



Town of Danville

2012/13 BUDGET-IN-BRIEF

MESSAGE FROM THE TOWN MANAGER

Dear Citizens of Danville,

On June 19, 2012, the Danville Town Council adopted the 2012/13 Operating Budget and Capital Improvement Program, following five public meetings that occurred in May and June 2012. The Budget and CIP are balanced, and include expenditures of \$34.0 million, including operating expenditures of \$26.1 million for the Town, \$2 million for the Town as Successor Agency to the former Danville Community (Redevelopment) Agency, and capital expenditures of \$5.9 million. Comparable budgeted expenditures for 2011/12 totaled \$35.2 million.

The adopted budget and CIP continue to reflect the careful financial planning that has been the Town's hallmark. Department and program goals are identified to ensure that services address the highest priorities established by the Town Council, including providing: high levels of public safety, positive community appearance, development standards that retain our special history and character, a broad range of recreational and enrichment opportunities, economic vitality and growth, a proactive regional presence and community celebrations and special events. Service levels to be provided in 2012/13 are largely consistent with those provided in 2011/12.

Adequate reserves continue to be maintained to ensure that the Town is positioned to react quickly to changes precipitated by the economy, the State of California, or other unforeseen factors. While pension liabilities have become a significant fiscal concern for many California cities, the Town has no such liabilities. Town employees are enrolled in a 401 pension plan, and all obligations are fully funded on an annual basis.

For 2012/13 the Town has been greatly impacted by the State's elimination of redevelopment, a tool that has provided funding for several downtown improvements and revitalization projects over the past 25 years. This loss means that fewer funds will be available for important capital improvements in our downtown project area. In addition, the Town may not be able to receive over \$8 million due to be re-paid by the former Agency, for debt service payments and projects completed downtown between 1987 and 2001. This could result in a potential loss of \$800,000 to \$1 million per year to the Town, for the next twelve years.

Despite continued efforts by the State to divert local revenues to help bridge their budget deficit, Danville's financial condition is sound. Ten-year forecasts show that Danville is holding to a course that is fiscally sustainable. All necessary steps continue to be taken in order to ensure successful operation in what has become a less certain fiscal climate. Revenues and expenditures will continue to be carefully and constantly monitored to ensure a balanced budget; and the Town will continue to offer the best possible services and continue to support the quality of life that Danville residents desire and expect.

Joseph A. Calabrigo
Town Manager

Revenues

REVENUES

The Town continues to experience a slow recovery from the deep economic recession that began in 2008. Danville's historically strong property values peaked in 2008/09 and have gradually declined over the past three years. Retail sales and building activity have rebounded over the past two years, following declines that occurred between 2008 and 2010.

Because the Town is largely built out, slow revenue growth is forecast for the next ten years.

HIGHLIGHTS

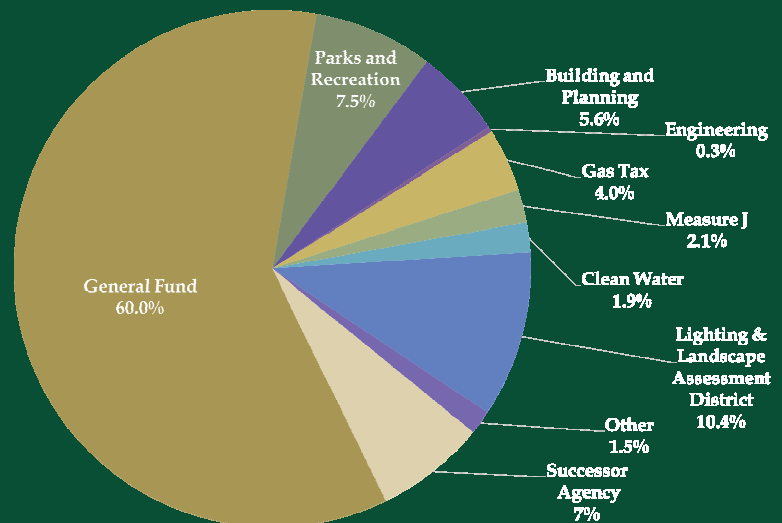
- *Property Tax* revenues are projected to total \$10.6 million, a 1.3% decrease from 2011/12 revenues of \$10.7 million. Property taxes have declined by 8.7% since the peak of \$11.61 million in 2008/09
- *Sales Tax* revenues are projected to total \$3.6 million, a 2.8% increase from 2011/12 revenues. This continues the rebound in Sales Tax revenues that started in 2010/11, after declines in 2008 through 2010.
- *Property Transfer Taxes* are projected to total \$323,000, a 2.5% increase from 2011/12 revenues, due to residential sales activity.
- *Franchise Fees* total \$2 million, a 3.2% increase from 2011/12
- *Building and Planning Revenues* are projected to total \$1.7 million, an increase of 6.2% from 2011/12. These revenues have rebounded for three straight years following a 29.4% decline that occurred between 2007 and 2010.
- *Gas Tax* revenues are forecasted to total \$1.2 million, a 7.9% increase from 2011/12.

<u>General Purpose</u>	<u>Amended 2011/12</u>	<u>Projected 2011/12</u>	<u>Adopted 2012/13</u>
Property Tax	\$10,733,197	\$10,733,197	\$10,596,358
Transfer Tax	315,076	315,076	323,000
Sales Tax	3,527,000	3,527,000	3,624,000
Transient Occupancy Tax	79,000	79,000	88,000
Charges for Service	49,988	49,988	49,988
Business License	350,800	350,800	352,300
Franchise Fees	1,986,787	2,001,385	2,049,633
Vehicle License Fees	21,557	21,557	21,500
Fines & Forfeitures	187,520	187,520	230,520
Recreation Charges	1,790,005	1,773,125	1,814,154
Use of Money and Property			
	1,198,999	1,198,999	1,096,731
Miscellaneous	831,316	831,316	276,349
Intergovernmental/Other	31,000	31,000	31,000
Total General Purpose	21,102,245	21,099,963	20,553,533

<u>Special Purpose</u>	<u>Amended 2011/12</u>	<u>Projected 2011/12</u>	<u>Adopted 2012/13</u>
PEG Fee	\$92,000	\$92,000	\$93,000
Police	124,950	124,950	125,000
Building/Planning	1,600,376	1,831,058	1,699,538
Engineering	272,775	667,975	101,500
Gas Tax Fund	1,119,187	1,221,964	1,207,520
Measure C/J	588,930	588,930	628,776
Clean Water	570,612	570,612	574,612
LLAD	3,044,347	3,044,347	3,170,540
Donations/Contributions	1,156,420	656,420	150,500
Asset Replacement	118,000	118,000	86,000
Total Special Purpose	\$8,687,597	\$8,916,256	\$7,836,986
Total Operating Revenue	\$29,790,242	\$30,016,220	\$28,372,126

Community Development Agency/Successor Agency

Debt Service	\$1,678,288	\$1,678,288	\$2,096,415
Low and Mod Housing	419,577	419,577	0
Total CDA Expenditures	\$2,097,865	\$2,102,165	\$2,096,415
TOWN/CDA REVENUES	\$31,887,707	\$32,118,384	\$30,486,933



Expenditures

EXPENDITURES

Service delivery costs are expected to increase, especially related to contract services, utilities, and capital replacement. Increased workload and service demands will continue to result in longer delivery and response times.

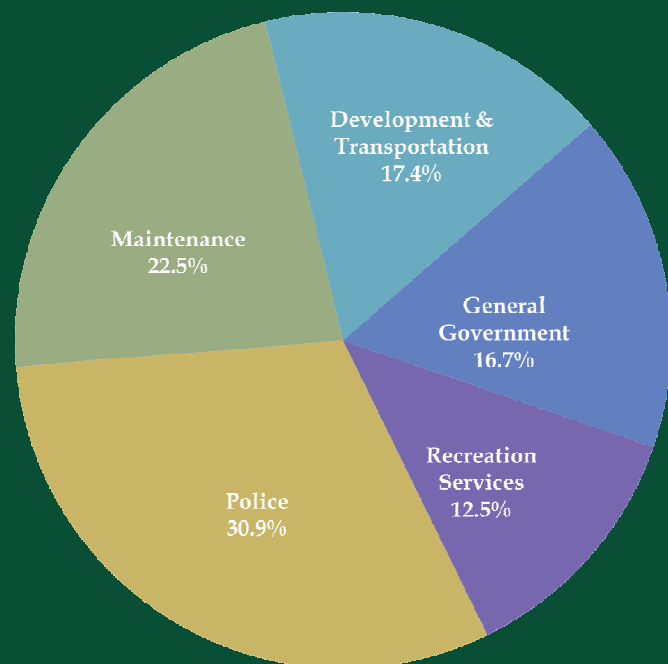
HIGHLIGHTS

Recommended 2012/13 expenditures total \$26.1 million, a 12.6% reduction from 2011/12 expenditures. Reductions include:

- 25.4% in *General Government* largely attributable to the elimination of one-time costs associated with the Information Technology Master Plan, continuation of accounting modules, reduced training and reduced Asset Replacement costs.
- 15.5% in *Development and Transportation Services*, largely attributable to reduced consulting services costs in Planning, completion of the "Retail Incentives Program" in economic development and reduced costs in the Clean Water Program.
- 19.2% in *Maintenance Services*, largely attributable to more closely coincide with available personnel allocations and their ability to deliver services directly and through contracts.
- 0.6% in *Recreation Services*, largely attributable to lower than estimated costs associated with Town-funded library hours.
- 0.5% in *Police Services*, due to a series of cost-reducing measures including elimination of 1.0 FTE sworn officer in the Patrol Division.

	<u>Amended 2011/12</u>	<u>Projected 2011/12</u>	<u>Adopted 2012/13</u>
Town			
General Government	\$5,848,682	\$5,759,444	\$4,360,679
Police Services	8,122,637	8,063,388	8,082,137
Development & Transportation	5,407,384	5,263,821	4,550,755
Maintenance Services	7,268,151	5,886,262	5,869,980
Recreation Services	3,282,207	3,200,974	3,261,332
Town Expenditures	\$29,904,061	\$28,173,891	\$26,124,883
CDA/Successor Agency			
Debt Service	\$805,783	\$805,783	\$2,006,415
Low and Mod Housing	\$350,472	\$350,472	-
CDA/SA Expenditures	\$1,156,255	\$1,156,255	\$2,006,415
TOTAL EXPENDITURES	\$31,060,316	\$29,330,145	\$28,131,299

TOWN EXPENDITURES BY FUNCTION

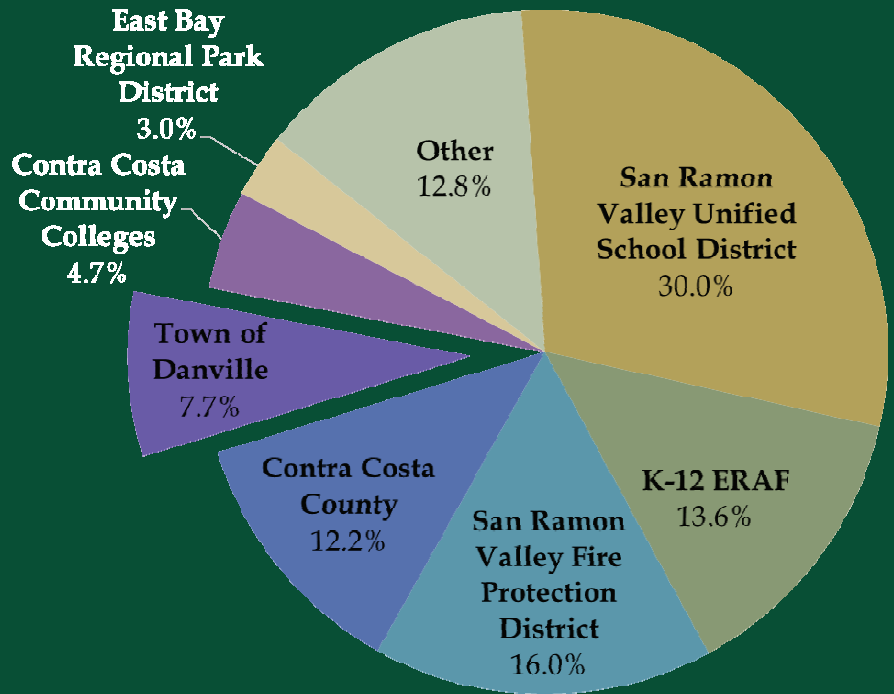


Property Tax

Property tax is the largest source of general purpose revenue for the Town of Danville, expected to total \$10.6 million in 2012/13.

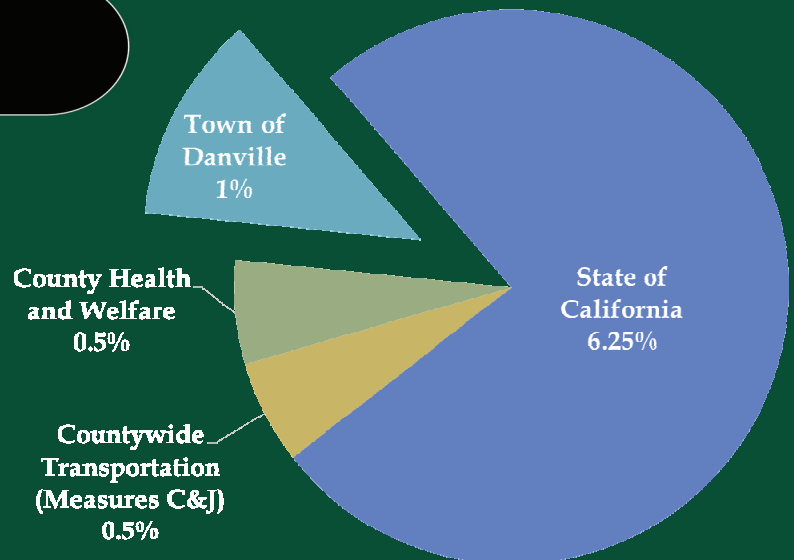
Danville is divided into multiple Tax Rate Areas (TRA). For a typical TRA in Danville, the Town receives approximately 7.7% of the total 1% property tax assessment levied against property owners. On an average residential property tax bill of \$8,000, the Town receives approximately \$616.

The largest percentage of the property tax, 76.5%, is distributed to fund education, fire protection and County functions. The Town of Danville receives approximately 7.7% of the property tax. The remaining 15.8% is spread between various special districts and governmental entities.



Sales Tax

As of July 1, 2012, the sales tax rate in Danville is 8.25% (as is the case for most cities in Contra Costa County). For every \$1.00 in taxable goods, a sales tax of 8¼¢ is charged: 6¼¢ goes to the State of California, a ½¢ to transportation in Contra Costa County, a ½¢ to health and welfare in Contra Costa County, and 1¢ to the Town of Danville. In 2012/13, the Town is expected to receive \$3,624,000 in sales tax revenue.



For the complete 2012/13 Operating Budget & Capital Improvement Program, please visit our web site at www.danville.ca.gov or call the Finance Division at 314-3320.