review hearings are held between the departments and the City Manager. The preliminary recommendations of the Finance Division (including the recommendations of the other aforementioned divisions) are considered by the City Manager for determining the Proposed Budget. The departments are given another opportunity to present information in support of their budget requests. At the conclusion of the hearings, the City Manager determines what is to be incorporated into the Proposed Budget.

City Council Budget Hearings and Adoption

After receipt of the Proposed Biennial Budget, the City Council will establish dates for open public hearings to consider the budget. Departments will present their budgets, as proposed by the City Manager, to the City Council. Public comment is also taken on the Proposed Bi-Annual Budget. At the conclusion of the hearings, the Council will modify the Biennial Budget until a majority consensus is reached, at which time the Biennial Budget is adopted by means of a resolution.

Upon adoption, the Finance Division prepares for the start-up of the new year with the "booking" of the appropriations and estimated revenues in the accounting system. The Finance Division then prepares the final document and distributes it to City officials and other interested parties.

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Notes