

FOR BUDGET COMMITTEE MEETING OF: April 30, 2008  
AGENDA ITEM NO: 6. f.

TO: BUDGET COMMITTEE MEMBERS  
FROM: LINDA NORRIS, CITY MANAGER PRO TEM  
SUBJECT: ERRATA SHEET 6

ISSUE:

To inform the Budget Committee about corrections and updated information regarding the FY 2008-09 City Manager's proposed budget.

RECOMMENDATION:

1. Increase General Fund revenues by \$82,000
2. Increase General Fund, Information Technology materials and services by \$59,650
3. Decrease Building and Safety Fund revenues by \$42,000
4. Decrease Building and Safety Fund materials and services by \$20,300
5. Decrease General Fund, Community Development materials and services by \$14,810
6. Decrease General Fund, Administrative Services materials and services by \$3,600
7. Decrease General Fund, Parks, Recreation and Community Services materials and services by \$800
8. Decrease Water and Sewer Fund materials and services by \$3,540

BACKGROUND:

In 1996, the Building and Safety Division implemented a \$2.50 surcharge assessed to each permit transaction, which was intended to fund enhancements to the automated system supporting the division's work. A total of \$657,122 through FY 2006-07 has been paid by purchasers of various City permits, including building, public works and parking permits. In FY 2003-04, the Building and Safety Division implemented a new permit tracking system, which supports permit activities in a number of city departments. Revenues derived from the automation surcharge were used to purchase and

implement the new permit tracking system. An additional requirement of the system is annual license maintenance fees that total approximately \$59,650 for FY 2008-09.

**FACTS AND FINDINGS:**

Total automation surcharge revenue for FY 2008-09 is projected to be \$42,000, which is insufficient to cover the cost of the annual license maintenance agreement of \$59,650. It is recommended the surcharge amount assessed to each transaction of \$50 or more be increased to \$5.00 from the current charge of \$2.50. It is further recommended the surcharge remain at \$2.50 for each transaction less than \$50. It is estimated the recommended increase in the surcharge will provide additional revenue of \$40,000 for a total of \$82,000.

The cost of the license maintenance agreement is budgeted in individual user departments' FY 2008-09 proposed budgets. To be consistent with current city practices, it is recommended the cost of annual maintenance be moved to the Information Technology Department's budget. It is also recommended the revenue associated with the automation surcharge be received in the General Fund, rather than the Building and Safety Fund.

Projected revenue from the surcharge increase exceeds the budgeted expense for the annual license maintenance agreement. Revenues received in excess of the maintenance agreement will be held in reserve to address future year license maintenance costs or permit tracking system upgrades. Any shortfall between projected revenue and maintenance agreement costs will be recovered through the indirect cost allocation plan.

The \$59,650 for annual license maintenance includes \$16,600 for the Public Works Fund. With the errata recommendation, the Information Technology Department budget is being increased to cover this cost; however, the Public Works Fund will retain the \$16,600 in budget authority to provide additional resources for the department's conversion to Microsoft Word.

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Kelley Jacobs  
Budget Analyst

*Note: Copies of revised budget pages incorporating the above-noted changes are not attached to this report. They will be posted to the City's web site. Additionally, the changes will be reflected in the adopted budget. If hard copies of the revised budget pages are needed, please contact the Budget Office.*