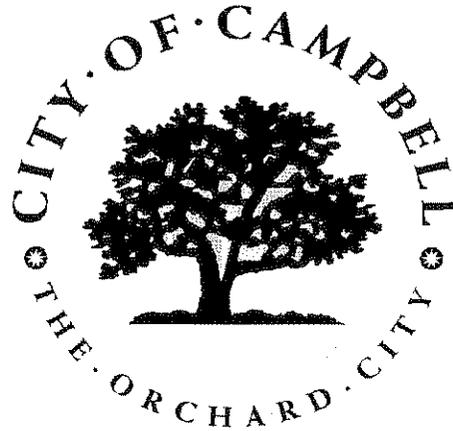


City of Campbell, California



Operating & Capital Budget for Fiscal Year 2004-2005

Prepared by the Finance Department

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*Under the Direction of
Gretchen E. Conner, Finance Director*



July 1, 2004

Honorable Mayor and Members of the City Council:

EXECUTIVE SUMMARY

On behalf of the City's management team, it is with great pleasure that I submit the operating and capital budget document for fiscal year 2004-2005 as adopted by Council on June 1, 2004. This document was developed with the cooperative effort of the entire management team and is intended to serve as a policy document, a financial plan, a communications device, and an operations guide. The budget reflects the policies, goals, programs and service priorities the City Council is committed to providing the citizens of Campbell. Despite the tough economic environment we have undergone the past several years, the City has been fortunate to accomplish some significant projects including the restoration of the historic 789-seat Heritage Theatre and gala grand-opening in February, 2004; and renovation of the Community Center including a new track and field, lighted tennis and handball courts, skate park, restrooms, redesigned entrance and frontage improvements. Other significant activity included further development of the Vasona light rail extension project and continuation of street resurfacing and paving throughout the City.

Consistent with past years, I'm proud to say that this is a balanced budget that was developed conservatively and in consideration of Council's priorities and objectives as identified in the City's Strategic Plan. While some utilization of reserves has been contemplated, every effort has been made to estimate revenues with reasonable conservatism based on the most up-to-date information available to the City. The expenditures are considered necessary and proper, taking into consideration the Strategic Plan objectives and the City's goal of providing a high quality of services to our residents. Reserve requirements have been maintained consistent with established financial policies. The result is an overall budget that will enable the City to maintain the programs and services the residents of Campbell are accustomed to receiving.

Level of Budgetary Control: The City's budget is truly a working document that is utilized throughout the organization, and although the expenditure budget is legally adopted by Resolution of the City Council at the total City and Redevelopment Agency (RDA) levels, it is important to note that the administrative level of accountability is at the line-item level within each program and fund. The Financial Policies authorize budget adjustments within the adopted budget or requiring transfers from reserves of less than \$5,000 to be approved by the City Manager. These are referred to as administrative budget adjustments. All budget adjustments that increase appropriations or any adjustments to capital projects must be approved by the City Council.

Budget Development: Development of the fiscal 2004-2005 operating and capital budget was a process that took place over the past several months as highlighted by the Budget Calendar located in the Introductory Section of this document. The City's financial policies establish a process whereby a budget study session on both the City and Campbell Redevelopment Agency (RDA) budgets is held with the City Council during the annual budget development process. This meeting was held in early March where the City Manager presented to the Council an overview of budgetary timelines and the various processes involved in development of the annual budget. Additionally, each Department Head presented a program-by-program overview of his/her respective budget and the related work plan items. An overview of the major revenues including projection assumptions was also presented to the City Council.

Although many cities are utilizing multi-year budgeting, the City of Campbell has previously tried this approach and has opted to produce an annual budget. To provide the Council with a sense of what can be anticipated in future years, a five-year projection is developed and presented within the Introductory Section of the document along with some narrative related to special considerations included in the multi-year projection. Located in the front of the budget document is a tri-fold budget brochure that contains summary operating and capital budget information for both the General Fund and all City/RDA funds (revenues and expenditures) for the current year with comparisons to prior years. The brochure is intended to provide readers with a bird's eye view of the budget in a handy, easy-to-read format with information that is most commonly and frequently asked for.

The City's budget document, seemingly large, is quite user-friendly. For ease of use and to minimize production costs, both summary level and detailed line-item information is merged within one document. To assist users in navigating through the budget document, an extensive Table of Contents and comprehensive Index are provided. The document is arranged first in fund order, followed by program order beginning with the General Fund and concluding with the section on the Capital Improvement Plan.

Each program budget consists of a series of budget exhibits that are presented at a summary level followed by additional levels of detail. A flow chart of the budget exhibits and narrative on each exhibit are contained within the Introductory Section of the budget. Additionally, a Program/Department/Fund Matrix and other reference information are contained within the Budget Reference Materials Section of the document along with an index that should assist readers in locating specific information. Within each program's proposed budget are a series of hierarchical exhibits presented in the order listed below and are further described in the Introductory Section of the document:

- Exhibit A Expenditures by Type, Funding Sources & Revenues Monitored
- Exhibit B Employee Services Summary
- Exhibit B-1 Permanent and Temporary Personnel (Salary and Full Time Equivalents or FTE's)
- Exhibit C Supplies & Services Summary
- Exhibit C-1 Supplies & Services Line-Item Detail
- Exhibit D-1 Debt Service Detail by Line-Item
- Exhibit E-1 Transfers-Out

Every program may not contain all of the exhibits listed above. For example, programs that have no full-time or temporary personnel will not contain Exhibits B and B-1. Only the Debt Service Funds will contain Exhibit D, and only those programs with transfers-out will contain Exhibit E. The highest-level summary is Exhibit A. It appears as the first page in each program and reflects a summary of expenditures by type, the various funding sources, and all revenues monitored by the respective program. The remaining exhibits further detail the information contained on Exhibit A.

The City's budget presentation and format incorporate many of the best features of fund order and program order budgets, and provide a document that is distinctive for its readability as well as its utility as a policy document, an operations guide, a communications tool, and a financial management instrument. It is a working tool that contains a considerable amount of useful information. It is particularly noteworthy that the City's annual budget document is utilized at every level of the City organization throughout the entire fiscal year and beyond.

BUDGET OVERVIEW

The fiscal 2004-2005 operating and capital budget totals \$61,885,196. Included within the adopted budget is \$9,485,097 related to interfund operating and capital transfers-out. The annual budget appropriates both transfers-in that appear as revenues or funding sources, and transfers-out that appear as expenditures. Because the two amounts are equal in total, they offset each other thereby negating any budgetary impact. Said another way, if transfers were not included or appropriated, both revenues and expenditures would decrease by a like amount. Absent an appropriation for transfers, the operating portion of the budget would total \$46,714,066; the capital portion of the budget would total \$5,686,033; and, the combined total would be \$52,400,099. This budgeting method is consistent with prior years' budgets and enables more effective comparisons from year to year regarding the true cost of programs and services.

Operating Budget Overview: The operating portion of the budget reflects the on-going operating appropriations. Operating revenue, which may include operating transfers-in, offsets all on-going operating costs, and no new taxes are proposed. Funding from one-time revenue, reserves or fund balance is not budgeted to offset on-going levels of service within this fiscal 2004-2005 budget with two exceptions. Because of budgetary impacts resulting from ongoing economic sluggishness and continuing geopolitical uncertainty in the Middle East, the fiscal 2004-2005 budget contains \$750,000 in funding from the General Fund's Economic Fluctuations Reserve. However, should economic conditions improve and revenue come in higher than originally projected, draws on the Economic Fluctuations Reserve may be less than budgeted. The other exception comes from drawing from the General Fund's Theatre Reserve of up to \$264,000 to fund an anticipated operating deficit of the recently established Heritage Theatre.

Due to budgetary challenges facing the City for fiscal 2003-2004 and continuing for fiscal 2004-2005, an annual appropriation of \$700,000 in the operating budget for street maintenance has been deferred. Prior to fiscal 1998-1999, street and sidewalk maintenance contracts had been funded with "one-time" monies from the Capital Improvement Plan and Construction Tax designations, and/or Gas Tax fund balance. Since that time, the annual operating budget has included both street and sidewalk maintenance costs. These costs have been funded annually with on-going revenue. Sidewalk maintenance continues to be included in the operating budget albeit at a reduced level of \$200,000. Until such time as operating revenues return to higher levels of support, such operating expenditures will likely continue at their reduced levels and/or made available from one-time funding as has been done previously. The City will utilize \$1 million in street maintenance reserves in fiscal 2004-2005. Although this funding is considered a "one-time" funding source, it will enable the City to continue its efforts to preserve street infrastructure.

Capital Budget Overview: The City's Capital Improvement Plan (CIP) is both a short and long-range plan for acquisition, improvement and/or renovation of City assets. The CIP is not a static document, and while the "out years" are important for planning purposes, the CIP is reviewed and updated each year. The first year of the seven-year CIP is incorporated within the operating / capital budget document, and only the first year of the CIP is appropriated. The remaining six years function as a project planning and budgeting tool. Development of the CIP is conducted separately from and prior to development of the operating budget. Potential operating budget impacts resulting from the CIP are incorporated into the operating budget at the appropriate time.

Pursuant to Council policy, the CIP includes projects and equipment items in excess of \$25,000. Also included are studies or evaluations that will potentially lead to a capital project. Capital items with a value of less than \$25,000 are included in the operating budget in the appropriate capital outlay line item or as a Building Maintenance special project if related to facility improvements. Because the annual budget formally adopts both an operating and a capital component, this document contains a summary within the CIP Section that is dedicated to fiscal 2004-2005, or year one, of the Capital Improvement Plan. The fiscal 2004-2005 capital budget, including \$5,686,033 in capital transfers, totals \$11,372,066 and is supported by seven different funding sources. Projects supported with City funding sources total \$8,872,066 while projects supported with RDA funding total \$2,500,000. Eleven projects are contemplated for fiscal 2004-2005 funding and are comprised of both new projects as well as additional funding for existing projects.

The following table depicts total operating and capital budget for the City and the RDA at their respective legal levels of appropriation compared to the prior fiscal year:

	FY 2004-05			FY 2003-04			\$ Change Operating Budget	% Change
	Operating Budget	Capital Budget	Adopted Budget	Operating Budget	Capital Budget	Adopted Budget		
City	\$ 41,736,227	\$ 4,436,033	\$ 46,172,260	\$ 39,029,918	\$ 1,759,233	\$ 40,789,151	\$ 2,706,309	6.9%
Capital transfers	-	4,436,033	4,436,033	-	1,659,233	1,659,233	-	n/a
Total City	41,736,227	8,872,066	50,608,293	39,029,918	3,418,466	42,448,384	2,706,309	6.9%
RDA	8,776,903	1,250,000	10,026,903	8,908,920	925,000	9,833,920	(132,017)	(1.5%)
Capital transfers	-	1,250,000	1,250,000	-	925,000	925,000	-	n/a
Total RDA	8,776,903	2,500,000	11,276,903	8,908,920	1,850,000	10,758,920	(132,017)	(1.5%)
Total City & RDA	\$ 50,513,130	\$ 11,372,066	\$ 61,885,196	\$ 47,938,838	\$ 5,268,466	\$ 53,207,304	\$ 2,574,292	5.4%

ISSUES FACING THE CITY

The City continually strives to improve the level and quality of service provided to its residents as has been demonstrated through the various on-going and enhanced service levels contained within this fiscal 2004-2005 budget. In future years, the City's goals and objectives will continue to reflect the desire to improve the quality of life for Campbell citizens by providing a variety of **balanced land uses via established standards for residential, commercial and industrial development**. Significant goals are developing and retaining a diversified and stable economic base, marketing the community to targeted businesses, and working with existing businesses via the Economic Development Plan. The City Council's continuing commitment to support **economic development** is a key factor in the successful execution of the Economic Development Plan and related projects. **Growth and new development** within the City pose opportunities and challenges. New development occurring during fiscal 2004-2005 is anticipated to bring housing units, new restaurants, and new retail establishments. Although the City and the RDA stand to gain financial benefits from these developments, it is essential that the overall impacts on our community remain manageable and environmentally balanced.

Over the next several years, the City is facing a number of issues. Three of these issues revolve around employee benefits. The first one concerns escalating retirement costs for current and past employees. Due to several years of consecutive negative investment returns from the City's retirement plan provider, CalPERS, combined with recent benefit enhancements, retirement expenditures have increased substantially and are anticipated to escalate further over the next several years. While the City has set aside approximately \$1.5 million in reserves to help fund immediate cost increases, additional funding will be necessary to fully cover future expenditures.

Another issue that has been of growing concern to cities throughout the State of California is the considerable increase in cost to provide workers' compensation insurance. The State has one of the highest premium costs in the country while ranking near bottom with respect to worker benefits. The City has been forced to retain more risk while paying even higher premiums. In April, 2004, the governor and the legislature reached a compromise to restructure the process and laws surrounding this issue in hopes of mitigating the financial impact to employers. However, until we see the results of its implementation, the full impact to the City of this recent action is yet to be determined.

As the general population ages, more reliance is put upon the health care system to provide for comprehensive coverage for employees and their families. Unfortunately, the cost of providing such care has only become more expensive. The City has always strived to provide reasonable health care coverage to its employees. Recent trends, however, indicate the cost of benefits will continue to spiral upward and the City has to consider how to balance the level of benefits it can offer with the cost of providing these benefits.

An ongoing challenge is the need to maintain the City's **street and sidewalk infrastructure**. Nearly \$12 million dollars have been invested in the City's street infrastructure over the past 7 fiscal years, and work will continue into fiscal 2004-2005 with an additional \$1.1 million in capital project dollars set aside for this purpose. While the City's overall condition of streets is good, a significant amount of resources are required to maintain a good condition rating on an on-going basis and providing this source of funding will continue to confront the City. A deferral or reduction of \$50,000 for sidewalk infrastructure is reflected for fiscal 2004-2005. This is not deemed to be particularly problematic as a significant amount of attention has been placed on this asset over the past few fiscal years. As with our street infrastructure, routine sidewalk maintenance will continue to be a high priority. Staff is hopeful that in the not-to-distant future, the budget can return to historical levels to ensure the appropriate level of attention to this important infrastructure asset. It is staff's belief that, based on revenue and expenditure trends, the multi-year projections, the balanced Campbell economy, and prudent budget development and monitoring, the desired level of funding may again be available in the not-to-distant future for both street and sidewalk maintenance.

Deployment of new technologies continues to be an important priority for the City. Because of the rapid pace of change in technology, constant monitoring of existing resources is an on-going challenge. To maintain the City's current and proposed standards of performance, network servers are planned for replacement along with related operating software. At the same time, replacement of employee desktop workstations is also scheduled for upgrading to current standards. Originally scheduled for replacement last year, based on a four-year timeframe, this was deferred in

order to accommodate budget reductions in the prior year. However, because the budget situation is still not optimal, replacement of monitors will be deferred for another year. Development and application of Geographical Information Systems (GIS) database layers will continue to be a priority to provide a wider range of usable data to end users. Another area of on-going development includes strengthening the City's website presence with additional content and navigational tools to provide easy access to a wide range of useful information and more convenient ways of transacting City business. For anyone interested in visiting our site, the URL is <http://www.ci.campbell.ca.us>. Further enhancements to the City's information technologies are anticipated during the coming fiscal year including webcasting of City Council and Commission meetings.

ECONOMIC CONDITIONS AND LEGISLATIVE IMPACTS

In general, the City continues to be fiscally sound, and has healthy reserves to weather the current economic conditions. It is our desire and plan to be fiscally prepared should we be faced with other fiscal challenges in the months or years to come. The Strategic Plan is one valuable tool that aids in our planning processes. During the early to mid-1990's, Campbell was hit hard by both a recession and impacts directly related to the State's budgetary plight. Since that time, the City developed a comprehensive and integrated strategic budgeting process resulting in a variety of budgetary strategies that have enabled maintenance of a balanced operating budget while actually enhancing services and service levels.

The fiscal 2004-2005 budget is balanced, but as has been mentioned, some work plan items are being deferred and reserves are being drawn upon for this fiscal year. Normalized trending is utilized for projections of major General Fund revenue sources. In years when revenues are projected to come in under the normalized trend, the shortfall is pulled from the Economic Fluctuations Reserve. In years when revenues exceed the normalized trend, the excess is put back into reserves. This approach has served the City well, so well in fact, that Campbell is not encountering the level of budgetary impacts that many neighboring agencies are dealing with. We remain mindful of the need to keep operating expenditures in line with operating revenues. The need for modest inflationary growth has been analyzed for each program's revenue and expenditures and modifications have been incorporated where appropriate.

Fiscal challenges facing the City are primarily related to the continued economic downturn and the State's economic and fiscal well-being. Compounding the lingering recessionary impacts is the United States' involvement in the Middle East war operations. Related to the State of California's budget, the City and RDA have been impacted in fiscal 2003-2004 from continued State takeaways in the form of additional ERAF payments of \$300,000, eliminating booking fee reimbursement of \$103,000 and deferred repayment of Vehicle License Fees (VLF) up to \$700,000. Under the Governor's proposed budget, the RDA would lose an additional \$300,000 in ERAF monies in fiscal 2004-2005. It is imperative that the City remains aware of impacts that may be realized in the upcoming year. In fact, the VLF revenue has been looked at by the State for the last few years. The City has approximately \$2.2 million in VLF revenue budgeted for fiscal 2004-2005. In other State action, recent legislation will create a change in the City's revenue structure effective July 1, 2004. Under the provision of this law, the City of Campbell will lose one quarter (25%) of its sales tax to the State which, in turn, is supposed to be backfilled by the State with monies it collects from property taxes and forwards to the City in lieu of the sales tax. While it remains to be seen what the full impact will be to the City, it is expected that the overall impact will not be significant. Although this budget does not contemplate a loss of or reduction in VLF revenue, it is being watched very closely given the State is still in process of closing a \$12 billion budget gap. The City will be proactively prepared to take the necessary budgetary actions should any significant change in VLF or any other important revenue source be anticipated and/or realized. The City's fiscal 2004-2005 budget does contemplate an additional \$300,000 State takeaway based on the Governor's current budget proposal.

Adding to concerns that revenues are projected to be flat or slightly down from fiscal 2003-2004 is the fact that the City continues to feel the impact from State budget actions whereby nearly 30% of property tax revenues, in addition to other revenues, were taken away. In total, since 1992-1993, the aggregate lost property tax revenue is approximately \$7 million. Had the State not taken this revenue, the City's property tax revenue would approximate \$4.6 million for fiscal 2004-2005 compared to the projection of \$4.2 million. Although this revenue loss continues annually, it is partially offset with new construction, changes in assessed valuation via normal inflationary factors, and changes in ownership related to pre-Proposition 13 values being adjusted as properties are sold.

To help ensure the stability of this essential funding source, the City's Strategic Plan promotes economic development and business retention. Such philosophies are of significant importance to Campbell's economic balance and the City's ability to continue to provide high quality municipal services to its residents and businesses. To accomplish one of the objectives of the Strategic Plan and to foster relationships with the business community and ultimately promote economic development, business retention, and jobs, the City maintains an active economic development program.

According to the State of California Governor's budget summary, the national and California economies had strengthened during the last half of 2003 and business investment appeared to be growing. Improved labor markets and stronger output growth are expected for both economies in 2004 and 2005. Based on a number of economic indicators Statewide, the economy is in a recovery mode. While much of the recovery is still dependent upon how the rest of the nation fares, the State is seeing more reason for optimism. The housing market has continued to perform strongly both in California and nationally thanks, in large part, to historic low interest rates that have also help bolster the rest of the economy. Increased corporate profits, higher personal income, increased taxable sales and growth in the level of gross private domestic investment are just some of the measures pointing to economic recovery. One of the last pieces of the recovery model is in sustained job creation. While this has lagged expectations for most of the past year, recent signs are indicating that this, too, is beginning to pick up.

Santa Clara County, situated south of the San Francisco Bay, is part of one of the State's busiest urban areas – the San Francisco Bay Area. Santa Clara County is also part of the region known as the Silicon Valley, an industrial region centered on the southern shores of San Francisco Bay. Its name is derived from the dense concentration of electronics and computer companies located here. Recently, the economic emphasis here has shifted somewhat from computer manufacturing, research, development, and marketing of computer products and software. However, although the City is located in the heart of Silicon Valley and is surrounded by San Jose on three sides, the economic base is a broader and more diverse mix of high tech, retail residential, industrial and commercial entities. This has somewhat lessened the impact of the recent economic decline both locally and nationwide.

The unemployment rate is an important economic statistic as to the state of the economy in general. As of March 2004, the Economy at a Glance, as provided by the U.S. Department of Labor - Bureau of Labor Statistics, indicates that the (seasonally adjusted) national unemployment rate was 5.7%, which has declined from a high of 6.3% in June 2003. As of March 2004, the California Employment Development Department indicated that the (not seasonally adjusted) unemployment rate for Santa Clara County was 6.8%, down from 8.7% in the prior year. This compares to the California unemployment rate of 6.6 %, which is down from its recent high of 6.9% in July, 2003. Although the City of Campbell is not immune from recessionary impacts, the City tends to trend lower than both the County and the State of California in unemployment rate. As of March 2004, Campbell's unemployment rate was 5.0%, which is down from 6.1% in the prior year. Overall, it appears the economy in Campbell has bottomed out earlier this year, and there are consistent indicators showing the local and Statewide economies are well on their way to recovery. Helping to turn things around is that Campbell's already diversified business base is continually being enhanced through redevelopment and economic development efforts.

It is anticipated that the annual revenue needed to sustain service levels contained within the fiscal 2004-2005 budget will be available on an on-going basis in the years to come, and that as the economy turns around, the projected normalized revenue trends will be realized. The primary areas that could result in potential budgetary impacts for the City remain State budgetary actions, the impacts related to the war in Iraq, costs associated with Homeland Security, and the economy in general. In the event one or more of these considerations materially impact the City's budget, staff will bring any considerations before the Council for discussion and action as appropriate.

REVENUES

Pursuant to the financial policies, revenues are projected conservatively, and no new taxes are contemplated or proposed for fiscal 2004-2005. In projecting revenues, program managers evaluate comparative historical data in conjunction with necessary inflationary adjustments, changes in the volume or activity, and any fee increases resulting from user fee cost recovery percentages or as a result of a recently completed User Fee and Cost Allocation Study. The

process resulted in total budgeted revenue for fiscal 2004-2005 of \$62,515,449 including capital funding sources of \$11,372,066. This reflects an increase of \$8,726,654 (16.2%) from the previous year. Of these totals, the operating budget component is \$51,143,383, an increase of \$2,623,054 (5.4%) from the previous year. The capital budget's projected revenue totals \$11,372,066, an increase of \$6,103,600 (115.9%) from the previous year. It is important to note that the capital project budget can fluctuate dramatically from year to year depending upon the number and size of projects planned and funded. Capital projects are funded with non-operating revenue hence there is no impact on the operating budget funding sources. Both the operating and capital budgets contain transfers-in totaling \$3,799,064 and \$5,686,033, respectively. Although this has a tendency to make the budget appear higher in total than it actually is, the transfers-in on the revenue side are offset by transfers-out on the expenditure side. Including transfers in the City's adopted budget is desired as it is deemed to more accurately reflect the actual revenues and expenditures of various programs and services. Additionally, it readily demonstrates to the Council that budgets are balanced.

Contained within the budget are a variety of funds, each with its own source(s) of revenue. The budget document is organized by fund type beginning with the General Fund. The divider page for each fund type lists all funds contained within that section of the budget. Exhibit A of each set of budget exhibits summarizes the various funding sources for that particular fund or program. The General Fund is the largest single fund of the City where the majority of the City's services are budgeted; therefore, the focus of this section of this budget message is on the General Fund. General Fund operating revenue, which excludes capital funding sources, is projected to be \$32,240,379, an increase of \$1,908,961 (6.3%) from the previous year. Included in this total is \$1,816,918 in beginning fund balance, which is considered non-operating revenue. Of this amount, \$750,000 is a draw from the Economic Fluctuation Reserve, \$550,000 is a draw from the Retirement Reserve to offset the increased employer contribution costs for Public Safety employees and \$263,918 is a draw from the Theater Reserve to offset an expected operating deficit. The remaining beginning fund balance draws are budgeted only to offset a like amount of one-time expenditures contained within the operating budget for the General Fund.

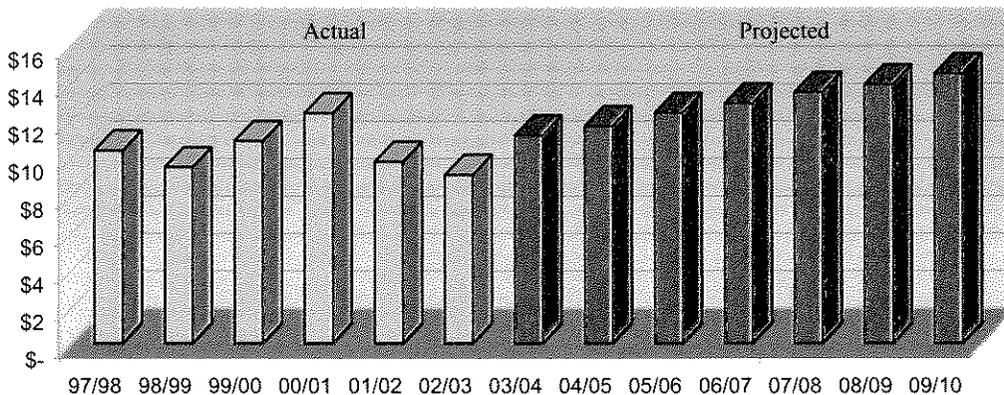
Sales Tax: Within the City of Campbell, Sales Tax revenue makes up 38.1% of the City's General Fund's net operating revenue base. Net revenues exclude beginning fund balance, which is not considered to be an on-going revenue source. Of the nearly 4,600 diverse businesses in the City, no single sales tax producer presently generates more than 10% of the total sales tax revenue. The fiscal 2004-2005 budget of \$11,590,000 is \$490,000 (4.4%) higher than the original 2003-2004 adopted budget. Although the estimate was developed conservatively, approximately \$340,000 is planned to come from the Economic Fluctuations Reserve. With this additional funding, the sales tax revenue estimate more closely approximates what would have been estimated under a normalized trend or just under \$12 million.

The Economic Fluctuations Reserve was originally established following the recession of the early to mid 1990's at a value of \$2.5 million and has grown to \$10.1 million as of June, 2003. The reserve is anticipated to be \$7.2 million by the end of fiscal 2004-2005 including anticipated draws on the reserve of \$750,000. Should a given year's projection fall short, as was the case in fiscal 2003-2004 and is contemplated for fiscal 2004-2005, the Council authorizes draws upon these funds. Such draws would be returned in years when sales tax encountered a surplus. This budgetary philosophy helps to maintain a stable level of on-going operating revenue in times of economic swings or impacts to this important revenue base from circumstances such as e-commerce several years back. At such time the economic recovery is evidenced by growth in City revenues, it is feasible that the Economic Fluctuations Reserve will not have to be drawn upon to the extent originally contemplated in the fiscal 2004-2005 budget. Staff will continue to monitor this significant revenue source and will recommend necessary modifications to the projection in the fiscal 2004-2005 General Fund mid-year report.

For many years, the sales tax trend line was consistent and gradually upward sloping; however, in the early 90's, the City's revenues were negatively impacted by nearly \$1 million during the economic recession. During fiscal 1994-1995, the trend line resumed a gradual increase through fiscal 2000-2001. Campbell's sales tax revenue base was negatively impacted by nearly \$1 million during fiscal 1998-1999 primarily as a result of the e-commerce or lost sales tax revenue due to sales over the Internet coupled with the loss of a major sales tax producer.

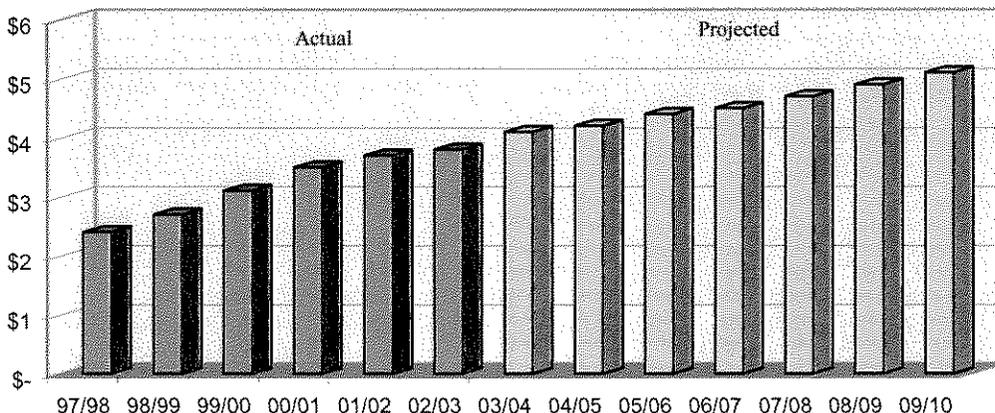
Sales Tax Continued: The economic downturn coupled with impacts associated with the September 11th events and the war in Iraq have impacted the actual results for the past three fiscal years. Correspondingly, the sales tax projection for fiscal 2004-2005 of \$11.5 million is more conservative than might have otherwise been projected in a normal year. As has been mentioned, the \$340,000 in reserve funding normalizes the projection to help carry the City through the economic downturn. Budgetary projections contemplate a modest inflationary factor, the diversity of the sales tax base, new businesses coming on line, and the effect of lost sales tax opportunities resulting from the current economic climate. Future years contemplate a return to normalcy with a modest inflationary factor being applied each year. No significant growth has been projected for this revenue source. The following graph reflects actual sales tax performance for the past five fiscal years and projected revenue for the ensuing six fiscal years:

Sales Tax Projections – General Fund



Property Tax: Property Tax revenue is the second largest source of revenue to the General Fund estimated to be \$4,188,400 (13.8%) of net operating revenue in fiscal 2004-2005, an increase of \$98,400 (2.4%) from the previous fiscal year's adopted budget. This total projected increase conservatively approximates and trends with the average annual increase for this revenue source. Other factors in the projection are historical growth in assessed valuation and new construction. Property tax revenue has been hit hard by the State of California with aggregate losses approximating \$7.6 million since 1992-1993. Unless the State returns the tax revenue to cities via specific legislation, this loss will continue to have an on-going impact. Absent the State Property Tax take-away and reductions in property values resulting from the recession, the City's Property Tax revenue projection for fiscal 2004-2005 would approximate \$4.7 million. Budgetary decisions made in both the past and proposed fiscal years assume a continuation of the reduction in Property Tax revenues imposed by the State. With the exception of an additional \$300,000 in RDA take-away for fiscal 2004-2005, based on the Governor's current budget proposal, Campbell's long-range property tax projections do not anticipate additional State take-aways or return of prior revenue taken. The following graph depicts the historical and projected trend for Property Tax revenues in the General Fund.

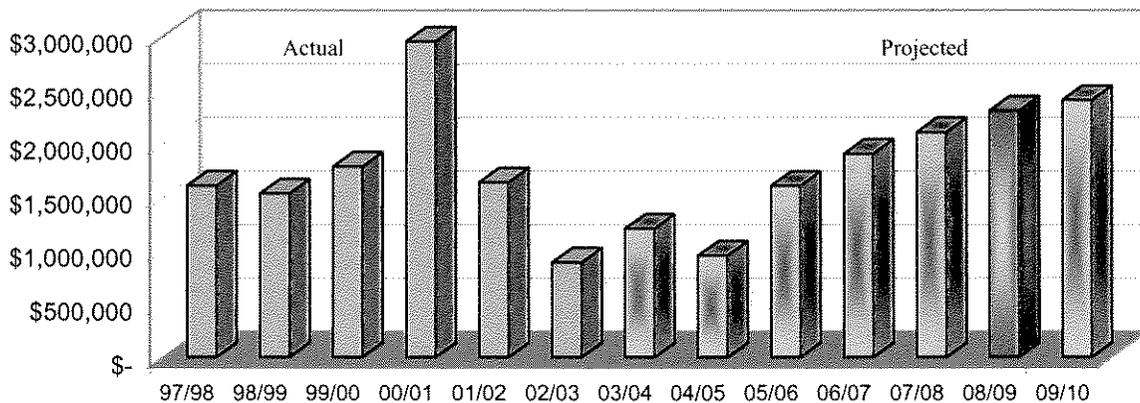
Property Tax Projections – General Fund



Investment Income: Investment income comprises approximately 3.1% of General Fund net operating revenue and is estimated to be \$950,000 for fiscal 2004-2005, a decrease of \$300,000 (24%) from the previous year's adopted budget and an increase of \$150,000 (19.2%) from the revised mid-year projection for fiscal 2003-2004. The more optimistic estimate is due to expectations that interest rates will rise during the course of next fiscal year. After weathering a period of historically low interest rates spurred by the policy direction of the Federal Reserve Bank, it is widely expected that the recovering national economy will soon see rates begin to rise and, in fact, such a change in direction may have already begun. The estimated budget equates to the amount actually anticipated to be earned during this fiscal year. More specifically, the estimate for fiscal 2004-2005 contemplates an estimated average yield of 2.5% on an investment balance of nearly \$53 million. Of the total investment portfolio, approximately 72% belongs to the General Fund.

It is important to note that the City's investment policy is very conservative and consistent with established financial policies. Because this revenue source is considered operating revenue to the General Fund, the previously mentioned Economic Fluctuations Reserve was established to cover swings in the baseline revenue projection and/or revenue shortfalls. In a year when investment income falls short of the baseline operating budget projection, the reserve may be drawn upon. An amount of approximately \$305,000 is budgeted from this reserve in fiscal 2004-2005 to bring the investment income projection to the baseline level of \$1,255,000. This will be reviewed at the mid-point of the fiscal year, and any necessary modifications will be recommended to the City Council at that time. The following chart depicts historical activity and projections for current and future years:

Investment Income Projections – General Fund

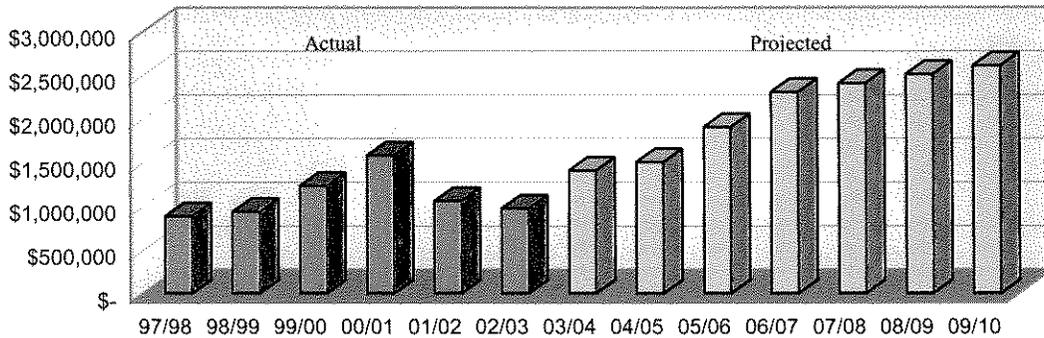


Transient Occupancy Tax: This tax, more commonly referred to as Hotel/Motel Tax or TOT, is derived from a 10% tax that is applied to the room rate of the City's four hotels/motels. Generally, exemptions occur once a guest has stayed for more than 30 consecutive days assuming there is no break in the stay. TOT revenue for fiscal 2004-2005 is budgeted at \$1,506,600 reflecting an increase of \$131,600 (9.6%) from the previous year's adopted budget. However, it is a \$481,600 (47%) increase from the revised mid-year projection for fiscal 2003-2004. This assumes increased business from a better economy as well as some increased revenue from a new hotel that is anticipated to open during the year. It should be noted that approximately \$105,000 is expected to come from the Economic Fluctuations Reserve to achieve the normalized trend or baseline projection of \$1,612,000. Beyond fiscal 2004-2005, an additional hotel is expected to come on-line, thereby, increasing the baseline projection in the out years.

Key factors in developing the revenue projection are such things as historical trends, the number of available rooms, the occupancy rate, exemptions, new rooms coming on-line, and the weighted average room rate. Historically, Campbell hotels/motels have been fortunate to experience an average occupancy rate of over 85% with minimal exemptions. However, the delayed economic recovery and reductions in travel have impacted this revenue source. Occupancy rates have recently been averaging about 70% and in the projection are not anticipated to reach previous levels during fiscal 2004-2005.

The following chart depicts historical activity and projections for current and future years:

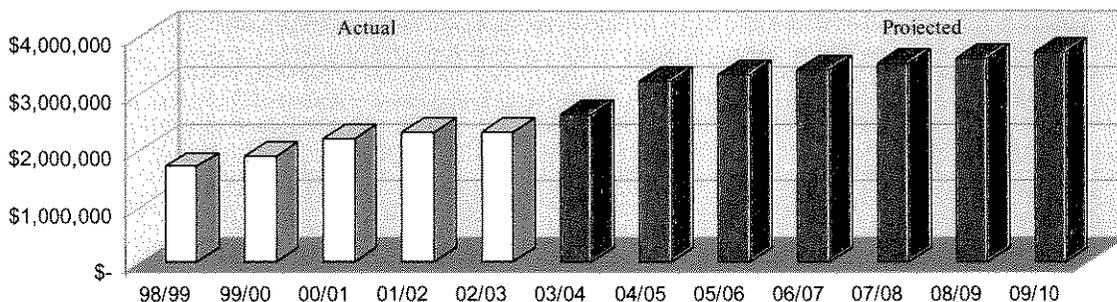
Transient Occupancy Tax (TOT) Projections – General Fund



Franchise Tax: Franchise Tax revenue is generated from fees charged to various utilities for doing business within the City. The fee is usually computed as a percentage of the gross income of the utility. This revenue source is projected to generate General Fund revenue of approximately \$1.3 million for fiscal 2004-2005. The projection is developed from a combination of increased services/customers plus an inflationary factor averaging 3% on the historical amounts generated by utilities operating within the City limits, e.g. cable, water, garbage, gas and electric. Others are set contractually. This revenue source is typically impacted by the addition of new customers as well as changes in rates the utility is allowed to charge. In developing the electric and gas franchise fees, consideration was given to the changes in market conditions in the State of California, which have generally resulted in higher energy costs and produced variations in consumption. Campbell has not experienced a significant variance in this revenue source as a result of the current economic state.

Charges for Services: Charges for services, including Licenses and Permits are anticipated to generate \$4.6 million in General Fund revenue during fiscal 2004-2005. This compares to \$3.5 million in the previous fiscal year, an increase of \$1.1 million (31%). The large increase is due to revenues related to the newly renovated Heritage Theatre coming on-line as well as increased construction permit activity anticipated during the year. The remaining revenues consist of Recreation program fees, classes/lessons, and trips/tours as well as fire and police, planning, building, and engineering permit fees/charges. The vast majority of these fees and charges are recovered based on the cost of providing the service. However, such factors as the allowable percentage of recovery, number of participants or attendees, inflationary factor, comparison to other agencies, and the historical trends are analyzed for nearly all fees and charges. The following chart depicts historical activity and projections for current and future years:

Charges for Services Projections – General Fund



The City maintains an extensive cost allocation plan and user fee model, which serves as the basis for the Schedule of Fees and Charges. A Council-established user fee policy framework for establishing appropriate percentages of recovery is the guideline from which fee modifications are proposed and approved annually or as required. Annually, the Schedule of User Fees and Charges is approved in conjunction with adoption of the budget, and the corresponding revenue projections contained in the budget are documented via a Revenue Documentation Form, which contains the methodology for the respective projection.

Other General Fund Revenues: Rather than list each General Fund revenue source, the major ones have been called out separately in the preceding section. What remains is a category containing all other General Fund revenue sources including intergovernmental sources such as Motor Vehicle In-Lieu fees, operating transfers-in and beginning fund balance. Also included are sources such as the City's business license tax revenue projected at \$195,000, and other miscellaneous revenue. For fiscal 2004-2005, Motor Vehicle In-Lieu (a State-shared revenue) is projected to generate \$2,250,000 compared to \$1,503,200 in fiscal 2003-2004. The increase of \$746,800 (49.7%) is attributable to the State's deferral of VLF backfill funding for a portion of the year which the State has promised to repay to the City at a future date. Operating transfers-in total \$1,188,700 compared to \$1,174,543 in fiscal 2003-2004. General Fund beginning fund balance in the operating budget totals \$1,816,918 compared to \$1,835,952 last fiscal year. Where appropriate, other revenue sources are projected to reflect modest inflationary increases and/or changes in activity levels.

REVENUE IN ALL OTHER FUNDS

A variety of additional funds are contained within the budget. These will be explained in greater detail later in this Budget Message. In summary, each fund's operating revenue meets or exceeds operating expenditures consistent with established financial policies. The tabbed dividers for each fund type list the various funds contained within that section of the budget document. Additionally, the first page for each fund is a comparative summary of revenues, expenditures and changes in fund balance. Exhibit A within each program budget provides a summary of that program's funding sources and all revenues monitored by that program. Narrative descriptions and account number references pertaining to the particular revenue sources can be found in the Budget Reference Materials section of the budget document. Charts and graphs for General Fund revenue as well as total City revenue can be found in the Introductory and Financial Summaries section.

Special Revenue Funds consist of Gas Tax; Lighting and Landscape District; Housing and Community Development; Environmental Services; Parkland Dedication; Asset Forfeiture; Supplemental Law Enforcement; Other Grants; Other Special Revenues; and, RDA Housing. Gas Tax revenue is considered a State-shared revenue. Projections for this revenue source come directly from the State on an annual basis. Revenue in funds such as the Lighting and Landscape District and Environmental Services are based on rates that are assessed to individual properties depending upon type of service being provided or type of property. Exhibit A in each program budget details the revenues monitored by each program, and the Budget Reference Materials section further describes the various revenues.

Debt Service Funds are incorporated within the budget due to various bond covenants requiring this. Local Improvement District (LID) revenue comes from the County of Santa Clara via property tax levies assessed against the properties that received the specific improvements. Certificates of Participation (COP) debt service are funded by the General Fund with an offset from the Redevelopment Agency (RDA). RDA debt service funds are funded with tax increment from properties located within the Redevelopment Project Area located within Campbell. Such properties start out in a blighted condition and, as they are redeveloped and improved, the Agency receives the incremental growth in property tax over the established base. Exhibit A in each program budget details the revenues monitored by each program, and the Budget Reference Materials section further describes the various revenues.

Three **Internal Service Funds** are presented within the City's budget. Revenues in these funds are generated through charge-backs to user departments depending upon the volume of assets and type of service provided by the specific fund. Costs to be recovered include staffing in addition to repair, maintenance, and replacement of assets managed by the particular fund. Revenue to fund the Capital Improvement Plan is generated from a variety of "one-time" sources - most notably the Capital Improvement Plan Reserve (CIPR), a designation of fund balance in the General Fund. Specific revenue details can be found in the Financial Summaries Section of the budget as well as within the specific tab pertaining to the particular fund type, e.g. Special Revenue Funds; Debt Service Funds; Internal Service Funds and others. Exhibit A in each program budget details the revenues monitored by each program, and the Budget Reference Materials section further describes the various revenues.

EXPENDITURES, SERVICE LEVEL ENHANCEMENTS AND STAFFING RESOURCES

Expenditure Overview – All Funds (Operating and Capital): In accordance with the City's financial policies, annual operating revenues *must* meet or exceed annual operating expenditures. As previously mentioned, fiscal 2004-2005 is a balanced budget comprised of operating and capital expenditures for both the City and the Redevelopment Agency (RDA). The combined operating and capital budget for fiscal 2004-2005 totals \$61,885,196, which is \$8,677,892 (16.3%) higher than the adopted 2003-2004 operating and capital budget. This large increase is attributable to the capital project budget being \$6 million higher than in the previous year, of which \$3 million represents capital transfers. City operating expenditures total \$41,736,227, and RDA operating expenditures total \$8,776,903 for a combined total of \$50,513,130. This is a \$2,574,292 (5.4%) increase from the adopted 2003-2004 budget for City and Redevelopment Agency operating expenditures. Also included within the RDA budget for 2004-2005 is \$300,000 in additional Educational Revenue Augmentation Fund (ERAF) payments to the State of California; e.g. State takeaways.

The General Fund comprises 63% of total City and RDA operating appropriations. Other City funds comprise 19.4%, and RDA makes up the balance at 17.6% for fiscal 2004-2005. Operating expenditures in the General Fund are budgeted at \$31,947,168, which is \$1,744,036 (5.8%) higher than the fiscal 2003-2004 adopted budget.

As mentioned previously, an important component of the budget development process is the annual update of the City's seven-year Capital Improvement Plan (CIP). Development of the capital budget begins in the Fall and concludes with Council adoption in the Spring. Only the first year of the CIP is appropriated in this fiscal 2004-2005 budget. The capital budget for fiscal 2004-2005 totals \$11,372,066 which consists of \$5,686,033 for project expenditures and another \$5,686,033 in capital transfers-out. The City portion of the CIP totals \$4,436,033, and the RDA portion totals \$1,250,000. For further information about the Capital Improvement budget, see the summarized Capital Improvement Plan Section of this document. The CIP document is also available under separate cover.

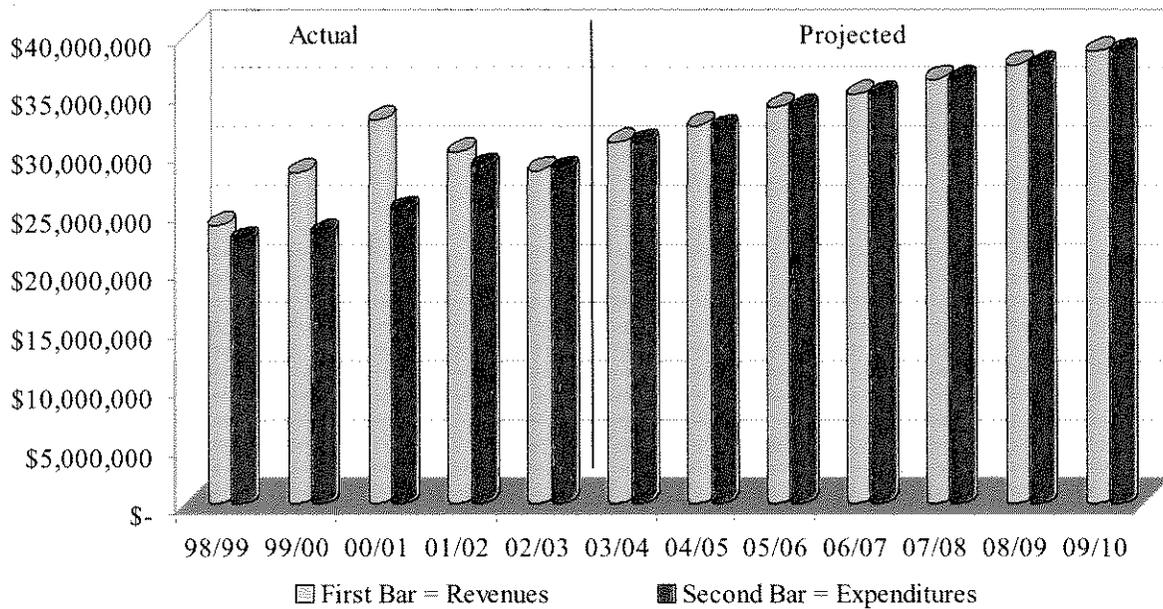
Multi-Year Comparative Analysis of General Fund - Revenues to Expenditures: The comparative analysis that follows reflects both the historical trend between General Fund revenues and expenditures covering ten prior years, the current year, and five future years. The City experienced revenue shortfalls during the 1991-1992 and 1992-1993 fiscal years. These impacts resulted from two primary factors - the recession that affected all cities during this window of time, and the State of California's budgetary plight. As has previously been mentioned, the State's budget actions mandated the reduction of the City and Redevelopment Agency's property tax revenues and have remained an on-going impact.

A reserve for economic fluctuations has been established at over \$10 million to be drawn upon in the event of economic downturns. For the second time in the history of this reserve, it is being drawn upon to maintain a balanced budget for fiscal 2004-2005. However, this will be reviewed at the mid-point of the fiscal year, and in the event that there is an adequate projection of budgetary savings and/or revenues are trending higher than originally projected, staff will recommend to the City Council that the designated funds not be drawn upon or that the draw be reduced.

The City's fiscal 2004-2005 budget is balanced with some utilization of reserves, deferrals of selected maintenance or replacement items and a number of vacant positions remaining unfunded. The multi-year chart assumes a return of the normalized trends in future years. Revenues and expenditures are anticipated to grow at approximately the same level over the next five years and range between 3 and 5 percent. Surpluses, if they exist, are utilized to fund reserves at required or desired levels with any residual being utilized to fund capital projects. Any on-going operating impacts related to the Capital Improvement Plan such as the Heritage Theater has been anticipated as well. These are specifically discussed in the Capital Improvement Plan Section of the budget.

The chart on the following page is a multi-year comparison of General Fund operating revenues and expenditures.

Comparative Analysis – General Fund – Revenues to Expenditures



The City’s financial policies state that operating revenues shall meet or exceed operating expenditures. To deal with budget right-sizing should the need arise, the City has a process in place whereby a Program Prioritization and Service Level (PPSL) analysis could be undertaken. Although it is not anticipated, should the City find itself with the need to refine its budgeted appropriations at some time in the future, the PPSL process could again be employed. Additionally, the various service level enhancements would also be analyzed in conjunction with budgeting salaries at top step. There are a number of “ready” solutions to facilitate bringing the City’s budget back into balance should we be faced with the need to conduct such an exercise.

Special Revenue Funds: Funds in this category are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. These are generally created when legally mandated in accordance with State and/or Federal statutes or is otherwise restricted by the funding source. Consistent with the City’s Financial and Administrative policies, revenues in the Special Revenue Funds must meet or exceed expenditures, and one-time monies are not utilized to fund on-going expenditures. To the extent revenue shortfalls existed in a given year, expenditures would either be amended and/or the fund may receive subsidization from the General Fund. In any case, the goal is a balanced budget in all Special Revenue Funds. Listed below are the major funds in this category:

Gas Tax Fund: Cities receive Gas Tax revenue in a variety of ways. One portion of the funding comes from a combination of a fixed apportionment of the Gas Tax and pro-rata distribution of a portion of the proceeds based on population; another is an apportionment based on the cents per gallon of motor vehicle fuel license tax based on population; and another is from fixed amounts based on population. Revenues are restricted to the construction, improvement and maintenance of public rights of way. Revenues are received from the State Controller’s Office as shared revenue. Fiscal 2004-2005 revenue projections are provided annually by the State Controller’s Office and future years include an inflationary factor on the current year’s projection plus or minus any known variances.

Funding availability determines the maximum appropriation in any given fiscal year. Expenditures in this fund pertain to on-going maintenance of the City’s street infrastructure. Annually, the City is required to file a Street Report with the State of California. Additionally, representatives of the State audit the fund every three years. Revenue and expenditure totals for fiscal 2004-2005 are projected to be \$1,078,795, which is a decrease of approximately \$33,000 (3%) from the previous year’s adopted budget. Fiscal 2004-2005 is a balanced budget for this fund, with expenditures equaling revenues. Projections for future years utilize a modest inflationary factor approximating 2% for revenues and 3% for expenditures.

Lighting and Landscape District Fund: The City provides a range of services, which are eligible for funding through the City-wide annual Lighting and Landscape District (LLD) as allowed under the Lighting and Landscaping Act of 1972. Annual levies are established and assessments are collected via Property Tax bills. The County of Santa Clara bills, collects, and remits LLD revenue to the City of Campbell Lighting and Landscape District fund. Services that are provided include the installation, operation, and maintenance of public lighting, including traffic signals, landscaping, parks and recreational improvements, including play equipment and public restrooms, appurtenances for maintenance of the above, including curb, gutters, sidewalk, irrigation, and drainage improvements.

As with all City and Redevelopment Agency Funds, LLD revenues must meet or exceed operating expenditures. For fiscal 2004-2005, the operating revenues and expenditures total \$2,706,055 resulting in a balanced budget. This includes operating transfers-in totaling \$1,066,055 and transfers-out totaling \$300,000. The General Fund accounts for 100% of the total transfers-in as a subsidy to this fund. Details related to transfers-out may be found in Exhibit E of Program 775 in the Lighting and Landscape District Fund budget worksheets. Projections for future years are based on inflationary increases approximating 2-3%.

Environmental Services Fund: This fund budgets and accounts for revenues and costs associated with administration and management of the City's solid waste collection and disposal, storm water management, and other environmental programs as needed or required. The City participates in a Solid Waste Joint Powers Authority (JPA) and utilizes a franchised solid waste and recycling provider who bills, collects, and remits revenues to the City related to services provided to Campbell residents and businesses. Any increases in rates, such as those approved for 2004-2005, as well as the proposed budget for solid waste and recycling services are approved annually by the City Council. The City then develops the Environmental Services budget around these fees. Fees remitted to the City include Storm Water, Storm Drain Area, Solid Waste, Hazardous Waste, and Recycling fees. Operating revenue and expenditures for fiscal 2004-2005 total \$697,900, which is a \$105,900 (17.92%) increase from the previous fiscal year's adopted budget. Future years are based on inflationary increases approximating 2-3%.

Redevelopment Agency (RDA) Funds: Redevelopment is the primary tool provided by the State of California to assist cities in eliminating economic and physical blight from a designated area and to achieve desired development and private investment to revitalize the area. The designated area is commonly referred to as a Redevelopment Project Area. Funding for Redevelopment activities comes from incremental growth in property tax revenue within the project area through redevelopment efforts. Such revenue can only be used to fund capital improvements and/or debt service after a 20% housing set-aside. The Redevelopment operating budget is comprised of three funds; the 20% Housing Fund; the RDA Administration Fund; and the RDA Debt Service Fund.

Operating revenue in these funds for fiscal 2004-2005 totals \$8,813,329, which is a \$168,733 (1.9%) decrease over the previous fiscal year's adopted budget. On the expenditure side, the fiscal 2004-2005 budget totals \$8,776,903. This is a \$132,017 (1.5%) decrease over the previous fiscal year's adopted budget. Included in the fiscal 2004-2005 budget is an estimated amount of \$300,000 in State takeaways related to ERAF payments. For future years, revenue projections utilize an average inflation factor of 2-4%, which takes into consideration the maximum annual increase in assessed value plus a percent for new construction or changes of ownership resulting in reappraisals. Expenditures are projected utilizing a modest inflationary factor.

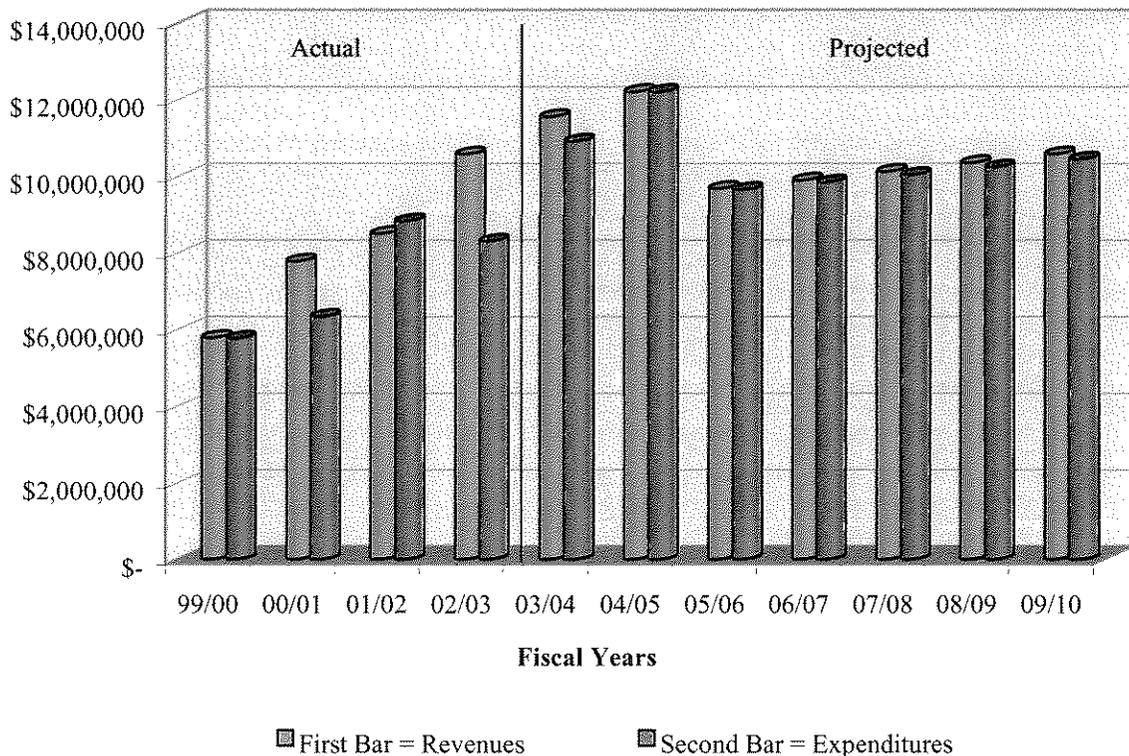
Internal Service Funds: The City of Campbell's utilizes a total of three Internal Service Funds (more commonly referred to as "Pool Funds") to finance and account for goods and/or services provided by one City department to other City departments on a cost reimbursement basis. These funds are: (1) Motor Vehicle and Equipment; (2) Information Technologies (IT); and, (3) Workers' Compensation. On the Internal Service Fund divider page the fund type and each separate fund is described. Immediately following the divider page are the revenue, expenditure and fund balance summaries by fund in addition to the individual budget exhibits by fund including revenues, funding sources, and expenditures.

Internal Service Funds Continued: The primary funding source for Internal Service Funds is user charges. City and RDA program budgets contain line items for charges from the various Pool Funds. Included in these charges to other City departments or programs are the pro-rata share of the cost of operations of the particular Internal Service Fund in addition to a replacement cost factor whenever physical assets such as vehicles, computers, etc. belong to the fund. As operating or replacement costs change or as asset inventories grow, the corresponding changes are reflected in the charges to the user departments. For fiscal 2004-2005, revenue in the Internal Service Funds totals \$3,318,501 resulting in a \$638,516 (23.8%) increase over the previous year's adopted budget. Revenues in the Internal Service Funds typically exceed expenditures by the amount established as a replacement set-aside. Annually, any assets scheduled for replacement are funded from Fund Balance within the respective "Pool" Fund. This can and does result in large variances when making year-to-year budgetary comparisons. Also, the various methodologies utilized to determine reserve levels and replacement charges are periodically evaluated and modified. Expenditures for fiscal 2004-2005 total \$3,017,885, an increase of \$687,963 from the previous year's adopted budget.

The primary reason for fluctuations in these funds is due in large part to the volume and type of assets scheduled for replacement in a given year. For fiscal 2004-2005, some deferrals have been made; however these are made without compromising the effectiveness or efficiency of programs and services. Desktop monitors are one example where the 4-year replacement schedule was pushed out an extra year or two. Aside from replacement factors, revenues and expenditures trend equivalently resulting in balanced budgets. Projections in future years have been estimated using a modest inflation factor.

The following is a chart depicting a comparison of revenues and expenditures for major funds other than the General Fund. Contained within the chart are the major Special Revenue and Internal Service Funds. Other than Debt Service Funds and the General Fund, these comprise the majority of the other City and RDA funds. The City has no Enterprise funds. The General Fund and Debt Service Funds are not included in this presentation because similar information is contained elsewhere in the budget document.

Comparative Analysis of Other Major Funds Operating Revenues to Operating Expenditures



The preceding chart reflects actual revenue and expenditures for fiscal 1999-2000 through fiscal 2002-2003. For comparison purposes, the adopted budgets are shown for fiscal 2003-2004 and 2004-2005. Future year projections are based on certain inflationary estimates with revenue and expenditure increases approximating 3% per year. Because of the City's Financial Policies requiring conservative estimates and that revenues must meet or exceed expenditures, the trend-line indicates that the budget is balanced from the current fiscal 2004-2005 year through fiscal 2009-2010; albeit, some utilization of reserves is contemplated as appropriate for the particular fund or fund type.

Service Level Enhancements: A variety of service level enhancements that were added to the budget over the past four years have been maintained within this fiscal 2004-2005 budget with one exception. The enhancement put in place in fiscal 2002-2003 to fund Sunday hours at the Campbell Library has been removed for fiscal 2004-2005. This action was taken as a result of the County being unable to provide staffing on Sunday due to its own budget cutbacks. Service level enhancements have totaled approximately \$2.1 million over the past six fiscal years. Such enhancements have historically been identified by the City Council during the initial budget meetings held within the first three months of each calendar year.

Early in the budget development process a series of study sessions are generally held to brief the Council on the status of the current year budget and its relationship to the Strategic Plan and performance results. At a subsequent budget study session, in years when service level enhancements are viable, the City Council is presented with a variety of service level enhancements or considerations for the upcoming fiscal year. Upon conclusion of the initial budget study session, Council prioritizes the various service level considerations. Staff brings back to Council a variety of alternatives for each service level enhancement under consideration for inclusion in the budget and work plan. After review and discussion, Council then provides staff with policy direction on which service level enhancements to incorporate into the budget.

No new service level enhancements have been incorporated within the fiscal 2004-2005 budget.

Personnel Services: Staffing resources are an integral part of the City's annual budget. The prior year's budget contained a total of 181 permanent full-time and permanent part-time positions. For fiscal 2004-2005, there are no changes to the number of permanent positions. It should be noted; however, that a number of vacant positions remain unfunded in fiscal 2004-2005 and throughout the multi-year plan. A total of nine permanent positions are unfunded resulting in budgetary savings of nearly \$1 million. It is not intended at this point in time that any or all of these unfunded positions would be eliminated. Once the City's revenue picture improves, and the State budget stabilizes, each position will be reviewed on an "as needed" basis, and funding could be reinstated as appropriate.

Salaries and Benefits: Salary and benefit summaries including charts can be found within the Financial Summaries Section of this document, and can also be seen in the Departmental Budget Summaries Section, or on Exhibit B-1 of each program budget. These summaries reflect Full-Time Equivalents (FTE's) and budgeted expenditures for both permanent full-time, permanent part-time, and temporary staffing. Exhibit B in each program budget summarizes the various salary and benefit line-items contained within that program's budget.

The salaries and benefits category represents all personnel-related costs and makes up the largest component of the General Fund expenditures. For fiscal 2004-2005 salaries and benefits in the operating budget total \$21,462,178 for all funds, which is a \$1,442,178 (7.2%) increase over the previous fiscal year. Salaries and benefits in the General Fund total \$18,758,542 reflecting a \$1,417,312 (8.2%) increase over the previous fiscal year.

The following table summarizes the categories of compensation and benefits with a comparison between years.

Description of Salary & Benefit Categories (All Funds)	FY 00/01 Actual	FY 01/02 Actual	FY 02/03 Actual	FY 03/04 Adopted	FY 04/05 Adopted	% Increase (Decrease)
Salaries – Regular	\$ 9,581,137	\$ 10,559,669	11,886,325	\$ 13,687,885	\$ 13,616,366	(0.5%)
Wages – Temporary	1,712,903	2,216,704	1,691,344	1,515,437	1,588,460	4.8%
Overtime	605,867	589,687	572,509	466,520	484,851	3.9%
Other Pays (Holiday, POST, Auto/Uniform/M Meal Allowance)	419,184	470,236	535,146	559,070	587,140	5.0%
Medical / Dental / Life Insurance Premiums	1,157,846	1,362,542	1,474,986	1,807,648	1,747,619	(3.3%)
Public Employees Retirement Systems (PERS) *	*	*	*	1,111,960	2,366,840	112.9%
Other Benefits (FICA/Medicare, Unemployment, Other Benefits Pay, Disability, Workers Comp., Deferred Compensation)	1,138,633	1,158,702	1,348,702	871,480	1,070,902	23.0%
Total Employee Services	\$ 14,623,495	\$ 16,366,884	\$ 17,518,745	\$ 20,020,000	\$ 21,462,178	7.2%

* City was super-funded with PERS through 2002-2003; hence actual cost was significantly less than budget.

Bargaining Units or Represented Employee Groups: There are currently four (4) bargaining units or represented groups in the City: the Campbell Peace Officer's Association (CPOA) (sworn non-management police personnel), the Campbell Municipal Employee's Association (CMEA) (clerical/technical personnel), Millmen Industrial Carpenters Union, Local 262 (maintenance personnel), and the Campbell Police Civilian Employees Association (CPCEA). (dispatchers, records staff, and Community Service Officers). The remaining unrepresented employees are management and certain confidential employees. The outcome of negotiations with each unit is a major factor in salary and benefit costs. One of the bargaining units will be negotiating in fiscal 2004-2005 for their next contract term that should begin in July, 2005. The City has taken into consideration the possible outcome of this process and incorporated this in the development of the fiscal 2004-2005 budget.

Employee Services Budgeting Strategy and Forecasts: One of the conservative budgetary strategies the City of Campbell employs is to budget salary and benefit costs at the top step of the salary range for each position. This is consistent with the City's conservative and prudent fiscal policies and results in budgetary savings on an annual basis, which in years of economic slow-downs or actual recessions, can significantly help to maintain a balanced budget. Oftentimes, these savings roll into the Capital Improvement Program Reserve (CIPR), a fund balance designation in the General Fund, and a major source of funding for capital projects. The fiscal 2004-2005 budget and fiscal forecast incorporate this budgetary strategy. Additionally, the forecast takes into consideration any known results of the meet and confer process; assumes a cost of living estimate where no Memoranda of Understanding exists; and/or utilizes actuarial information for such things as retirement costs and worker's compensation. Should budgetary impacts occur in the future that would necessitate reductions, the City can and has reverted to budgeting salary and benefit costs at estimated actual.

FISCAL 2004-2005 MAJOR WORK PLAN ITEMS

The Budget Study Session held with Council in March of this year facilitated development of major work plan items for the upcoming budget year. These translate into proposed budgetary resources required to accomplish the annual work plan. Incorporated within the fiscal 2004-2005 workplan are a number of significant items including but not limited to the following:

Public Safety

- Participate in the reconfigured Silicon Valley Animal Control Authority (SVACA), including assisting SVACA staff in the construction of the animal shelter.
- Coordinate with other governmental agencies regarding the City's role in Homeland Security.
- Participate in the Countywide Radio and Data Interoperability Project.

Public Works

- Complete design and construction of the Campbell / Victor traffic signal.
- Manage construction of new storm drain line to serve Cristich Land and a small portion of McGlincy Avenues.
- Complete design and manage construction of McGlincy Lane / Union Avenue resurfacing project.
- Manage construction of major renovation of Westmont Avenue from San Tomas Aquino Road to Westmont High School.
- Manage design and construction of an off-leash dog park at the north end of the Los Gatos Creek County Park.
- Initiate design of landscaping and access improvements to the Hacienda / Winchester Percolation Ponds.
- Provide project management services to the Silicon Valley Animal Control Authority in the design and construction management of new administrative offices and an animal shelter in the City of Santa Clara.
- Initiate new solid waste collection and disposal procurement for franchise contract to be effective March, 2007.

Recreation & Community Services

- Evaluate the Museum's Strategic Plan.
- Develop a comprehensive program to include additional evening and weekend programs that will target the needs of the "younger" senior adults.
- Coordinate renewal of City / Campbell Union School District (CUSD) Joint Use Agreement for field use by 12/31/04.
- Research new methods of revenue generation through vending, advertising, etc.
- Implement a volunteer recruitment, retention and training program.
- Introduce a Triathlon Training Program and attain a minimum of 12-16 students within each of the 2 yearly classes.

Redevelopment Agency

- Update the Agency's AB 1290 Five Year Implementation Plan outlining the Agencies goals and objectives for the ensuing five years.
- Update the Agency's AB 315 Affordable Housing Production Plan.
- Complete a Purchase Agreement with the Santa Clara Valley Water District and a Disposition and Development Agreement with Charities Housing for an affordable housing project at 550 W. Campbell Avenue.
- Fulfill the conditions of the Disposition and Development Agreement with Sand Hill Properties for a mixed use development on the Campbell Avenue Master Developer Site.

Community Development

- Prepare the Winchester Boulevard Area Plan.
- Prepare Design Guidelines for all single family, multi-family, commercial and industrial property consistent with General Plan policy.
- Prepare text amendments to the Zoning Ordinance as directed by the City Council.
- Initiate annexation process of unincorporated County pockets adjacent to the City.
- Implement 'On-Line Permitting' (Tidemark data available on-line).
- Update and improve the parcel data information in the City Permit Application Tracking System.
- Enhance 'IVR' (voice/keypad activated phone inspection reservation program).

City Manager

- Submit a proposed 2005/2006 Budget to the City Council by May 15, 2005.
- Review Form 1240 and 1205 Cable Television Rate Adjustment filings.
- Recommend a seven-year Capital Improvement Plan to the City Council by April 15, 2005.
- Conduct the November 2, 2004 General Municipal Election.
- Produce three issues of the "Campbell Profile."
- Implement new cable franchise agreement and regulatory ordinance.
- Provide sexual harassment training to all employees.
- Meet and confer with CPOA in order to adopt a new Memorandum of Understanding by June 30, 2005.
- Complete cablecasting Government Access Equipment Upgrade project.

Legal Services

- Provide legal assistance regarding department priorities consistent with objectives identified within this document.
- Assist with revisions to the Zoning Title of the Municipal Code.
- Assist with preparation of the Solicitor Program.

Finance

- Coordinate City-wide fixed asset physical inventory.
- Conduct feasibility analysis of implementing a new or upgraded financial management system.
- Complete GASB 34 implementation related to recording of City-wide infrastructure.
- Conduct Transient Occupancy Tax audits of selected hotels/motels in the City.
- Update City-wide User Fee and Cost Allocation Models.
- Purchase and deploy replacement workstations according to proposed standards and in accordance with the City's four (4) year replacement schedule. (Deferred from 03/04)
- Purchase and deploy replacement network server and storage equipments in accordance with proposed standards and the City's four (4) year replacement schedule. (Deferred from 02/03)

ACCOMPLISHMENTS OF THE PRIOR YEAR

The fiscal 2003-2004 workplan anticipated a variety of major work plan items. Listed below is a summary of some of the more significant accomplishments:

Public Safety

- Worked with the Public Works Department Traffic Engineering Division developing and implementing Neighborhood Traffic Management Plans (NTMP).
- Implemented the Mobile Data Computer System throughout the department, trained required personnel with the use of this new technology.
- Enhanced emergency preparedness by offering classes to various neighborhoods throughout the City.
- Adopted a Police Department respiratory protection plan and ensure that all training, medical examination, fit testing, maintenance and record keeping requirements are met.

Public Works

- Completed construction of Heritage Theatre Renovation, Community Center, and frontage improvements.
- Completed Midway Street Reconstruction project and design of Campbell / Victor traffic signal project.
- Began construction of Westmont Avenue improvements.
- Completed construction of the John D. Morgan Park Budd side playground and bathroom renovation projects.
- Prepared successful grant applications for the Hacienda/Winchester Percolation Pond Improvements and San Tomas Creek Trail Project.
- Designed and constructed handicap parking improvements at City Hall.
- Initiated design of the Los Gatos Creek County Dog Park.

Recreation & Community Services

- Offered additional evening and weekend programs targeting the needs of the “younger” senior adult population.
- Raised approximately \$20,000 for operation of the Campbell Historical Museum from private sources.
- Assisted Public Works in the construction management of the Heritage Theatre renovation CIP Project #00-02.
- Acted as Project Manager for the Theater Fund Raising Project.
- Ensure the Heritage Theatre operates in a fiscally responsible manner to offset all but \$300,000 of the operating budget.

Redevelopment Agency

- Secured an option to purchase Santa Clara Valley Water District Property for an affordable housing project.
- Processed through adoption the Sixth Amendment to the Redevelopment Plan extending the Agency’s authority to exercise eminent domain an additional 12 years.
- Completed the draft Conceptual Plan for the redesign of Ainsley Park.
- Executed a Disposition and Development Agreement for the sale and development of the commercial portion of the Campbell Avenue Master Developer Site for a mixed use residential over retail development.

Community Development

- Completed a comprehensive update of the Zoning Ordinance.
- Substantial work done on the Winchester Area Plan, the Campbell Avenue Streetscape Plan and the preparation of design guidelines for historic neighborhoods and update of the Design Guidelines San Tomas Area Neighborhood Plans.
- Completed processing of development applications for 128 projects, including approval of the Campbell Avenue Master Developer Site and Water Tower Residential Loft Project.
- Provided Construction inspections for the Heritage Theater Project.
- Provided on-going guidance to the VTA on the site and architectural design of the Stations on the Vasona Light Rail Line.
- Expended \$500,000 on two first-time homebuyer’s loans.
- Opened 180 health and safety case and closed 160 (includes prior year cases).
- Provided emergency shelter and support services to 130 families, shelter and/or counseling for 140 battered women and food, clothing and rent vouchers to assist 622 needy residents.
- Provided Landlord Tenant Mediation services to 700 residents.
- Convert paper files into electronic storage system.
- Enhanced the public information resource center incorporating Building and Planning information brochures, pamphlets, handouts, website, etc.
- Standardized public counter information and procedures.
- Rehabilitated eight to ten housing units for very low and low-income single family, multi-family or mobile home owners.
- Enhanced cross training program between building inspectors and code enforcement officer.

City Manager

- Submitted a proposed 2004/2005 Budget to the City Council by May 15, 2004.
- Reviewed Form 1240 and 1205 Cable Television Rate Adjustment filings.
- Recommended a seven-year Capital Improvement Plan to the City Council by April 15, 2004.
- Produced three issues of the “Campbell Profile.”
- Coordinated the Annual Advisory Commissioner Recognition Dinner.
- Assisted in the implementation phase of Document Imaging System.
- Coordinated the Spring 2004 Volunteer Recognition Luncheon.
- Conducted compensation survey for classified management classifications.

Legal Services

- Provided legal assistance regarding department priorities consistent with objectives identified in various work plan items and the Strategic Plan
- Assisted with revisions to the Zoning Title of the Municipal Code
- Assisted with preparation of the Solicitor Program

Finance

- Implemented Governmental Accounting Standards Board Statement 34 and issued a newly formatted Comprehensive Financial Annual Report (CAFR) and Redevelopment Agency Annual Report.
- Completed transient occupancy tax audits of hotels in the City.
- Completed a comprehensive Information Technology Computer Master Plan.
- Finalized network and systems documentation and procedures.
- Implemented integrated web/telephony access to the City's building permit and recreation systems.
- Implemented a telephony based Automated Information System.
- Coordinated the implementation of a Citywide GIS system and development of database layers as identified by the departments.
- Assisted with implementation of a Citywide Records Management System

STRATEGIC PLAN AND PERFORMANCE REPORTING

In addition to allocating necessary resources for the provision of ongoing services and work plan activities; the fiscal 2004-2005 budget serves as the financial plan for accomplishment of the Strategic Plan vision and objectives, which are summarized within the Introductory Section of the document. Within the Departmental Budget Summaries Section of the document, the specific departmental chart of accounts, mission statement, on-going objectives, major work plan items, total departmental budget, staffing levels, and performance reporting are summarized.

At the beginning of each program budget section, the individual program mission statement, on-going and major work plan items are summarized, and the total program budget is detailed by type of expenditure and by line item. Development of the major work plan items for a given budget year are derived from the City's Strategic Plan vision statement and the related objectives. A review of the Strategic Plan objectives takes place concurrent with the budget meetings in January through March of each year thereby providing the foundation for resource allocation in the annual operating and capital budgets. Once the major work plan items have been identified, the departments proceed with development of budgetary resources necessary to accomplish the Strategic Plan objectives and annual work plans. Each major work plan item provides a numerical reference to the specific Strategic Plan objective that is being accomplished through that task or project thereby establishing a direct tie between the Strategic Plan and the annual budget.

The City of Campbell has developed a set of useful and reliable performance outcomes and productivity indicators whereby work input and related outcomes are measured and reported. Summaries by department are located within the Departmental Budget Summaries section of the document. Performance reporting assists the Council in establishing policies related to the quantity, quality and appropriateness of municipal services provided by the City of Campbell. These were initially implemented in January 1996 and are revisited annually and modified as appropriate.

Historically, performance outcomes have not been projected. Rather, the results are reported to the Council on an annual basis with prior years information provided as a benchmark for comparison. Any outcomes or indicators containing a TBD (to be determined) are still being tested or reviewed, and if projections are shown, it is because the budget was completed prior to the year-end results being available. It is important to note that performance outcomes and objectives are not the fundamental basis for development of the annual budget. Because benchmarking between cities is a relatively untested and an evolving concept, the City of Campbell has not yet attempted this new approach to performance-related comparisons.

FINANCIAL POLICIES

The City of Campbell's Financial Policies were formally adopted by the Council in 1987 and, since that time, have been updated periodically. These policies enable consistent management of the City's fiscal resources, establish criteria to evaluate the City's financial condition, create a sound financial basis for City operations, promote public confidence, and increase the City's credibility in the eyes of bond rating agencies and potential investors. The following policies exist:

Revenue Policies: The development and maintenance of balanced and reliable revenue streams will be the primary revenue policy of the City. Efforts will be directed to optimize existing revenue sources while periodically reviewing potential new revenue sources. The need to promote a healthy business climate is recognized as one method to maximize existing revenue sources. Revenue estimates will be prepared on an annual basis during the preparation of the budget and shall be projected on a five-year and seven-year basis for operating and capital purposes respectively. Revenues will be estimated conservatively using accepted standards and estimates provided by the State and other governmental agencies. Alternative revenue sources will be periodically evaluated to determine their applicability to meet identified City needs. Sources of revenue will be evaluated and modified as necessary to assure a diversified and growing revenue base. Revenues from "one-time" or limited duration revenue sources will not be used to fund operating expenses. The Schedule of User Fees and Charges and the Cost Allocation Plan will be evaluated and, if necessary, adjusted annually to assure that they generate sufficient revenues to meet service delivery costs.

Expenditure and Budget Policies: Operating expenditures will be projected on a five-year basis. The "Proposition 4" expenditure limit will be calculated on an annual basis prior to the adoption of the budget and will be projected for an additional two years. The operating budget shall serve as the annual financial plan for the City. It will serve as the policy document of the City Council for implementing Council goals and objectives. The budget shall provide the staff the resources necessary to accomplish City Council determined service levels. Annual budgeted operating expenditures shall not exceed annual operating revenues. A budget study session will be held annually to review the City Manager's "Narrative Budget" prior to the submittal of the operating budget to the City Council.

The City Manager shall prepare and submit to the City Council annually a proposed operating budget by May 15th of each year. The annual budget (operating and capital) will be adopted by Resolution of the City Council by July 1 of each year for both the City and the Redevelopment Agency. The Finance Director has the authority to make technical corrections in compiling the adopted budget such as incorporating the results of the bargaining unit meet and confer process in years when this occurs. Budget status reports will be prepared monthly and distributed to all departments.

Because the budget is an estimate, from time to time it is necessary to make adjustments to fine-tune the line-items within it. Various levels of administrative control are utilized to maintain the budget's integrity. Program Managers are accountable for the line-item level of control of their individual program budgets. Department Heads are accountable for the fund level of control for funds within their departments. Finance oversees the general level of accountability related to budgetary integrity through systems checks and balances and various internal controls. The City Manager can authorize budget adjustments within the adopted budget or those requiring transfers from reserves of less than \$5,000. These are referred to as administrative budget adjustments. All budget adjustments that increase appropriations or any adjustments to capital projects must be approved by Resolution of the City Council whether they are for the operating or capital budget. A General Fund mid-year report will be prepared and presented to the City Council in January of each year including current year budget and projections to year-end. Budget amendments resulting from that review will be authorized by Resolution of the City Council.

The City shall attempt to keep budgetary records in such a manner to qualify for the Distinguished Budget Presentation Award from the Government Finance Officer's Association (GFOA) and the Excellence in Operating and Capital Budgeting Award from the California Society of Municipal Finance Officers (CSMFO).

Capital Improvement Policies: A seven-year Capital Improvement Plan shall be adopted on an annual basis. Sufficient financial commitment will be made to preserving the City's investment in its public facilities (buildings, streets, parks, equipment, etc.) to assure preservation of these assets. The ongoing maintenance and operating costs of any proposed capital improvements will be evaluated prior to the approval of any capital improvement project and are to be incorporated as appropriate within the operating budget. Equipment replacement and maintenance shall be projected and funded throughout the life of the equipment. The annual capital improvement budget shall only include those projects that can reasonably be accomplished within the fiscal year. The City shall attempt to develop a Capital Improvement Plan and keep project records in such a manner to qualify for the Excellence in Capital Budgeting Award from the California Society of Municipal Finance Officers (CSMFO).

Accounting Policies: The City's financial records will be audited annually through an independent auditing firm. An Annual Financial Report (City and RDA) shall be prepared each year within five (5) months of the close of the previous fiscal year and shall be provided to the City Council. The auditor's annual "Management Letter" will be forwarded to the City Council. Financial records shall be kept consistent with the standards of the Government Finance Officers Association (GFOA) and the Governmental Accounting Standards Board (GASB). Full disclosure will be provided in annual financial statements and in bond presentations. Account status reports will be prepared monthly and distributed to all departments.

The City will change independent auditors no less frequently than every five (5) years. A committee comprised of one or more outside participants, the Finance Director and Accounting Manager, will conduct interviews of prospective firms. The qualifications of prospective firms will be reviewed, and a recommendation will be made to the City Manager, the Council Finance Sub-Committee and ultimately the City Council. The City shall attempt to keep accounting records in such a manner to receive an unqualified audit opinion and to qualify for a Certificate of Achievement for Excellence in Financial Reporting from GFOA and the Certificate of Award for Outstanding Financial Reporting from the California Society of Municipal Finance Officers (CSMFO).

Reserve Policies: The City's financial policies mandate the level at which reserves shall be maintained. The Operations Reserve (used to fund unanticipated expenditures during the fiscal year) and the Emergency Reserve (used to fund physical or financial emergencies) are maintained at 5% and 10% of General Fund revenues, respectively. The Reserve for Economic Fluctuations (used to offset economic shortfalls in major revenues such as sales tax and investment income) had a balance of \$10.1 million as of June 30, 2003, and is projected to drop to approximately \$7 million by June 30, 2005. The Workers' Compensation Self-Insurance Reserve will be maintained at a level deemed adequate to meet projected liabilities as determined by an actuarial evaluation to be conducted at least once every three years. The Liability Insurance Reserve will be maintained at a level deemed adequate to meet projected liabilities as determined by an actuarial evaluation to be conducted at least once every three years.

The Long-Term Disability Self-Insurance Reserve shall be maintained at a level deemed adequate to meet projected liabilities based on historical experience. A reserve shall be maintained sufficient to cover outstanding sick leave and vacation liability otherwise known as Compensated Absences. Reserves shall be evaluated annually and maintained for the replacement of identified capital equipment and/or infrastructure. Funds transferred from these reserves are replenished with the excess of revenues over expenditures at the fiscal year end or budgeted for annually in the case of Internal Service Funds.

In addition, the City's reserve policies address funding for capital improvements not covered in specific policies. A significant funding source for the Capital Improvement Plan (CIP) is a fund balance designation in the General Fund for capital improvements. Per adopted financial policies, any General Fund revenues in excess of what is allocated to fund both the operating budget and any required reserve levels, etc., are deposited into the Designation for Capital Improvements also referred to as the Capital Improvement Plan Reserve (CIPR).

Cash Management Policies: The City's adopted investment policy adheres to the provisions of California Government Code and in accordance with State Code is reviewed annually and revised as appropriate. Among the primary objectives stated in the policy are the maintenance of safety, liquidity and yield (in that specific order). The policy further identifies allowable investment instruments, the percentage of surplus funds that can be invested in the various types of instruments, the parties authorized to make investment decisions, and their related investment authority by dollar amount. The City's administrative procedure governing investments shall be updated and approved by the City Council annually.

A complete report on the City's investment portfolio shall be presented to the City Council monthly and to the California Debt and Investment Advisory Commission (CDIAC) on a bi-annual basis. A cash flow analysis for all funds shall be prepared monthly. The City shall periodically conduct a bid process for the provision of banking services. The City will invest all funds based on the following criteria: 1) Safety of invested funds; 2) Maintenance of sufficient liquidity to meet cash flow needs; and, 3) Attainment of the maximum yield possible consistent with the above priorities.

Debt Management Policies: Debt management can be of particular interest to readers of budget documents. A numerical presentation related to the City's debt service obligations consisting of Special Assessment Debt, Certificates of Participation and Tax Allocation Bonds may be found in the Financial Summaries section of the budget. To ensure the City manages its debt appropriately, policies have been adopted and are adhered to. The City restricts long-term borrowing to the funding of capital improvement projects and equipment. The term of the debt shall not exceed the expected useful life of the project.

General obligation debt may not exceed 3.75% of the City's assessed value. Presently, however, the City has no general obligation debt. The City maintains good relations with rating agencies about its financial condition. Lastly, the City uses refunding techniques where appropriate to allow for the restructuring of outstanding debt, remove or change restrictive covenants, and/or to reduce annual debt service costs in an amount sufficient to justify the costs of refunding/re-issuance.

BASIS OF ACCOUNTING

The basis of budgeting essentially follows the basis of accounting and is explained here to assist readers of the budget document. It also provides a bridge between the budget presentation in this document and the accounting presentation in the Comprehensive Annual Financial Report. The City's *Governmental Funds* consist of the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds for both the City and the RDA. Governmental fund type and Expendable Trust fund budgets are developed using the modified accrual basis of accounting. To summarize, under this basis, revenues are estimated for the fiscal year if they are susceptible to accrual, e.g. amounts can be determined and will be collected within the current period. Principal and interest on general long-term debt are budgeted as expenditures when due, whereas other expenditures are budgeted for liabilities expected to be incurred during the current period or shortly thereafter to pay current liabilities. The primary exceptions are that depreciation and compensated absences are not budgeted. *Proprietary Fund* budgets are adopted using the full accrual basis of accounting whereby revenue projections are developed recognizing revenues expected to be earned in the period, and expenditure estimates are developed for all expenses anticipated to be incurred during the fiscal year. The City's Proprietary Fund type consists only of Internal Service Funds, as the City has no municipally owned utilities or other enterprise activities such as an airport or a golf course.

BUDGET AND FINANCIAL AWARDS

For the eleventh consecutive year, the City's budget received national recognition by earning the Government Finance Officer's (GFOA) Distinguished Budget Award, a copy of which appears on the following page. To receive the Distinguished Budget Presentation Award, a city must publish a budget document that serves as a policy document, a financial plan, a communications device, and an operations guide. We believe the fiscal 2004-2005 budget conforms to GFOA program requirements. The City received the Excellence in Operational Budgeting Award from the California Society of Municipal Finance Officers (CSMFO). This is the seventh consecutive operating budget award the City has received from CSMFO. In addition, the City received its eighth Excellence in Capital Budgeting Award from CSMFO. Copies of these awards appear on the following page. It should also be noted that the City's Comprehensive Annual Financial Report has been an award-winning document for excellence in financial reporting at both the State and national levels for many years.

CONCLUSION AND ACKNOWLEDGEMENTS

The fiscal 2004-2005 operating and capital budget is a conservative, balanced budget, developed in consideration of the City Council's strategic planning priorities. Reserve requirements continue to be maintained consistent with established financial policies. While municipal revenues may be experiencing recessionary impacts or growing at modest rates, the on-going, non-discretionary expenditures continue to place increasing demands on available resources. These conditions can make it challenging to cover normal inflationary cost increases while attempting to provide resources for high priority discretionary expenditures such as street maintenance. Additionally, the City Council and City staff proactively pay a great deal of attention to the State of California's fiscal condition such that the necessary budgetary modifications can be made in a timely manner in an effort to minimize program and/or service level impacts.

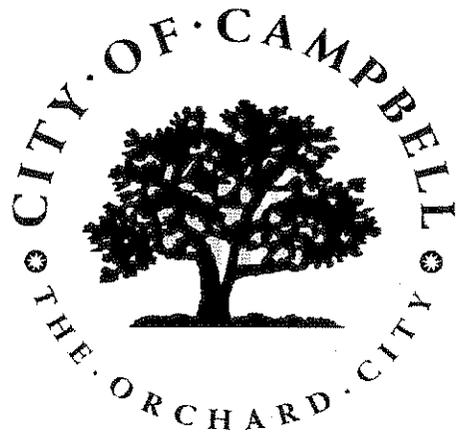
Despite the lingering effects from a prolonged recessionary economy and continuing uncertainty at the State budget level, I am very pleased to report that this year's budget enables the City to continue providing the same high quality programs and services that Campbell residents are accustomed to receiving. Furthermore, the budget maintains many of the enhanced services that have been implemented over the past few fiscal years.

Many individuals on staff and within the community contributed their knowledge and expertise to the development of this budget. I wish to express my appreciation and thanks to everyone who participated especially the City Council for your added involvement in the budget process this year. A special thanks also goes out to the members of the Finance Department, led by Gretchen Conner, Finance Director, for the many hours of dedication and hard work in coordinating, developing, and publishing this balanced fiscal 2004-2005 budget document.

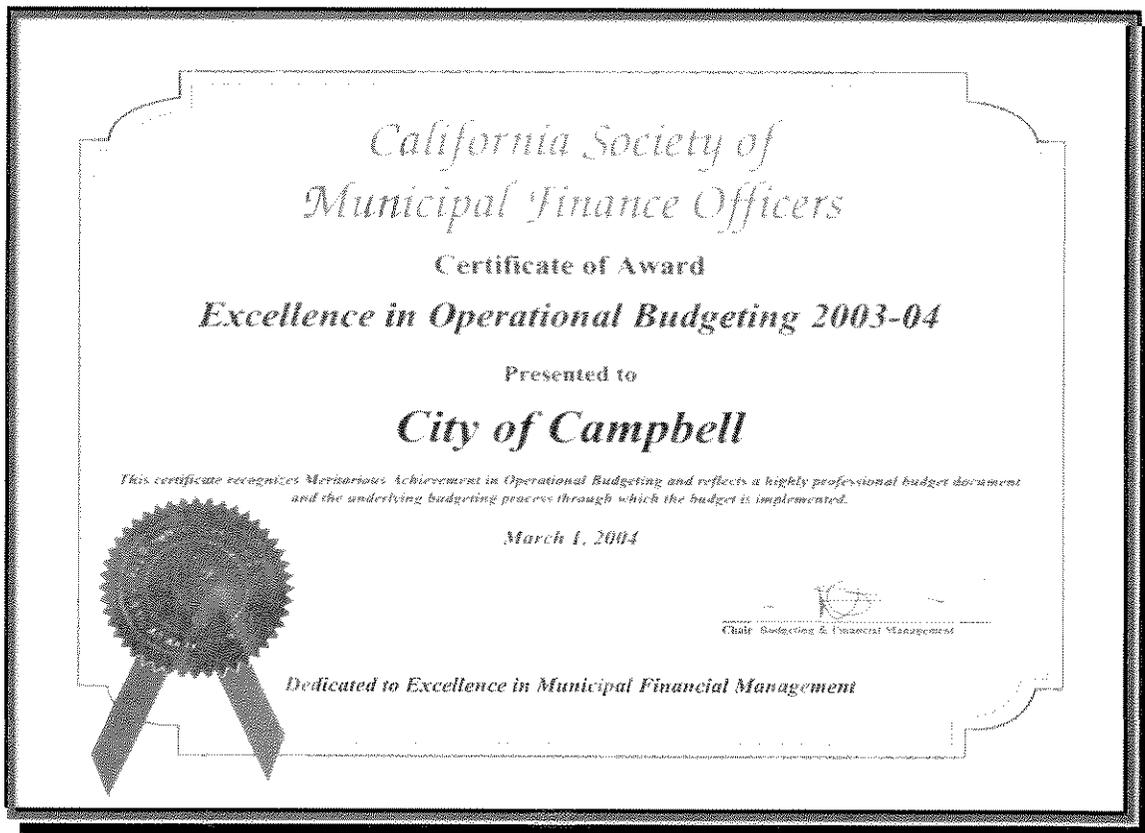
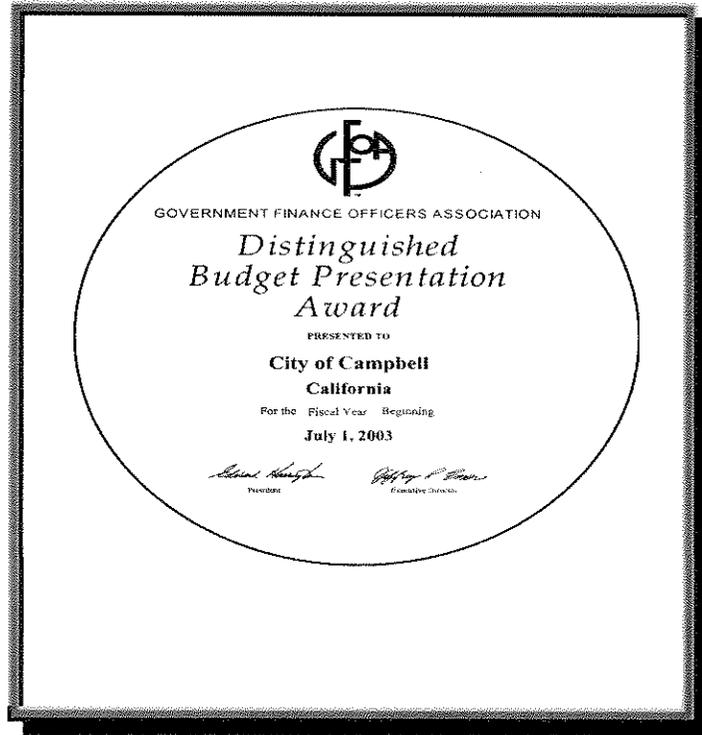
Respectfully submitted,



Bernard M. Strojny
City Manager



Budget Awards



RESOLUTION NO. 10345

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAMPBELL
ADOPTING THE CITY'S OPERATING & CAPITAL BUDGET
FOR FISCAL YEAR 2004 - 2005**

WHEREAS, there has been submitted to the City Council a Preliminary Budget for the operation of all departments and facilities of the City of Campbell for the Fiscal Year 2004-2005, and there has been submitted to the City Council a Preliminary Budget for the capital expenditures related to City projects, and

WHEREAS, the City Council held meetings to review the proposed Operating and Capital Budget; and the City Council took action to adopt the proposed budget;

NOW, THEREFORE, BE IT RESOLVED by the City Council that as of June 1, 2004 the amount of \$41,736,227 be fixed as the amount necessary to meet all municipal operating requirements (excluding this Public Hearing and/or any miscellaneous corrections), and that the amount of \$8,872,066 be fixed as the amount necessary to meet the capital requirements of the City and that the same is hereby approved, confirmed and adopted at the combined total of \$50,608,293.

BE IT FURTHER RESOLVED that the Finance Director is hereby authorized to make any changes or impacts resulting from the public hearing to adopt the fiscal 2004-2005 Operating and Capital Budget, and/or modifications resulting from any miscellaneous corrections due to more refined estimates and incorporate such changes within the final published fiscal 2004-2005 Operating and Capital Budget document.

BE IT FURTHER RESOLVED that pursuant to Section 33445 of California Redevelopment Law, the City Council finds that the payment of all or part of the value of the land for and the cost of installation and construction of any buildings, facilities, structures or other improvements contemplated in the Redevelopment Agency's 2004-2005 budget are of benefit to the project area, that no other reasonable means of financing such buildings, facilities, structures, or other improvements are available to the community, that the payment of funds for the acquisition of land or the cost of buildings, facilities, structures, or other improvements contemplated in the Agency's 2004-2005 budget will assist in the elimination of one or more blighting conditions inside the project area or provide housing for low or moderate income persons; and that the payment of funds for the acquisition of land or the cost of buildings is consistent with the Redevelopment Agency's implementation plan adopted in accordance with California Redevelopment Law.

BE IT FURTHER RESOLVED that based on the foregoing findings, the City Council consents to the payment of the Agency for the cost of land and the cost of buildings, facilities, structures, or other improvements contemplated in the Agency's 2004-2005 Budget.

PASSED AND ADOPTED the 1st day of June, 2004, by the following roll call vote:

AYES: Councilmembers: **Furtado, Watson, Dean, Kennedy, Burr**

NOES: Councilmembers: **None**

ABSENT: Councilmembers: **None**

APPROVED:



Donald R. Burr, Mayor

ATTEST:



Anne Bybee, City Clerk

RESOLUTION NO. 2004-4

**A RESOLUTION OF THE AGENCY BOARD OF THE CITY OF CAMPBELL
REDEVELOPMENT AGENCY ADOPTING THE OPERATING & CAPITAL BUDGET
FOR FISCAL YEAR 2004 - 2005**

WHEREAS, there has been submitted to the Agency Board a Preliminary Budget for the operation of all Redevelopment Agency programs and functions for the Fiscal Year 2004-2005, and there has been submitted to the Agency Board a Preliminary Budget for the capital expenditures related to all Redevelopment Agency programs and activities for the Fiscal Year 2004-2005; and

WHEREAS, the Agency Board held meetings to review the proposed RDA Operating and Capital Budget; and the Agency Board took action to accept the proposed RDA budget; and

WHEREAS, pursuant to Health and Safety Code Section 33334.2(d) of California Redevelopment Law, the amount of money spent for planning and general administration from the Housing Fund not be disproportionate to the amount actually spent for production and preservation of affordable housing;

NOW, THEREFORE, BE IT RESOLVED by the Agency Board that as of June 1, 2004 the amount of \$8,776,903 be fixed as the amount necessary to meet all agency operating requirements, and that the amount of \$2,500,000 be fixed as the amount necessary to meet all Agency capital requirements and that the same is hereby approved, confirmed and adopted at the combined total of \$11,276,903.

BE IT FURTHER RESOLVED that the Finance Director is hereby authorized to make any changes or impacts resulting from the public hearing to adopt the fiscal 2004-2005 Operating and Capital Budget and/or modifications resulting from any miscellaneous corrections due to more refined estimates and incorporate such changes within the final published fiscal 2004-2005 Operating and Capital Budget document.

BE IT FURTHER RESOLVED: that the Agency Board hereby determines that \$176,015 budgeted in fiscal 2003-2004 and \$178,353 budgeted in fiscal 2004-2005 from the Housing Fund is necessary for the production, improvement and preservation of low and moderate income housing in those years.

PASSED AND ADOPTED the 1st day of June, 2004, by the following roll call vote:

AYES: Agency Members: **Furtado, Watson, Dean, Kennedy, Burr**

NOES: Agency Members: **None**

ABSENT: Agency Members: **None**

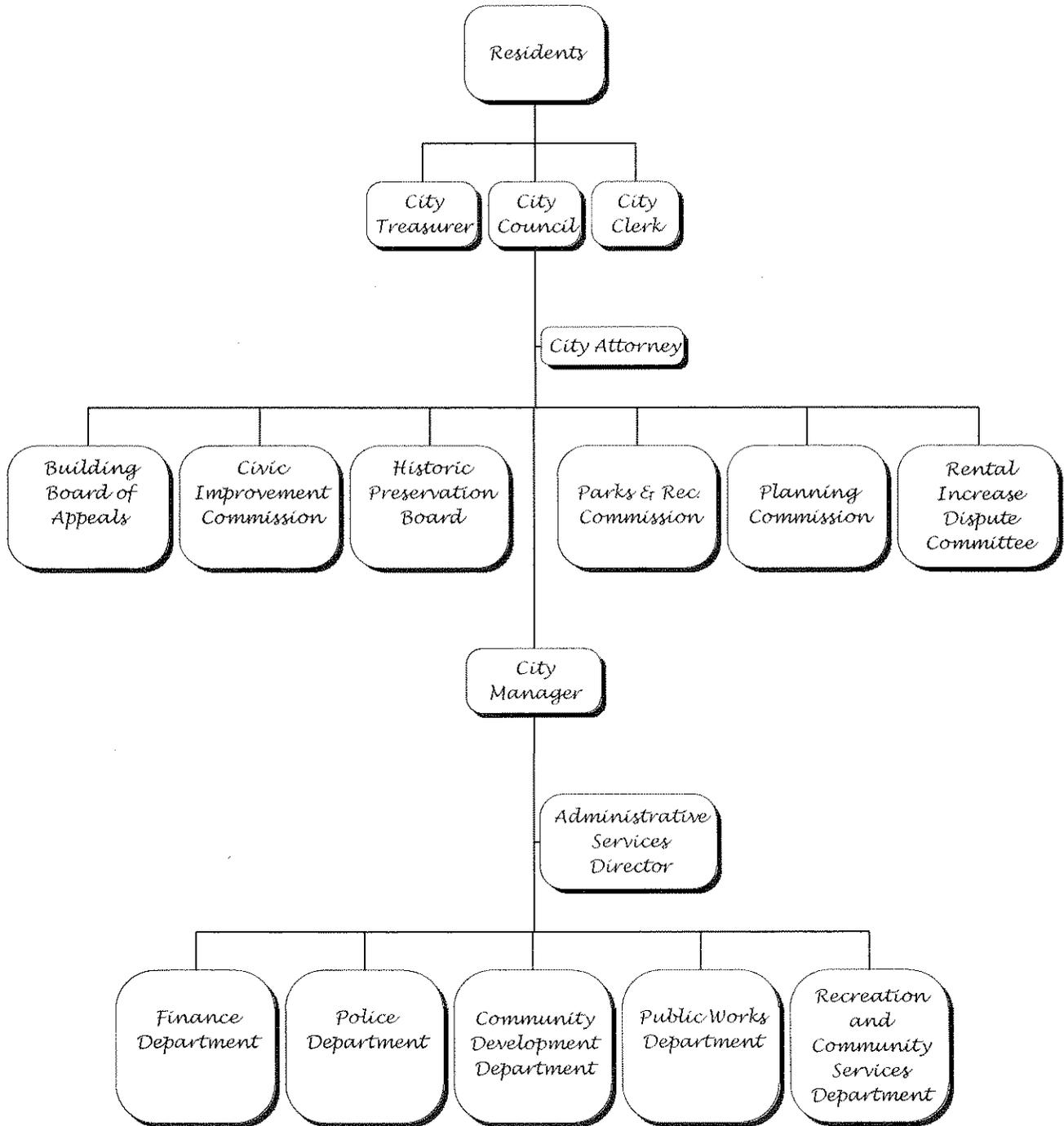
APPROVED:


Donald R. Burr, Agency Chairperson

ATTEST:


Anne Bybee, Agency Secretary

General Organization 2004 - 2005



CITY OFFICIALS

CITY COUNCIL & REDEVELOPMENT AGENCY BOARD

Mayor – Donald R. Burr

Vice-Mayor – Jane P. Kennedy

Councilmember – Matthew T. Dean

Councilmember – Daniel E. Furtado

Councilmember – Jeanette Watson

Note: Mayor serves an annual term from November to November. Names and positions are as of July 1, 2004.

CITY ADMINISTRATIVE STAFF

City Manager – Bernard M. Strojny

City Clerk – Anne Bybee (Elected)

City Treasurer – Gerald Kennedy (Elected)

City Attorney – William Seligmann

Administrative Services Director – (Vacant)

Community Development Director – Sharon Fierro

Finance Director – Gretchen E. Conner

Recreation & Community Services Director – Claudia Cauthorn

Police Chief – David Gullo

Public Works Director – Robert Kass

COUNCIL COMMITTEE RESPONSIBILITIES

<u>Committee / Organization</u>	Mayor	Vice-Mayor	Councilmembers		
	<u>Burr</u>	<u>Kennedy</u>	<u>Dean</u>	<u>Furtado</u>	<u>Watson</u>
Advisory Commissioner Appointment Interview Committee	-	-	-	1	1
Association of Bay Area Governments	-	-	-	1	2
California Identification Policy Advisory Board	1	-	-	-	-
Campbell Historical Museum & Ainsley House Heritage Campaign Committee	-	1	-	-	1
CDBG Program Committee (County)	-	-	2	1	-
City Attorney Performance/Compensation Committee	-	-	1	1	-
City Manager Performance/Compensation Committee	1	-	-	1	-
Community Center Committee	1	1	-	-	-
County Expressway Policy Advisory Board	1	-	2	-	-
County Library District JPA Board of Directors	-	-	-	1	2
Downtown Committee	1	-	-	-	1
Emergency Preparedness Council	2	-	-	1	-
Finance Committee	1	1	-	-	-
Housing Bond Advisory Committee (County)	-	-	1	-	2
Housing Rehabilitation Loan Committee	2	-	-	1	-
Housing, 20% Committee (Redevelopment Agency)	1	-	1	-	-
Joint Venture Silicon Valley	-	-	2	1	-
Legislative Committee	-	1	-	1	-
NOCA (North of Campbell Avenue)	1	1	-	-	-
Open Space Committee	1	1	-	-	-
Recycling and Waste Reduction Committee	-	-	-	-	-
Santa Clara Cities Association - Board of Directors	-	-	-	2	1
Santa Clara County Cities Mayor's Selection Committee	1	-	-	-	-
Santa Clara Valley Water District - County Water Commission	-	-	2	-	1
Santa Clara Valley Water District - Flood Control Advisory Comm.	-	-	-	-	1
Santa Clara Cities Association Legislative Task Force	-	-	-	1	-
School District Liaison (Elementary)	-	-	1	1	-
School District Liaison (High School)	1	-	-	-	1
Silicon Valley Animal Control Authority (SVACA)	2	1	-	-	-
Sister City Committee	1	1	-	-	-
SOCA (South of Campbell Avenue)	1	1	-	-	-
Solid Waste Commission	-	-	-	-	-
SVMG Housing Solutions Report Steering Committee	-	-	1	-	-
Valley Transportation Authority (VTA) Board	-	-	-	2	-
Valley Transportation Authority Policy Advisory Committee	-	-	-	1	2
Vasona Corridor Joint Policy Advisory Board	-	1	-	2	-
West Valley Mayors & Managers	1	2	-	-	-
West Valley Sanitation District	1	2	-	-	-
West Valley Solid Waste Authority JPA	1	-	-	-	2

(1) = Member (2) = Alternate

COMMISSIONS, COMMITTEES AND ADVISORY BOARDS

Planning Commission

George P. Doorley, Chairperson
Elizabeth Gibbons, Vice Chairperson
Bob Alderete
Tom Francois
Joseph D. Hernandez
Michael Rocha
Robert A. Roseberry

Civic Improvement Commission

Art Ring, Chairperson
Jacquie Davidson, Vice Chairperson
Kurt Arends
Joan Goldstein
Jeff Hofstrand
Frank Jewett
Joel Slatis

Historical Preservation Board

Mark Sandoval, Chairperson
Susan Blake, Vice Chairperson
Trish Forsman
JoElle Hernandez
Joanna Herz

Parks & Recreation Commission

Tim Mason, Chairperson
John Medalen, Vice Chairperson
Linda Andrianos
Bruce Baker
Jim Cramer
Jean LaDuc
Alan G. Lowder

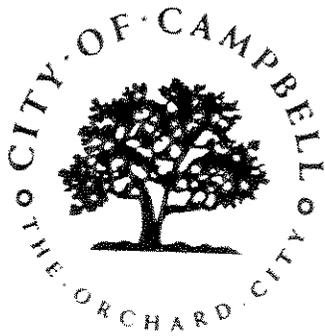
Building Board of Appeals

Dietrich VonDohlen, Chairperson
Jeff Bowlsby
James C. Malone
Vacant
Vacant

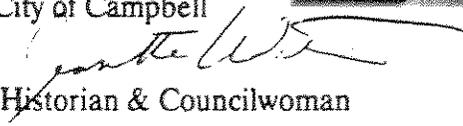
Rental Increase Dispute Fact Finding Committee

Stanley Raider, Chairperson
Eric Bracher
John W. Figueroa
Miriam Robinson
Zakie C. Twainy

Note: Names and positions as of July 1, 2004.



TO: Benjamin and Mary Campbell
Founders of the City of Campbell

FROM: Jeanette Watson 
Unofficial Town Historian & Councilwoman

SUBJECT: **CAMPBELL'S HERITAGE FROM 1846 TO TODAY**

Although we never met, I feel as though I know so much about you. Mr. Campbell, I know that your ancestors came from Scotland and were quite frugal. I want you to know that we who lead the City today are thrifty, too, as the enclosed budget document will show. We can't do all that we should for our citizens. The State and Feds empty our pockets from time to time. I guess you must have felt frustrated when you were having your troubles trying to establish a clear title to your property in the 1850's and 60's. Everybody wanted your money -- and your land -- from squatters to the government. I'm glad you finally got title to it in May, 1870.

Mr. Campbell, I know that in the pioneering days of 1846, you walked most of the way from Missouri to what would become the State of California. You were not the oldest son so you didn't get to do some of the fun things your older brother did; but, you had a great time, and when you saw our valley, you knew it would be your home forever. Things haven't changed much. We aren't the biggest city or even close. We are the best, however, and those of us who have learned how great Campbell is haven't left. Our valley still has its peaceful hills that seem blue in the early morning. Ocean breezes still bring their cooling fog. Sunlight dances in our hair on most days.

Mr. and Mrs. Campbell, you learned that the soil here is exactly right for fruit trees, so orchards flourished everywhere. The orchards are gone now, but because of the wonderful climate and job opportunities, there are 38,000 people who live here. When our City officially incorporated in March, 1952, the City fathers used the motto "Campbell, the Orchard City" on the City seal. Our heritage of orchards and canneries which provided work for so many people lives in our hearts and minds.

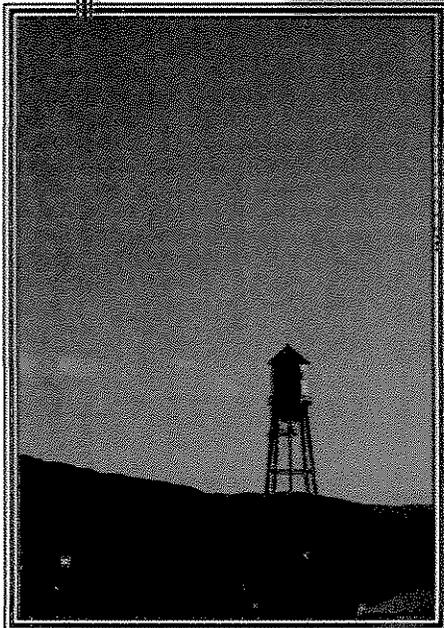
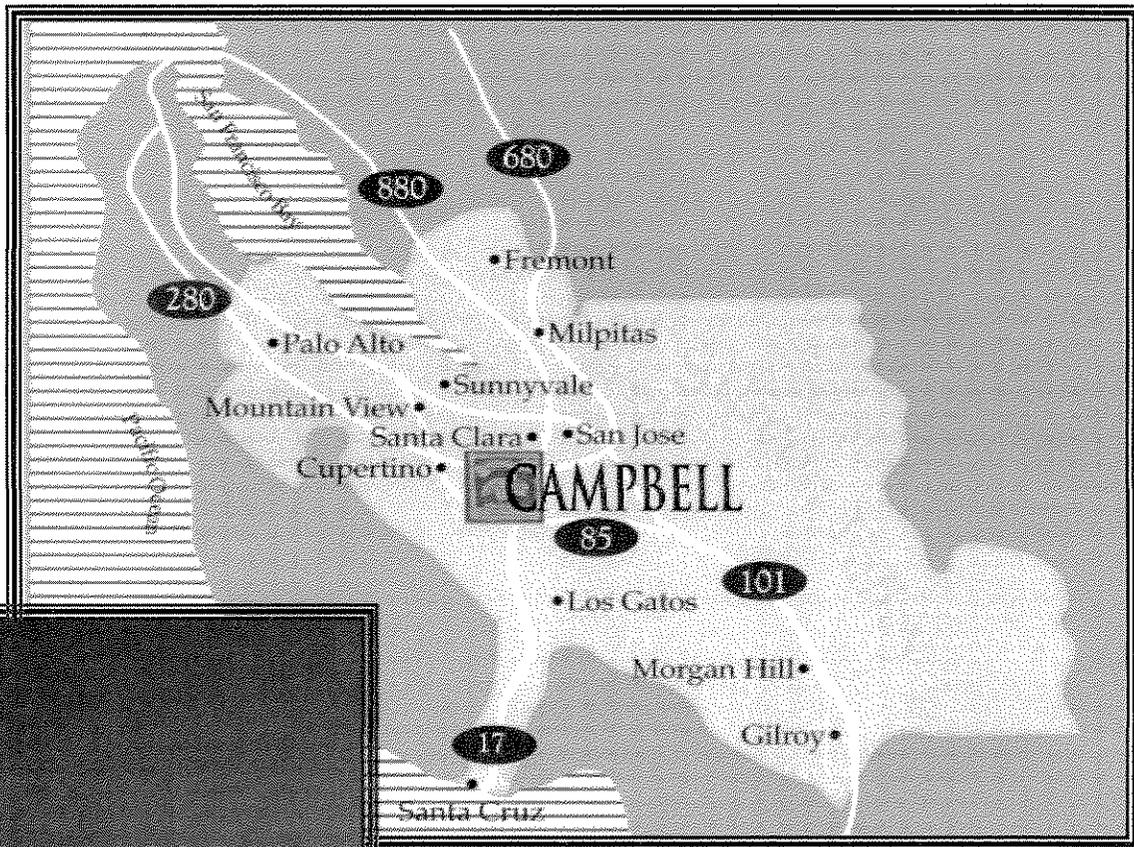
I have to admit one thing that we failed to do, however. You established your town in 1888 according to your beliefs: that of a prohibitionist. Well, I'm sorry to say your town has various establishments that carry you - know - what; but, we have a wonderful program for our kids called DARE which is encouraging them to resist the temptation of drugs and alcohol.

You'd be happy to know that we've had women on our City Council since 1985. It took thirty-three years to accomplish that feat. I'm sure that surprises you because there were three women on the first "town-council" which was established in

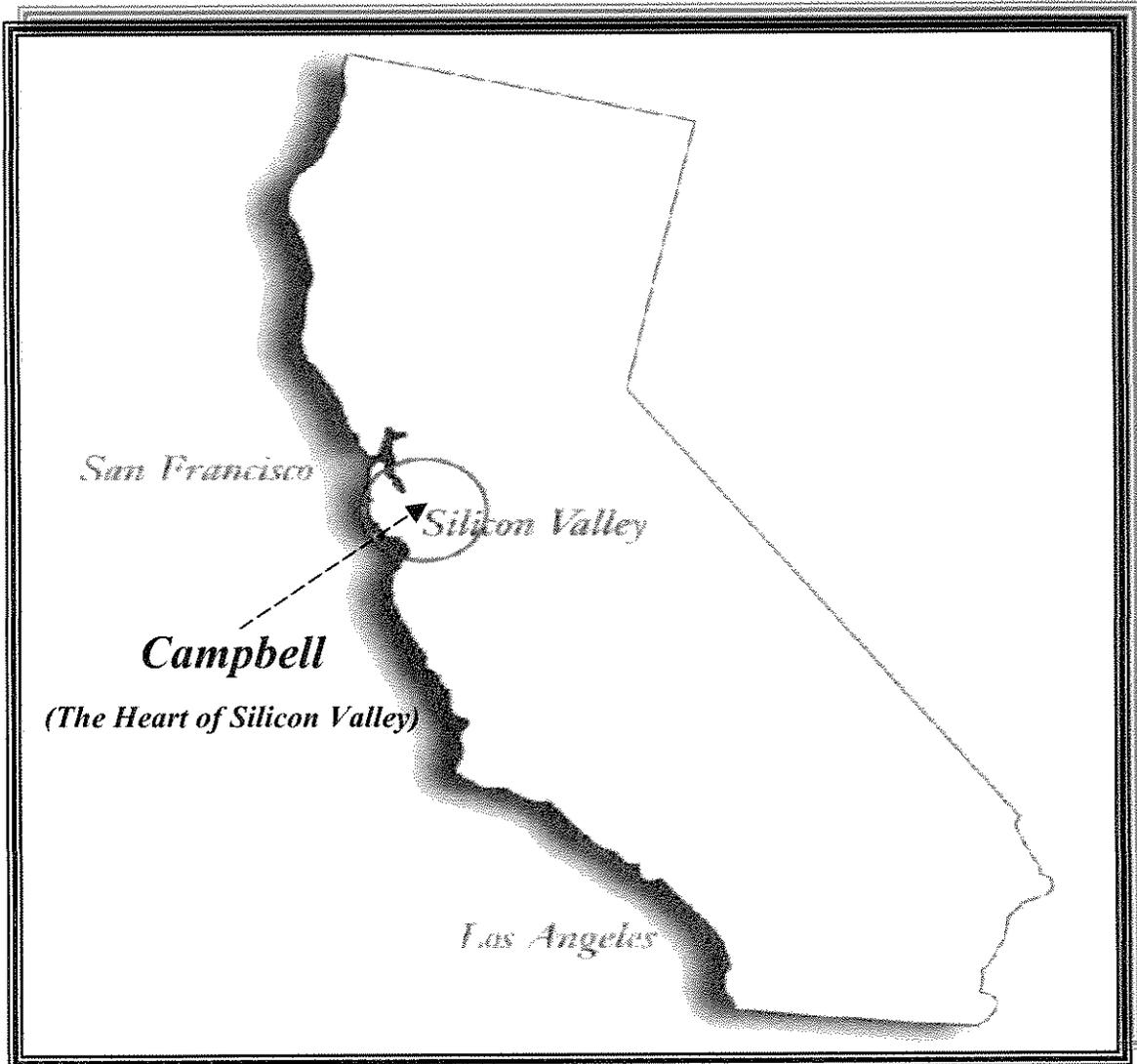
1892 at an Old Settler's Day celebration. However, the town wasn't incorporated so it didn't count. In 1888, when you recorded your first subdivision, you hoped it would be an incorporated city someday, but the earliest attempt in 1906 failed. However, your celebration continues and is the second oldest public celebration in the State; and, we're a city besides!

When you helped establish the first water company, the bank, and the Board of Trade, I wonder if you ever realized how your town would grow and develop. This note is just to thank you for giving us a good example to follow. In your town, you knew everyone. I don't know everyone, but as Will Rogers said, "I never met a stranger. "

Your faithful servant, JMW

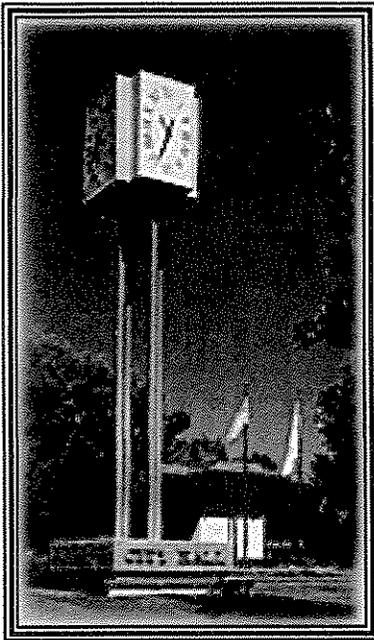


Campbell Community Profile – Demographic Statistics (General)

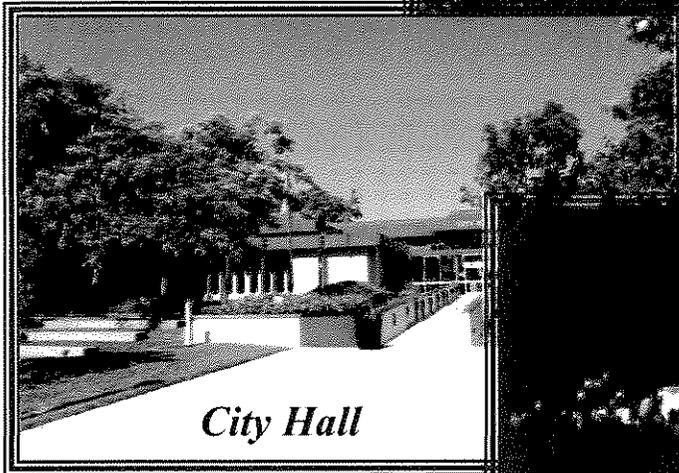


- 50 Miles South of San Francisco
- Surrounded on Three Sides by San Jose
- 6.5 Square Miles
- Incorporated - March, 1952
- General Law City
- Council/Manager Form of Government
- Population – 38,300 (As of 1/1/03)
- 19,054 Registered Voters
- 9,242 (48%) Votes Cast in the Last General Election
- Public Safety – 1 Police Department
- Public Safety – 75 Police Employees
- Public Safety – 2 Fire Stations
- Public Safety – Fire – Services Contracted with County of Santa Clara

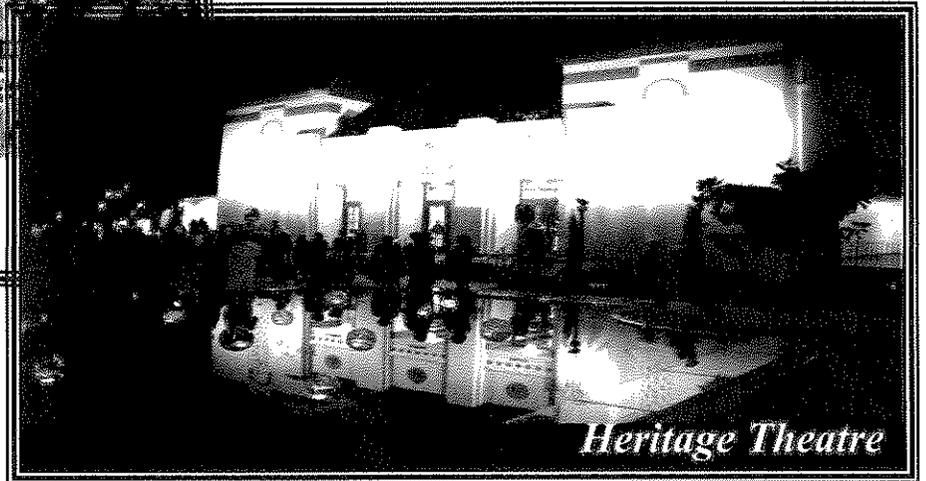
Campbell Community Profile – Demographic Statistics (Infrastructure)



↖ ↗
Edith Morley Park



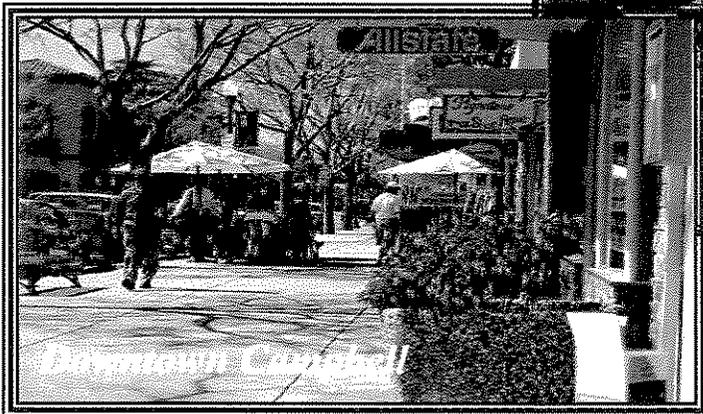
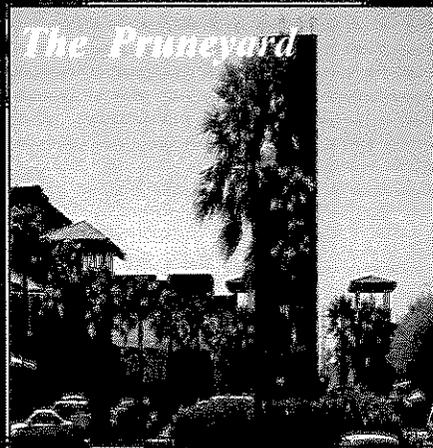
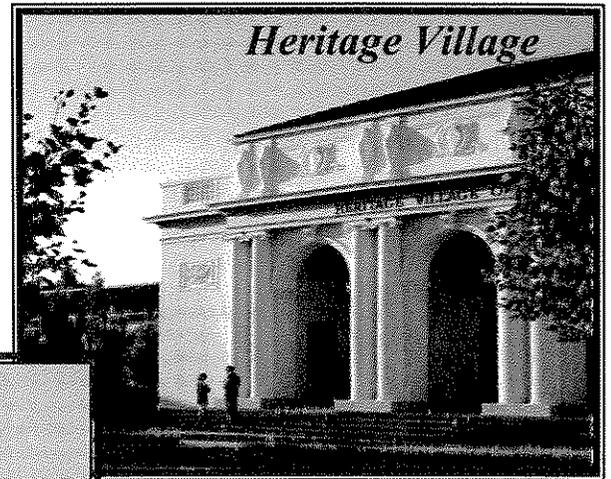
City Hall



Heritage Theatre

<u>Category</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Miles of Streets (Major / Secondary)	14.3 / 74.0	14.3 / 74.0	14.3 / 74.0	14.3 / 74.0
Miles of Sewers (Storm / Sanitary) ⁽¹⁾	41.5 / 484.0	41.5 / 484.0	41.5 / 484.0	41.5 / 484.0
Miles of Sidewalks	74.5	74.5	74.5	74.5
Street Lights	2,362	2,362	2,325	2,241
Parks - Number of Acres	85.95	85.95	85.95	85.95

Campbell Community Profile – Demographic Statistics (Employment & Education)



<u>Category</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Jobs per Household ^{(2) (5) (8)}	1.35	1.35	1.35	1.75
Employed Residents ⁽⁵⁾	27,840	25,053	25,053	25,500
Mean Household Income ⁽⁵⁾	\$97,400	\$97,400	\$97,400	\$74,200
% of Adults over 25 with Bachelor's Degree or Higher ^{(6) (9)}	48.00%	42.20%	42.20%	42.00%

⁽¹⁾ California Department of Finance

⁽²⁾ Campbell Community Development Dept.

⁽³⁾ Contracted Services

⁽⁴⁾ West Valley Sanitation District

⁽⁵⁾ ABAG Projections

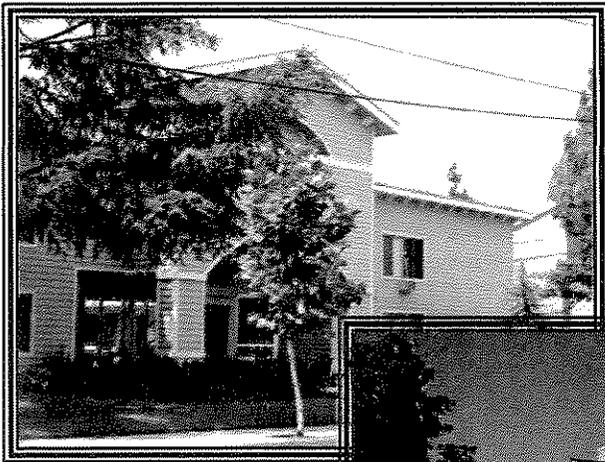
⁽⁶⁾ CACI, Inc.

⁽⁷⁾ SCC Association of Realtors

⁽⁸⁾ 2000 Census

⁽⁹⁾ Claritas Inc. Report - 4/2/02

Campbell Community Profile – Demographic Statistics (Housing)



Apartments



Single Family Homes



Condominiums

<u>Category</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Average Household Size ^{(5) (8) (9)}	2.3	2.38	2.38	2.38
Number of Households ^{(1) (5) (8)}	16,384	16,365	16,381	15,920
Median Age	35.2	36.9	36.9	35.8
Median Home Value ⁽⁷⁾	\$575,000	\$561,978	\$617,500	\$470,000
% of Households with Income of \$75,000 or Greater ^{(6) (9)}	36.50%	36.50%	36.50%	34.10%

⁽¹⁾ California Department of Finance

⁽²⁾ Campbell Community Development Dept.

⁽³⁾ Contracted Services

⁽⁴⁾ West Valley Sanitation District

⁽⁵⁾ ABAG Projections

⁽⁶⁾ CACL, Inc.

⁽⁷⁾ SCC Association of Realtors

⁽⁸⁾ 2000 Census

⁽⁹⁾ Claritas Inc. Report - 4/2/02

Principal Tax payers

(Listed Alphabetically)

Aetna Life Insurance ~ Commercial Real Estate
Bay Apartment Communities, Inc. ~ Residential Real Estate
Brian Avery Trustee, et. Al. ~ Residential Real Estate
EQR - Connor LLC ~ Residential Real Estate
La Valencia Apartments LTD ~ Residential Real Estate
Lincoln Bascom Office Center ~ Commercial Real Estate
MP Hacienda, Inc. ~ Industrial
OTR Trust - Commercial Real Estate
P COM, Inc. ~ Unsecured Property
Pruneyard Associates LP ~ Commercial Real Estate

Major Employers

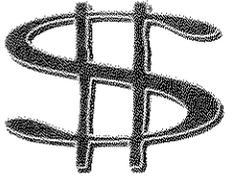
(100 or More Employees - Listed Alphabetically)

Alliance Title Company ~ Service (125)
Camstar Systems, Inc. ~ Computer Software (105)
Century 21 Alpha ~ Real Estate Agents (100)
City of Campbell ~ Government (174)
Durham Transportation, Inc ~ Service (126)
Elephant Bar ~ Restaurant (127)
Entravision Radio Division ~ Radio Station (100)
Fry's Electronics, Inc. ~ Retail (244)
Home Depot ~ Retail (257)
Mervyns ~ Retail (175)
Nova Salon Systems ~ Wholesale (100)
Rock Bottom Brewery ~ Restaurant (100)
Ron Witherspoon, Inc. ~ Manufacturing (106)
S B C C, Inc. ~ Service (150)
Safeway Inc. ~ Retail / Grocery (112)
Sanco Pipelines, Inc. ~ Construction (100)
Snaptrack, Inc. ~ Service (115)
Universal Janitorial Maintenance ~ Service (100)
West Valley Construction ~ Construction (100)
Whole Foods ~ Retail / Grocery (200)

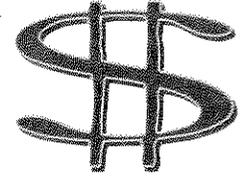
Top 40 Sales Tax Producers

(Listed Alphabetically)

Arco AM/PM Mini-Mart ~ Service Station
Argonaut Windows ~ Building Materials
Barnes & Nobel Bookstore ~ Stationery/Books
Beacon Service Station ~ Service Station
Camstar Systems ~ Computer Software
Chevron Station ~ Service Station
Economy Lumber ~ Building Materials
Elephant Bar - Restaurant
E-Plus Technology ~ Office Equipment
Fry's Electronics ~ Appliance Store
Gardenland Power Equipment ~ Business Services
Home Depot ~ Building Materials
Huffman Koos (dba Breuner's) ~ Home Furnishings
Jack-In-The Box ~ Restaurant
Joe Escobar Diamonds ~ Jewelry Store
Longs Drugs Stores ~ Drug Store
Marshall's Department Store ~ Department Store
Mervyn's Department Store ~ Department Store
Nob Hill Foods ~ Grocery Store
Nova ~ Chemical Products
Officemax ~ Office Equipment Store
Outback Steakhouse ~ Restaurant
Pentech Financial Service ~ Business Services
Petsmart ~ Specialty Store
Railway Distributing ~ Building Materials
Rasputin Records ~ Music Store
Rock Bottom Brewery ~ Restaurant
Ross Dress for Less ~ Department Store
Rotten Robbie ~ Service Station
RV Cloud Company ~ Building Materials
Safeway Stores ~ Grocery Store
San Jose Camera Shop ~ Camera Store
Sierra Pacific Turf Supply
Staples ~ Office Equipment
Summerwinds Garden Center ~ Nursery
Tower Records & Video ~ Music Store
Trader Joe's ~ Grocery Store
Trudy's ~ Women's Apparel
Walgreens Drug Store ~ Drug Store
Whole Foods Market ~ Grocery Store



2004 - 2005 Budget Calendar



December - 2003

- 12/1 CIP Requests Due to CM's Office
- 12/8 Distribute Calendar to Executive Team @ Retreat
- 12/10 CIP Kick-Off Meeting
- 12/11 Distribute Round I Budget Packets to Departments/ Hard Copy
- 12/11 CDBG Study Session - Public Hearing (CIC)
- 12/12 Sub-Grant Applications Distributed
- 12/15 Distribution of Bldg. Maint. / IT / PW Request Forms
- 12/15 Begin Work on Salary/Benefits with Human Resources
- 12/18 Mid-Year Changes Due to Finance

January - 2004

- 1/8 CDBG - Presentations by Non-Profits - Public Hearing (CIC)
- 1/12 Begin Work on Internal Service Fund Schedules
- 1/15 Motor Pool/Vehicle Equipment Requests due to P.W. Director
- 1/15 IT Equipment Requests Due to IT Manager
- 1/15 Building Maintenance Requests Due to Building Maintenance Supervisor
- 1/15 Public Facility Maintenance Requests Due to P.W. Director
- 1/15 Mid-Year Update Finalized
- 1/23 Sub-Grant Applications Due to City Manager's Office
- 1/29 Personnel Requests due to Human Resources Manager

February

- 2/3 Mid-Year Update to Council - FY 03/04 General Fund
- 2/4 Dept'l. Goals/Objectives/Mission Statements Due to C.M.
- 2/9 - 2/13 Review of Departmental Goals with Department Heads @ 1/1's
- 2/12 Final Performance Reporting Outcomes for FY 02/03 Due to Finance
- 2/12 Finalize Budget Study Session Packet for Review by City Manager
- 2/12 Round I Budget Worksheets Due to Finance by 10:00 a.m.
- 2/12 Revised Fee Schedule Due to Finance
- 2/12 Revenue Documentation Forms Due to Finance
- 2/12 Funding Recommendations CDBG - CIC Final Public Hearing
- 2/12 Draft of 7-Year CIP Completed
- 2/17 Department Presentations Due to Finance - For Study Session 3/3
- 2/26 Budget Study Session Packets to Council

March

- 3/1 Distribute Round I Budget Worksheets for Proofing
- 3/2 Funding Recommendations CDBG - Council Public Hearing
- 3/3 Design Budget, CAFR & CIP Covers
- 3/3 Narrative Budget Study Session (Room 34 - Community Center - 5:30 p.m.)
- 3/4 Proofed Round I Copies Due to Finance by 10:00 a.m.
- 3/11 Sub-Grant CDBG Study Session Funding Recommendations (CIC)
- 3/11 Finalize Cost Allocation Model for 04/05
- 3/11 Social Service Sub-Grant Public Hearing (CIC)
- 3/15 Prepare / Distribute Round I Budget Meeting Packets
- 3/16 Finalize User Fee Model Update for 04/05
- 3/22 Dept'l. Meetings With City Manager (3/22 - 3/26)
- 3/23 Present 7-Year Draft CIP - Council Study Session
- 3/25 Finalize Fee Schedule / Resolution (For 2nd Meeting in April)
- 3/29 Notice of Public Hearing Information to City Clerk - Fee Resolution

April

- 4/1 Order Budget, CAFR & CIP Covers
- 4/1 Round II Changes Due to Finance by 10:00 a.m.
- 4/6 CDBG Council Approval
- 4/8 Fee Schedule Report to City Clerk
- 4/8 Social Service Sub-Grant Final Public Hearing (CIC)
- 4/8 Proofed Round II Copies Due to Finance by 10:00 a.m.
- 4/12 Preliminary Budget Presentation Development (4/12 - 4/16)
- 4/12 Prepare Graphics / Supplemental Schedule / Tables / Fund Balance
- 4/19 Begin Preparation of Budget Document
- 4/20 Public Hearing & Final Adoption of Fee Resolution

May

- 5/4 Social Service Sub-Grant Council Approval
- 5/4 Adoption of 7-Year CIP
- 5/5 Special Council Meeting - Preliminary Budget Approval (4:30 p.m.)

June

- 6/1 Public Hearing & Final Adoption of Operating/Capital Budget (City & RDA) / Gann Limit

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SUMMARY OF BUDGET PROCESS

The City of Campbell adopts an annual budget. There is one document containing both summary and detailed information on revenues and expenditure appropriations for the Fiscal Year beginning July 1, and ending June 30. In addition to the operating budget, the City Council adopts a seven-year Capital Improvement Plan (CIP) from which new projects for the first year become an integral part of the proposed operating/capital budget. Typically, this process begins in late September with the distribution of CIP request forms and instructions and ends in mid April or early May with Council's formal adoption of the seven-year CIP. Although a CIP document is prepared separate from the budget document, the CIP information is incorporated into the budget document resulting in an operating/capital budget. The operating and capital budget is appropriated for both the City as a whole and the Redevelopment Agency (RDA). The document is detailed and the budget is managed and accounted for by line-item, by individual program, by fund.

The formal operating budget preparation process begins in mid December with distribution of budget packets containing the appropriate forms and instructions to assist the preparer. If desired, a budget kick-off meeting is scheduled for the purpose of outlining the budget calendar, as well as the process, procedures and forms to be used in the development of the budget. More importantly, this ensures that the budget is prepared in accordance with fiscal policies/guidelines and objectives established by the City Council. The time frames provided in the budget calendar reflect early involvement of City staff and the City Council in review and discussion of policy direction, goals and objectives concurrent with development of financial projections and service level requirements. With this approach, the necessary components that guide the process are incorporated into the proposed budget prior to formal submission to the City Council. Readers may be interested to know that all appropriations, excluding Capital Projects, lapse at year-end. This means that this budget only contains new appropriations for the Fiscal Year.

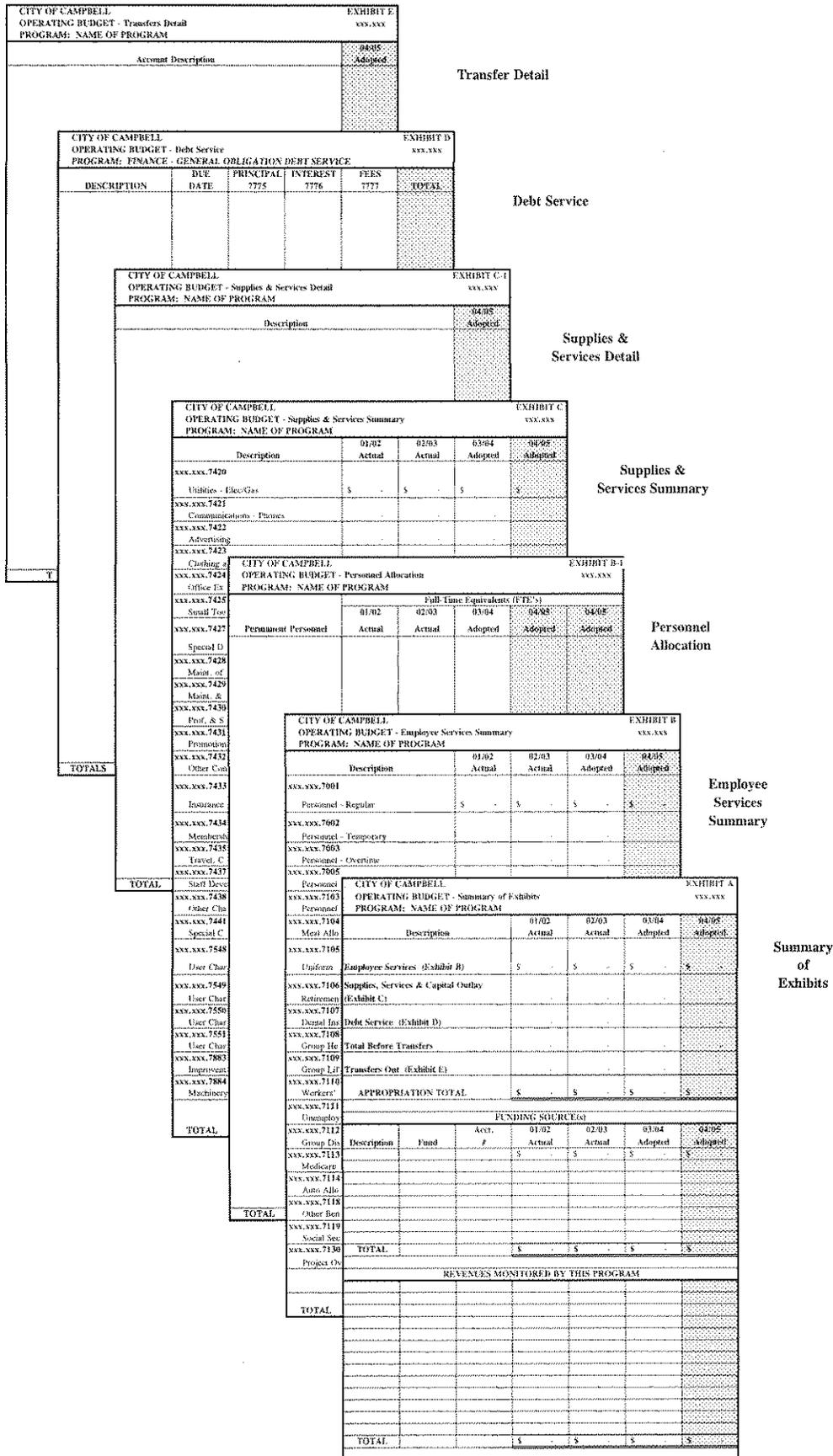
BUDGET AMENDMENTS

Because the budget is an estimate, from time to time it is necessary to make adjustments to fine-tune the line-items within it. Various levels of administrative control are utilized to maintain the budget's integrity. Program Managers are accountable for the line-item level of control of their individual program budgets for operating revenues and expenditures as well as capital projects. Department Heads are accountable for the fund level of control for funds within their departments. Finance oversees the general level of accountability related to budgetary integrity through systems checks and balances and various internal controls. Budget adjustments can consist of two basic types; administrative adjustments or those requiring additional appropriations. The City Manager can authorize budget adjustments within the adopted budget or those requiring transfers from reserves of less than \$5,000. These are referred to as administrative budget adjustments. All budget adjustments that increase appropriations or any adjustments to capital projects must be approved by Resolution of the City Council whether they are for the operating or capital budget.

A General Fund mid-year report will be presented to the City Council in January of each year. Budget amendments resulting from that review will be authorized by Resolution of the City Council. The City shall attempt to keep budgetary records in such a manner to qualify for the Distinguished Budget Presentation Award from the Government Finance Officer's Association (GFOA) and the Excellence in Operating and Capital Budgeting Award from the California Society of Municipal Finance Officers (CSMFO).

The City Council has established formal Financial and Administrative Policies. These policies require a review of the General Fund (the City's largest fund) at the mid-point of the fiscal year. All appropriation adjustments are approved at that time by Resolution of the City Council and implemented by the Finance Department. Excerpts from the Financial Policies Summary are incorporated within the Summary budget document. The policies have been modified slightly with changes in management; however, in all cases, they have become more, rather than less restrictive.

BUDGET EXHIBITS FLOW CHART



BUDGET EXHIBITS

Summary of Exhibits

Exhibit A: This is a three-part summary. The first section, the *Summary of all Expenditures by Major Category*, summarizes total appropriations by program. It is considered to be the program's use of funds. The next Section of the form is the *Funding Source Summary* or source of funds. It identifies the major sources of funding for the program such as General Fund, Gas Tax, Etc.

The source and use sections must be equal in total dollars. In the unlikely circumstance that the two do not equal, budgeting a non-operating funding source such as beginning fund balance may be required.

Revenues Monitored by the Program. This third section of the form reflects revenue accounts that are projected and monitored by the respective program. Revenue titles and account numbers in addition to historical and projected data are reflected in this section. Total revenues may be less than, equal to, or greater than the preceding two sections of the form. Revenue documentation forms for each revenue account are completed to support both the revenue projection and fee resolution changes.

Employee Services Summary

Exhibit B: This exhibit is completed by the Finance Department once final salary and benefit information is available. Department heads and managers contact Finance when specific salary and benefit information is needed.

Personnel Allocation Detail

Exhibit B-1: This two-part exhibit serves as the detail to salary accounts #7001 and #7002 in Exhibit B. The top half of this form is for permanent personnel, and the bottom half is for temporary and contract personnel. The current fiscal years' full-time equivalents (FTE's) and related salary dollars (not including benefits) are identified in the shaded columns.

Supplies and Services Summary

Exhibit C: The line-item detail information that supports this exhibit is contained in Exhibit C-1. Line item total from Exhibit C-1 are brought forward to this exhibit. Both exhibits are equal in total dollars.

Supplies and Services Detail

Exhibit C-1: In this single exhibit, each line-item should contain narrative regarding the specific types of expenditures budgeted. Sub-total by line-item are totaled and transferred to the appropriate location on Exhibit C. Both exhibits are equal in total dollars.

Debt Service Detail

Exhibit D: Redevelopment and Finance are the only two program areas that use this exhibit to identify principal and interest payments related to debt service.

Transfers Detail

Exhibit E: This exhibit provides narrative similar to that reflected on Exhibit C-1. The primary difference is that this from pertains to interfund transfers. The information provided on this form rolls forward to the appropriate section of Exhibit A. The recipient fund and program number in addition to the intended use of the transferred funds is provided.

CAMPBELL STRATEGIC PLAN

Community Vision

Campbell will remain a friendly community and develop a stronger sense of identity, characterized by the active involvement of its citizens and businesses in all aspects of community life.

It will be a safer, more well-balanced small town with connected neighborhoods set in an attractive and comfortable environment.

Campbell City government will be increasingly fiscally self-reliant, provide more effective basic municipal services and foster regional cooperation and local partnerships.

Community Goals

To have a safe, clean, comfortable and healthy environment.

To be a physically connected and involved community with a strong sense of identity.

To have attractive residential neighborhoods and business districts.

To retain a friendly, small-town atmosphere.

To maintain a fiscally self-reliant City government with effective basic municipal services.

CAMPBELL STRATEGIC PLAN ELEMENTS & OBJECTIVES

1.0 Land Use

- 1.1. A Balanced small town.
- 1.2. Land-Use patterns that minimize conflicts.
- 1.3. Availability of a range of housing types.
- 1.4. Identifiable City boundaries.
- 1.5. An attractive community with an enhanced image.
- 1.6. Interconnected neighborhoods and community resources.
- 1.7. An economically diverse and viable community.
- 1.8. A vibrant downtown that serves as the focal point of the community.

2.0 Financial Health

- 2.1. Up-to-date, effective financial management policies.
- 2.2. A diversified and reliable revenue base.
- 2.3. Effective City services at appropriate service levels, using resources in the most cost efficient manner.

3.0 Transportation

- 3.1. Safe residential neighborhoods.
- 3.2. Economically viable shopping areas.
- 3.3. Streets that safely and comfortably accommodate pedestrians and bicycles.
- 3.4. Streets that are safe, clean and well maintained.
- 3.5. Regional improvements that meet the transportation needs of Campbell residents and businesses.
- 3.6. Streets that serve the needs of adjacent land uses.
- 3.7. Streets that operate efficiently and effectively.
- 3.8. Local serving streets that reflect a "small-town" atmosphere.

4.0 Public Safety

- 4.1. An improved feeling of safety within the community.
- 4.2. Reduced crime and calls for service.
- 4.3. An effective working relationship with other governmental and social agencies that enables the City to attack the causes of crime.
- 4.4. A reduced number of traffic accidents and associated injuries.
- 4.5. An effective emergency preparedness program.

5.0 Community Services / Recreation

- 5.1. Leisure services that enhance community health and opportunities for interaction.
- 5.2. Enhanced recreational opportunities for Campbell residents.
- 5.3. Safe, attractive, and efficient parks and buildings that operate for maximum community use, benefit and enjoyment.
- 5.4. Information and referral services that locate programs and services not directly provided by the City.
- 5.5. Effective working relationships with local schools and service organizations that enable us to address the needs of at-risk youth.
- 5.6. Increased financial self-reliance of the City's Recreation and Community Services Department to support programs and services.
- 5.7. Enhanced community spirit, pride, activities and interaction among Campbell citizens and partnerships with local community groups, service organizations, agencies and private parties to assume co-sponsorship of community spirit events and activities.

CAMPBELL STRATEGIC PLAN ELEMENTS & OBJECTIVES

6.0 Open Space/Cultural/Historical

- 6.1. Sufficient open space to meet the needs of the community and partnerships with schools and other special districts for public use of open space lands.
- 6.2. Additional open space in each of the areas identified as deficient in the open space element of the City's General Plan.
- 6.3. A balance of active and passive uses for the City's open space areas.
- 6.4. Sufficient locally originated historic and cultural activities/opportunities in the community.

7.0 Environmental Programs

- 7.1. Extend life of landfill space through increased recycling and conservation efforts.

- 7.2. Programs to prevent illegal disposal of hazardous waste materials.
- 7.3. Participation in water quality protection programs and water conservation efforts.
- 7.4. Participation in local and regional efforts to improve air quality through traffic congestion management.

8.0 Community Participation

- 8.1. A community where residents and business are well informed about community issues and programs.
- 8.2. Clear and effective communication between the City organization and the Campbell Community.
- 8.3. Participation of residents and businesses in government activities.

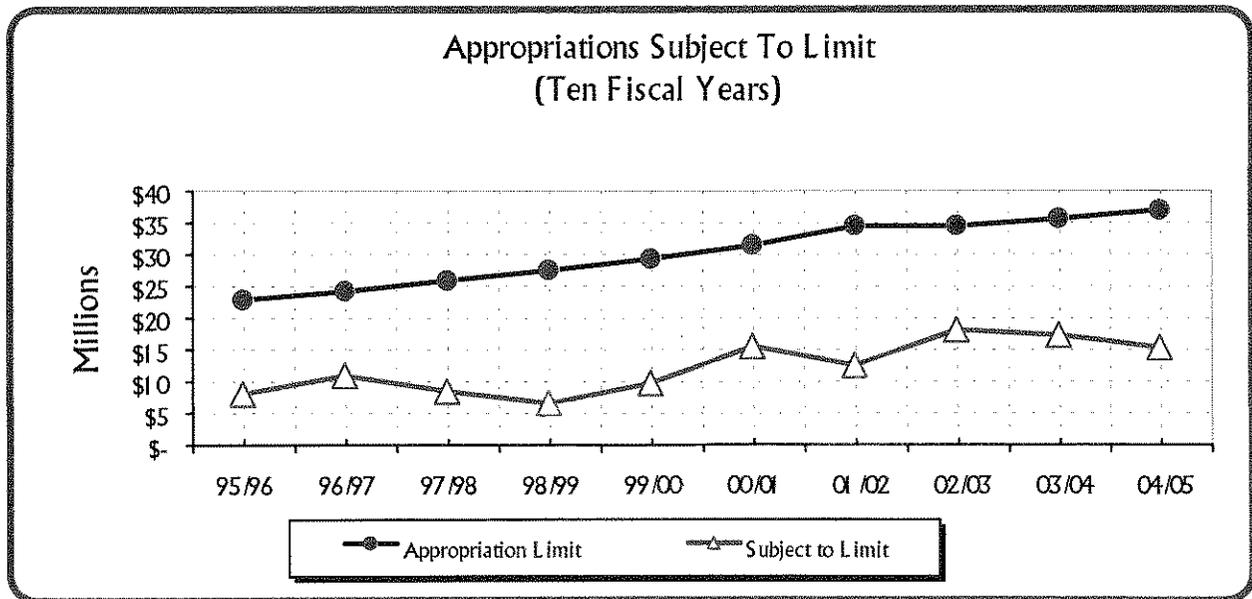


GANN APPROPRIATIONS LIMIT

Article XIII B of the California State Constitution as enacted by Proposition 4, the Gann initiative of 1979, mandates a limit on the amount of proceeds of taxes that state and local governments can receive and appropriate (authorize to spend) each year. The purpose of this law is to limit government spending by putting a cap on the total proceeds of taxes that may be appropriated each year. The original Article XIII B was further modified by Proposition 111 and SB 88 approved by California voters in June of 1990. Proposition 111 allows cities more flexibility in choosing certain inflation and population factors to calculate the limit.

The limit is different for each agency and the limit changes each year. Each year's limit is based on the amount of tax proceeds that were authorized to be spent in fiscal year 1978-1979 in each agency, modified for changes in inflation and population in each subsequent year. Proposition 111 has modified those factors to allow cities to choose either the growth in California Per Capita Income or the growth in non-residential assessed valuation due to new construction in the City. Alternatively, the City could select a population growth factor represented by the population growth in Santa Clara County. Each year the City establishes its appropriations limit for the following fiscal year. The City of Campbell's appropriation limit for fiscal 2004-2005 of \$37.0 million was adopted by Council via Resolution #10341 June 1, 2004.

When a city's proceeds of taxes (less statutory exclusions) exceed the legal limit, excess tax revenue must be returned to the State or citizens through a process of refunds, rebates, or other means that may be determined at that time. The fiscal 2004-2005 calculations indicate the City of Campbell will again be significantly below the appropriations or spending limit. The City's appropriations limit of \$37.0 million for fiscal 2004-2005 is approximately \$1.4 million higher than the fiscal 2003-2004 limit of \$35.6 million. For fiscal 2004-2005, the City's proceeds of taxes are projected to be \$21.4 million. However, exclusions totaling \$6.1 million result in appropriations subject to limitation of \$15.3 million, which calculates to be 41.4% of the legal limit. This is \$21.7 million or 58.6% under the legal appropriations limit for fiscal 2004-2005. Any future amendments to the adopted appropriations from "proceeds of taxes" will be subject to the limit and will be calculated accordingly. As a result of the City's Gann calculations being so far under the legal limit, restraints on current or future budget deliberations are not contemplated.

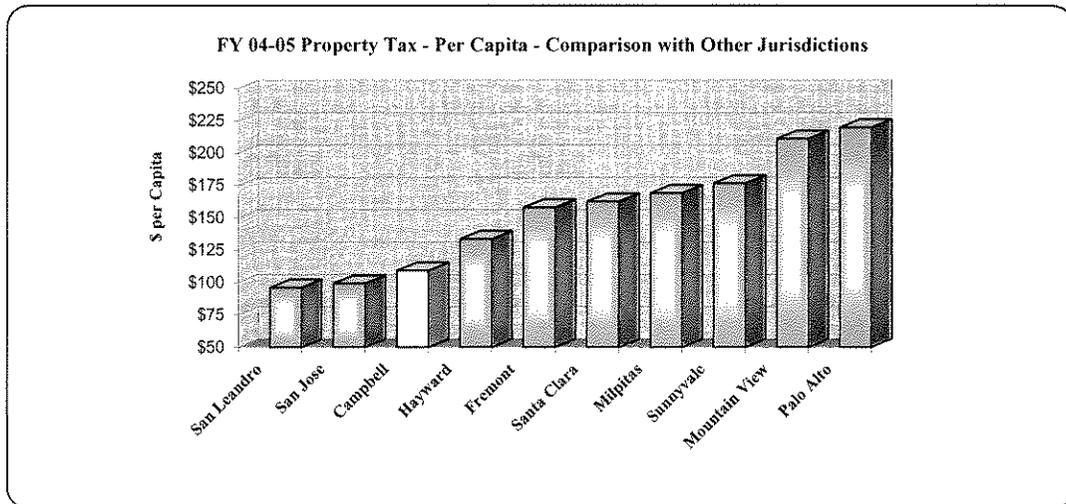


**Property Tax Revenue
Comparison With Other Jurisdictions
FY 00-01 through FY 04-05**

City	Actual 2000-01	Actual 2001-02	Actual* 2002-03	Budgeted 2003-04	Budgeted** 2004-05
Campbell	\$3,510,361	\$3,723,461	\$3,770,091	\$4,090,000	\$4,188,400
% of General Fund	13%	12%	12%	13%	13%
Per Capita	85.98	96.28	98.69	107.07	109.07
Fremont	\$30,473,000	\$31,516,000	\$36,697,000	\$33,153,000	\$33,153,000
% of General Fund	30%	29%	35%	30%	30%
Per Capita	149.67	152.13	175.93	157.85	157.85
Hayward	\$16,548,863	\$17,491,000	\$17,850,000	\$19,344,000	\$19,344,000
% of General Fund	17%	20%	21%	23%	23%
Per Capita	114.92	121.49	123.34	133.41	133.41
Milpitas	\$8,013,134	\$9,395,144	\$9,319,300	\$10,794,800	\$10,794,800
% of General Fund	14%	17%	19%	24%	24%
Per Capita	128.03	149.85	148.64	168.93	168.93
Mountain View	\$12,825,286	\$14,261,679	\$13,752,380	\$15,111,020	\$15,111,020
% of General Fund	17%	17%	18%	21%	21%
Per Capita	170.55	199.83	190.37	211.02	211.02
Palo Alto	\$12,110,000	\$13,231,000	\$13,644,000	\$13,556,000	\$13,556,000
% of General Fund	10%	11%	11%	11%	11%
Per Capita	197.88	219.06	225.52	219.71	219.71
San Jose	\$80,693,571	\$82,286,000	\$86,278,000	\$92,438,000	\$92,438,000
% of General Fund	14%	12%	14%	15%	15%
Per Capita	90.16	89.64	93.27	99.08	99.08
San Leandro	\$6,999,648	\$7,303,756	\$7,555,800	\$7,810,000	\$7,810,000
% of General Fund	10%	11%	12%	12%	12%
Per Capita	87.39	89.81	92.86	95.98	95.98
Santa Clara	\$14,821,000	\$16,683,604	\$15,450,000	\$17,414,000	\$17,414,000
% of General Fund	10%	13%	13%	15%	15%
Per Capita	144.04	160.27	146.03	162.44	162.44
Sunnyvale	\$20,360,778	\$22,817,384	\$23,255,628	\$23,379,998	\$23,379,998
% of General Fund	18%	25%	27%	27%	27%
Per Capita	154.53	170.30	175.08	176.45	176.45

* 02/03 Actual information for Campbell Only - 02/03 Budgeted Information for All Other Agencies as Actual Information Unavailable at Time of Printing

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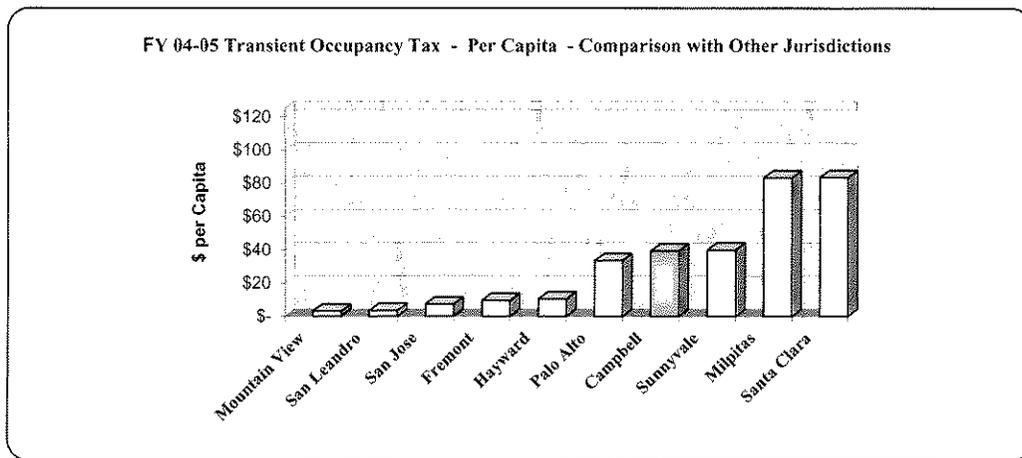


**Transient Occupancy Tax
Comparison With Other Jurisdictions
FY 00-01 through FY 04-05**

City	Actual 2000-01	Actual 2001-02	Actual* 2002-03	Budgeted 2003-04	Budgeted** 2004-05
Campbell	\$1,573,875	\$1,053,949	\$970,000	\$1,375,000	\$1,506,600
% of General Fund	6%	3%	3%	4%	5%
Per Capita	38.55	27.25	25.39	35.81	39.34
Fremont	\$4,340,000	\$2,175,000	\$2,522,000	\$1,977,000	\$1,977,000
% of General Fund	4%	2%	2%	2%	2%
Per Capita	21.32	10.50	12.09	9.41	9.41
Hayward	\$1,929,173	\$1,481,000	\$1,500,000	\$1,500,000	\$1,500,000
% of General Fund	2%	2%	2%	2%	2%
Per Capita	13.40	10.29	10.36	10.34	10.34
Milpitas	\$8,097,554	\$5,790,650	\$6,314,300	\$5,328,600	\$5,328,600
% of General Fund	14%	11%	13%	12%	12%
Per Capita	129.38	92.36	100.71	83.39	83.39
Mountain View	\$4,688,032	\$2,873,870	\$3,095,000	\$2,400,000	\$2,400,000
% of General Fund	6%	3%	4%	3%	3%
Per Capita	62.34	40.27	42.84	33.51	33.51
Palo Alto	\$9,359,000	\$6,615,000	\$6,600,000	\$6,300,000	\$6,300,000
% of General Fund	8%	5%	5%	5%	5%
Per Capita	152.92	109.52	109.09	102.11	107.51
San Jose	\$10,919,727	\$6,819,000	\$8,400,000	\$6,719,000	\$6,719,000
% of General Fund	2%	1%	1%	1%	1%
Per Capita	12.20	7.43	9.08	7.20	7.20
San Leandro	\$91,548	\$81,060	\$100,200	\$281,000	\$281,000
% of General Fund	0.13%	0.12%	0.16%	0.44%	0.44%
Per Capita	1.14	1.00	1.23	3.45	3.45
Santa Clara	\$14,821,000	\$11,253,395	\$9,360,000	\$8,947,000	\$8,947,000
% of General Fund	10%	9%	8%	8%	8%
Per Capita	144.04	108.10	88.47	83.46	83.46
Sunnyvale	\$10,699,743	\$6,263,317	\$5,300,000	\$5,300,000	\$5,300,000
% of General Fund	10%	7%	6%	6%	6%
Per Capita	81.21	46.75	39.90	40.00	40.00

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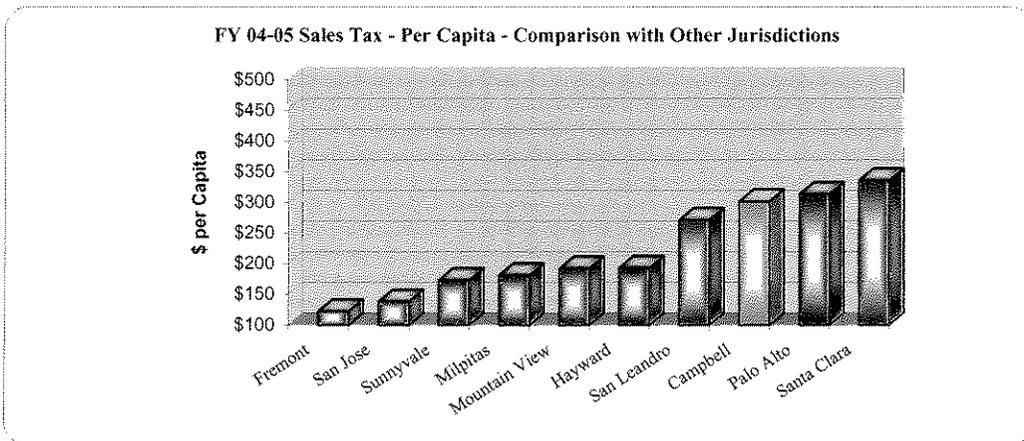


**Sales Tax
Comparison With Other Jurisdictions
FY 00-01 through FY 04-05**

City	Actual 2000-01	Actual 2001-02	Actual* 2002-03	Budgeted 2003-04	Budgeted** 2004-05
Campbell	\$12,310,966	\$9,690,416	\$8,997,381	\$11,100,000	\$11,590,000
% of General Fund	47%	32%	29%	35%	37%
Per Capita	301.55	250.58	235.53	289.06	301.82
Fremont	\$33,969,000	\$29,146,000	\$33,038,000	\$25,604,000	\$25,604,000
% of General Fund	34%	27%	31%	23%	23%
Per Capita	#VALUE!	143.15	159.47	122.75	121.91
Hayward	\$34,434,023	\$30,040,000	\$31,059,000	\$28,000,000	\$28,000,000
% of General Fund	35%	34%	36%	34%	34%
Per Capita	239.13	208.65	214.61	193.10	193.10
Milpitas	\$16,699,061	\$11,898,435	\$13,563,500	\$11,336,200	\$11,336,200
% of General Fund	29%	22%	27%	25%	25%
Per Capita	266.81	190.11	216.71	181.12	181.12
Mountain View	\$24,108,167	\$16,715,021	\$17,569,640	\$13,771,800	\$13,771,800
% of General Fund	32%	20%	23%	19%	19%
Per Capita	320.59	234.21	243.21	192.32	192.32
Palo Alto	\$25,786,000	\$20,084,000	\$19,542,000	\$19,335,000	\$19,335,000
% of General Fund	21%	17%	16%	16%	16%
Per Capita	421.34	332.52	323.01	313.37	313.37
San Jose	\$169,216,984	\$138,058,000	\$148,849,000	\$128,818,000	\$128,818,000
% of General Fund	28%	21%	23%	20%	20%
Per Capita	189.07	150.39	160.92	138.07	138.07
San Leandro	\$22,298,810	\$23,177,634	\$24,227,700	\$22,093,750	\$22,093,750
% of General Fund	33%	33%	38%	34%	34%
Per Capita	278.39	285.01	297.75	271.53	271.53
Santa Clara	\$51,062,375	\$40,104,098	\$43,558,000	\$36,000,000	\$36,000,000
% of General Fund	36%	32%	36%	31%	31%
Per Capita	496.26	385.25	411.70	335.82	335.82
Sunnyvale	\$37,620,492	\$25,787,528	\$22,900,000	\$22,900,000	\$22,900,000
% of General Fund	34%	28%	27%	27%	27%
Per Capita	285.52	192.47	172.41	172.83	172.83

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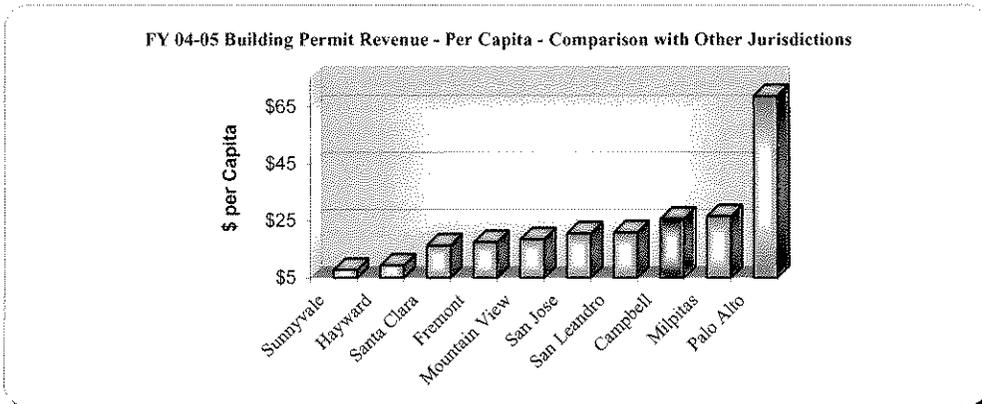


**Building Permit Revenue
Comparison With Other Jurisdictions
FY 00-01 through FY 04-05**

City	Actual 2000-01	Actual 2001-02	Actual* 2002-03	Budgeted 2003-04	Budgeted** 2004-05
Campbell	\$904,921	\$503,243	\$659,844	\$500,000	\$986,500
% of General Fund	3%	2%	2%	2%	3%
Per Capita	22.17	13.01	17.27	13.02	25.69
Fremont	\$1,802,877	\$3,348,000	\$4,096,000	\$3,680,000	\$3,680,000
% of General Fund	2%	3%	4%	3%	3%
Per Capita	8.85	16.44	19.77	17.64	17.52
Hayward	\$821,013	\$1,520,000	\$1,518,000	\$1,350,000	\$1,350,000
% of General Fund	1%	2%	2%	2%	2%
Per Capita	5.70	10.56	10.49	9.31	9.31
Milpitas	\$5,597,375	\$1,872,461	\$2,125,300	\$1,661,100	\$1,661,100
% of General Fund	10%	3%	4%	4%	4%
Per Capita	89.43	29.92	33.96	26.54	26.54
Mountain View	\$4,727,652	\$1,768,130	\$1,232,000	\$1,326,540	\$1,326,540
% of General Fund	6%	2%	2%	2%	2%
Per Capita	62.87	24.77	17.05	18.52	18.52
Palo Alto	\$3,947,000	\$3,602,861	\$4,243,988	\$4,243,988	\$4,243,988
% of General Fund	3%	3%	3%	4%	4%
Per Capita	64.49	59.65	70.15	68.78	68.78
San Jose	\$18,898,714	\$16,350,000	\$16,877,000	\$19,200,000	\$19,200,000
% of General Fund	3%	2%	3%	3%	3%
Per Capita	21.12	17.81	18.25	20.58	20.58
San Leandro	\$1,489,027	\$1,735,743	\$1,433,500	\$1,701,000	\$1,701,000
% of General Fund	2%	3%	2%	3%	3%
Per Capita	18.59	21.34	17.62	20.91	20.91
Santa Clara	\$3,384,000	\$1,673,866	\$1,750,000	\$1,750,000	\$1,750,000
% of General Fund	2%	1%	1%	2%	2%
Per Capita	32.89	16.08	16.54	16.32	16.32
Sunnyvale	2,083,134	1,529,362	\$940,146	\$1,029,662	\$1,029,662
% of General Fund	2%	2%	1%	1%	1%
Per Capita	15.81	11.41	7.08	7.77	7.77

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**Franchise Fee Revenue
Comparison With Other Jurisdictions
FY 00-01 through FY 04-05**

City	Actual 2000-01	Actual 2001-02	Actual* 2002-03	Budgeted 2003-04	Budgeted** 2004-05
Campbell	\$1,194,629	\$1,189,037	\$1,199,011	\$1,238,588	\$1,256,200
% of General Fund	5%	4%	4%	4%	4%
Per Capita	29.26	30.75	31.39	32.25	32.71
Fremont	\$6,540,000	\$7,467,000	\$6,873,000	\$7,219,000	\$7,219,000
% of General Fund	7%	7%	7%	7%	7%
Per Capita	32.12	36.67	33.18	34.61	34.37
Hayward	\$5,118,244	\$5,612,000	\$5,575,000	\$5,715,000	\$5,715,000
% of General Fund	5%	6%	6%	7%	7%
Per Capita	35.54	38.98	38.52	39.41	39.41
Milpitas	\$2,379,691	\$2,882,412	\$2,416,600	\$2,761,100	\$2,761,100
% of General Fund	4%	5%	5%	6%	6%
Per Capita	38.02	46.05	38.61	44.12	44.12
Mountain View	\$2,889,221	\$2,959,725	\$2,958,650	\$2,899,903	\$2,899,903
% of General Fund	4%	4%	4%	4%	4%
Per Capita	38.42	41.47	40.95	40.50	40.50
Palo Alto	\$685,000	\$529,272	\$394,000	\$394,000	\$394,000
% of General Fund	0.55%	0.44%	0.31%	0.33%	0.33%
Per Capita	11.19	8.76	6.51	6.39	6.39
San Jose	\$29,172,059	\$34,432,000	\$33,857,000	\$32,406,000	\$32,406,000
% of General Fund	5%	5%	5%	5%	5%
Per Capita	32.59	37.51	36.60	34.73	34.73
San Leandro	\$3,088,212	\$3,516,617	\$3,271,000	\$3,399,000	\$3,399,000
% of General Fund	4.52%	5.08%	5%	5%	5%
Per Capita	38.55	43.24	40.20	41.77	41.77
Santa Clara	\$2,544,000	\$3,128,273	\$2,499,000	\$2,345,800	\$2,345,800
% of General Fund	2%	2%	2%	2%	2%
Per Capita	24.72	30.05	23.62	21.88	21.88
Sunnyvale	\$4,690,090	\$5,494,040	\$5,343,736	\$5,421,740	\$5,421,740
% of General Fund	4%	6%	6%	6%	6%
Per Capita	35.60	41.01	40.23	40.92	40.92

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