

# CITY OF MERCED

"Gateway to Yosemite"



TO: The Honorable Mayor and City Council

FROM: James G. Marshall, City Manager

SUBJECT: Fiscal Year 2007-08 City of Merced Municipal Budget

DATE: May 11, 2007

## INTRODUCTION

On behalf of the staff and employees of the City of Merced, I am pleased to transmit the recommended 2007-08 municipal budget to you for your consideration, amendment as needed, and adoption.

I would like to acknowledge all of the staff and employees whose participation in the development of this budget is critical. I would specifically acknowledge Finance Officer Brad Grant, Assistant to the City Manager Kathy Childress, Deputy Finance Officer Teri Albrecht, Accountant Steve Wilson, and all of the department managers for their recommendations, support and assistance.

## ASSUMPTIONS – 2007-08

What a difference a year makes! Many of the assumptions used in the development of this budget are significantly different from either 2006-07 or 2005-06.

Overall, there seems to be a general leveling and perhaps slight decrease in revenues from the two prior fiscal years. Much of this can be attributed to the slowdown in residential housing production. Some of it can be attributed to new retail commercial centers being established in adjoining communities – Los Banos and Atwater. As more commercial development occurs in surrounding communities, there is less dependence on the regional nature of the retail commercial opportunities presented by the City of Merced.

In 2005-06 approximately 1,200 single-family dwelling unit building permits were issued. The year prior involved more than 800 single-family residential building permits. The current fiscal year budget estimates were based on 800 single-family residential building permits (amended to 400 mid-year). It appears that by June 30, 2007, the City may issue approximately 350 single-family residential building permits.

Given the substantial existing housing inventory on the market and the inventory of newly constructed homes not yet sold, the 2007-08 municipal budget revenue forecast is based upon the equivalent of 400 single-family dwelling units and 250 multiple-family dwelling units.

The housing slowdown has not only impacted building permit activity, it has also caused a decrease in employment opportunities. Therefore, there is less disposable income from that portion of our community dependent upon residential construction activity for their livelihood. That, in conjunction with the reallocation of retail sales throughout the county, will require the City of Merced to closely monitor all of its income streams during Fiscal Year 2007-08.

### **Other State Revenue Impacts**

The Local Transportation Fund (LTF) is derived from one-quarter cent on the sales tax rate statewide. The funds collected are deposited into a fund held by the County Auditor and distributed under the direction of the Merced County Association of Governments Governing Board. The primary objective of the funding source is to subsidize the cost of public transit in the Merced County region.

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The distribution of local transportation funds by the MCAG Governing Board is based upon existing transit operations and unmet transit needs which are found to be reasonable to meet. Public hearings are held throughout the Merced County region seeking input from those who currently use public transit and those who don't use public transit because the system does not meet their transportation needs in its current configuration. After all of the testimony has been gathered, the Governing Board, acting as the Transit Authority, approves a transit program for implementation.

A very different picture is presented in 2007-08 from 2006-07. In 2006-07 the County Auditor reduced the fund balance in the Local Transportation Fund after all transit needs had been met. This reduction in fund balance manifested itself in increased LTF funds to each jurisdiction. Because all transit requirements had been met which were found to be "reasonable to meet," individual member jurisdictions were allowed to use the LTF funds for street and road maintenance purposes. This increased the City's LTF fund for road maintenance by approximately \$420,000.

Another source of funding used for transit operations is the State Transit Assistance Fund (STAF). STAF is developed through a formula in Sacramento. The source of the funds is sales tax collected on the sale of gasoline. Through a state derived formula, once the sales taxes meet the State General Fund requirements, they "spill over" into the State Transit Assistance Fund. This fund was specifically developed to increase transit opportunities without competing for local general fund dollars and without the necessity of increasing fare box revenues. Unlike LTF dollars, STAF can only be used for transit. STAF cannot be used for other transportation-related projects – i.e., road maintenance.

In the Governor's proposed state budget for FY 2007-08, nearly all of the "spillover" funding has been allocated to school districts for the operation of school buses (school-related transit). By reducing the amount of STAF available for regional transit operations, more LTF dollars must be used to backfill for the identified "reasonable needs" within the region.

The two separate but distinct items identified above – a prior year one-time infusion of excess funds; and, a reduction in STAF for transit operations

team up to reduce the available LTF dollars available for road maintenance to the City of Merced in FY 2007-08 to \$172,666. In 2006-07, this number was \$1,626,567. In 2005-06, this number was \$687,472.

In order to backfill for these losses, the City of Merced fiscal year 2007-08 Street Department maintenance budget backfills the loss with General Fund dollars in the amount of \$648,873; and, Measure C funds in the amount of \$721,951. Additional Measure C funds in the amount of \$1.6 million are recommended for "to be determined" Street capital projects.

It should be noted that there are no Proposition 42 dollars coming to cities in Fiscal Year 2007-08 as a result of a statewide agreement between cities and the Governor on allocations to local government post Proposition 1A (November 2005). Future years will see a continuation of Proposition 42 appropriations to local government.

### **Measure C – Half-Cent General Sales Tax**

In November 2005, the voters inside the City of Merced approved Measure C – a one-half cent tax applied to retail transactions inside the City of Merced. Because not all retail sales transactions are completed inside the city limits, this transaction/use tax is not collected on all transactions, as is the general sales tax. Given that 2006-07 was the first full fiscal year for collecting revenue from Measure C, it was not fully understood what the revenue returned from Measure C would be. Based on similar local measures statewide, it was assumed that the City would receive revenue on about 82 percent of the retail transactions. It appears that the revenue is actually being generated on about 85 percent of the retail transactions – a slight increase over what had been estimated.

The measure provides for a Citizens Oversight Committee, which meets quarterly to review revenues, expenditures and excess revenue available for appropriation. During the 2006-07 fiscal year, not all of the public safety positions funded under Measure C were filled throughout the entire year. Therefore, over a million dollars in Measure C funds generated from salary savings were allocated for an upcoming street and road maintenance project, primarily in South Merced.

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The Fiscal Year 07-08 budget, as recommended by the City Manager, has not yet been reviewed by the Measure C Committee. Therefore, the City Council may receive additional recommendations from the Measure C Citizens Oversight Committee for consideration prior to the adoption of this budget.

There are no new positions recommended from this fund. Some of the requests that had been made for funding from Measure C have either been shifted to the City's General Fund; or, have not received the City Manager's recommendation.

It is recommended to continue funding all of the positions created in FY 2006-07, acquire needed equipment for patrol units (video cameras), acquire additional vehicles to meet the needs of personnel previously hired with Measure C funds, off-set road maintenance needs (LTF/STAF shortfall) by \$721,951 and contribute \$1.6 million to a yet to be determined street capital improvement project.

### **Education Relief Augmentation Fund (ERAF)**

The City continues to contribute a share of its property tax to schools through the state shift of local property tax dollars started in 1993. It is anticipated that more than \$2 million of City property taxes will be shifted to the state for ERAF in FY 2007-08. It should be noted that the ERAF augmentation has been suspended as a result of the voters passage of Proposition 1A in November 2005. However, the original ERAF shift continues unabated.

### **Utility Rates**

During the 2006-07 fiscal year, the City Council adopted increased utility rates for sewer collection, wastewater treatment, and water. The rate studies approved by the City Council anticipated the use of reserves for "pay-as-you-go" capital improvement projects; and, recognized the need for additional personnel in both water and wastewater as the systems expand. The water and wastewater/sewer budgets recommended to you are consistent with the analyses already reviewed as part of the rate studies.

The City Council has also authorized the retention of a rate-setting consultant to review refuse rates. The consultant is anticipated to have completed his analysis and review for City Council consideration of refuse rate increases scheduled to be effective January 2008.

**CFD – Services (156 – 158)**

The CFD – Services established in new developments are generating revenues at a slower pace than anticipated. This is due primarily to the housing market slow-down.

In FY 2006-07, seed money was transferred from pooled cash to meet the increased service needs. Because many of the positions were not funded for the entire year, and because of the SAFER Grant off-setting some of the expenses for fire, not all of the pooled cash funds were advanced. It is anticipated that less than \$200,000 will likely be advanced by the end of the fiscal year. In FY 2007-08, it is anticipated that the full advance will be required – approximately \$1.14 million. As housing stock develops, funds will be available to carry the full service cost and retire the debt to pooled cash.

**The Baby Boom Generation**

For several years, staff has been discussing with the City Council the need to plan for the succession of employees throughout our organization. This succession planning is needed because of the high number of Baby Boom generation employees in the City organization. Fiscal Year 07-08 is an early indicator of the impact the Baby Boom generation departure from the work force will have on our organization. At this time, 27 employees have advised the City of their intent to retire during Fiscal Year 2007-08. The positions are identified below:

<b><u>Fund</u></b>	<b><u>Title</u></b>
001	Police Commander – 1
001	Officer – 3
001	CSO III - 1
001	Police Clerk – 2

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- 001 Public Works Manager – Tax Services – 1
- 001 Public Works Superintendent (Parks) – 1
- 001 Executive Secretary – 1
  
- 017 Director of Development Services – 1
- 017 Chief Building Official – 1
- 017 Engineering Technician IV – 1
- 017 Building Inspector – 1
- 017 Supervising Plans Examiner – 1
  
- 026 Parking Enforcement Officer – 1
  
- 553 Sewer Collection System Worker II/III – 2
- 553 WWTP Operator – Supervisor – 1
- 553 WWTP Operator II – 2
- 553 NPDES Coordinator – 1
  
- 557 Water Systems Technician – 1
  
- 558 Refuse – Supervisor – 1
  
- 561 Airport Operations Technician – 1
  
- 670 Fleet Manager – 1
- 670 Mechanic II – 1

Total - 27

**Other Post Employment Benefits (OPEB)**

Last year, the City Council was advised in the budget message that financial pronouncements from the Governmental Accounting Standards Board (GASB) required the annual financial statement to report on other post employment benefits (OPEB). OPEB refers to benefits provided to retired employees – other than retirement.

While current Memoranda of Understanding do not provide for ongoing health insurance benefits for employees post retirement, there are a

significant number of employees who are already retired; or, were hired under Memoranda of Understanding which provided for this ongoing benefit. Therefore, the City of Merced has an OPEB obligation that must be reported.

An actuary has been retained to calculate the ongoing costs for providing this benefit. As of the date of this memorandum, the actuary has not completed his analysis. The City of Merced has funded retirement health insurance benefits on a pay-as-you-go basis. The Fiscal Year 07-08 budget continues to carry this obligation as a pay-as-you-go expense.

Once the actuarial analysis is received, the City Council will have an opportunity to review appropriate means to fund this ongoing obligation.

### **BUDGET DEVELOPMENT**

The process for developing the Fiscal Year 2007-08 budget closely follows the budget development process used by the City Manager for the last three years. Essentially, departments submit budgets to meet their "core needs." The core needs assume the same basic level of service as provided in Fiscal Year 2006-07. Any proposed increases in service, program, or projects are submitted in a "beyond the core" request.

The City Manager's version recommended to the City Council reviews the core budget and beyond the core requests and combines, reduces, eliminates, or reconfigures as needed.

Budget requests submitted by the department managers, when combined with a beginning fund balance, anticipated revenues and Fiscal Year 06-07 encumbrances, would have drawn the General Fund fund balance down to approximately \$9 million. This is approximately \$5 million less than anticipated at the beginning of Fiscal Year 06-07. Therefore, a number of adjustments have been made including fund balance reductions in internal operating funds to develop a higher General Fund closing balance. This is critical because many costs are ongoing – not one-time expenditures. If this level of spending were to continue, the General Fund balance would be consumed in three years.



There are operating increases required to maintain the current levels of service. Based on a review of the Memoranda of Understanding and salary schedules, personnel increases reflect a 7.5 percent increase in Fiscal Year 2008-09.

### **One Time Adjustments**

It is important to periodically make one-time adjustments to fund balances – to insure that those funds that contribute to other funds (internal service funds) are not being disproportionately impacted by excess fund balances. It is also important to recognize any windfall revenue from such adjustments as not a recurring source of revenue. The 2007-08 fiscal year budget has the following one-time fund balance adjustments: a \$1,250,000 rebate to all contributing funds from excess fund balance in the employee benefit fund; and, a \$750,000 rebate from excess fund balance in the Support Services Fund. Rebated funds are distributed to the funds of origin based upon an equitable pro-rata share.

Asset forfeiture funds in the amount of \$215,000 are transferred to the General Fund to offset the cost of Police acquisitions. Budget acquisition recommendations in the Police Department total \$236,398.

Booking fee expenditures have been eliminated and booking fee reimbursement revenue from the State has been eliminated. Under the proposed State budget booking fees will only be charged on the incremental increase in bookings from the prior fiscal year, as adjusted.

Parking Enforcement, previously a special fund, will be transferred to the Police Department as a General Fund source. Expenses and revenues will continue to be monitored by maintaining parking enforcement as a separate division in the Police Department.

### **Accounting Format Changes**

In the current Memoranda of Understanding, changes were made to the delivery system for employee health benefits. A cafeteria plan has been instituted with a specific allocation per employee. The cafeteria plan has created a “choice” for employees – allowing them to either buy up in

coverage or, in some cases, accept a lower level of coverage. This has changed the presentation in the budget document. You will note in Fiscal Year 07-08 that no funds are budgeted for long-term disability, group health insurance, group life insurance, vision, or dental insurance. There is a new line item – Core Allowance. The Core Allowance account represents the available employee allowance for purchasing benefits through the cafeteria options.

There are also two new revenue line items: Health Insurance Employee Share and PERS Employee Share for 2.5 percent at 55. The revenue lines reflect the contributions made by employees for either their share of the enhanced retirement benefit (2.5 percent at 55), which becomes effective July 1, 2007; and, the contribution by employees for the cost of benefits exceeding the authorized allowance.

### **COUNCIL GOALS**

In early April, the City Council and staff spent a limited amount of time with Facilitator Bill Lewis in establishing goals for Fiscal Year 2007-08. A limited amount of time was spent because most of the goals “carryover” from the prior fiscal year. Given the longer-term nature of many of the goals, it may take several years to complete the goal-directed work program.

### **MISSION AND VALUES STATEMENT**

With every new employee orientation, time is spent discussing the organization’s mission and organizational values. The organization’s mission has not changed. It remains:

- To serve the public
- To serve the City Council
- To serve each other as fellow employees
- To model our shared values

Values might be described as principles, standards, morals, ethics or ideals. The values that we share as an organization are:

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- Honesty
- Integrity
- Respect for diversity
- Respect for each other
- Respect for elected leadership
- Compassion for others
- Tolerance
- Fairness
- Responsibility

The budget presented for your consideration is intended to meet the City Council goals, be responsive to the City's mission, and clearly demonstrate the shared values of our organization and community.

### **CITY DEPARTMENTS, PROJECTS AND PROGRAMS**

#### **Development Services**

Given the significant reduction in permit issuance, it is necessary to look at manpower requirements in the Inspection Services Division. It must be recognized that inspections do not occur upon issuance of a permit – they occur over the life of the construction activity. Therefore, many permits issued months ago are still active for inspection purposes.

Currently, inspectors are making approximately 75 inspections per day. While residential demand for services has decreased, commercial/industrial inspections are still in demand. As fewer permits are issued, inspections will decrease. Simultaneously, there are four (4) potential retirements in Inspection Services planned in 2007-08. Through attrition, the department personnel will decrease. Positions will not be backfilled unless the demand is evident.

In the Planning Division, one Principal/Senior Planner position has been eliminated. An Associate Engineer position, still vacant, has not been removed from the authorized personnel allocation because there is a need for additional engineering service associated with proposed developments and annexations. Recruitment will continue.

### **Public Works – Operations**

Given expanded developed Parks acreage and the introduction of two (2) new water wells, two additional employees are recommended – a Pump Operator and a Park Worker. One new position is also recommended in the Fleet Division – a mechanic. This is based upon the increased number of vehicles associated with the Police Department, and other utility vehicles in City operation.

### **Finance**

As the City grows, so does the number of customer contacts in the Finance Department. A recent survey validates the increase in counter services – over 5,400 customer counter contacts per month. This necessitates another Account Clerk position – funded primarily by utility enterprise accounts.

The increase in Community Facility Districts - Services, and the complex accounting associated therewith, justifies an Accounting Technician position. While the Finance Officer has requested two positions, only one is recommended at this time.

### **Fire Department**

The City purchased two (2) new fire pumpers ten (10) years ago from a company that is no longer in existence. The vehicles require an exorbitant amount of maintenance and are not fully reliable. This budget anticipates replacing both units early by using accumulated vehicle replacement funds. This will require extending the life on other fire units (pumpers, trucks, staff vehicles) until sufficient replacement funds can be accumulated. There will be some reimbursement of vehicle replacement funds based on the market value of the vehicles. This revenue has not been anticipated.

FY 2007-08 will be the second year of SAFER Grant funding. This year, positions funded through the original grant will be funded at 80%. The balance of the funding comes from the CFD – Services.

### **Police**

Two Police Officer positions are recommended subject to the approval of a traffic grant by the Office of Traffic Safety, State of California. If the grant is not approved, the positions will not be filled.

Two Lieutenant positions have been requested from Measure C. While the positions may be considered “existing deficiencies” in a perfect world, it is hard to justify them given the number of positions authorized for the first time from Measure C last year – especially in light of the fact that the Department has not yet fully received the benefit of all the new employees (due to training, hiring time lapse, turnover, etc).

The Chief has articulated a well-reasoned position that management-training time is needed for additional employees especially given the number of anticipated retirements at the command level in the next two years. In order to meet this demand, two Lieutenant positions are recommended with a reduction of 2 Police Officer positions. As Command positions open (promotion opportunities), one Police Officer position will be added back for each Lieutenant that promotes to Commander. There is no loss of personnel, but there is a reallocation of human resources.

A reallocation of Dispatch/CSO classes is also recommended – one additional Lead and one less Dispatcher I/II.

### **Parks And Community Services**

Apart from Code Enforcement which is funded by a combination of Community Development Block Grant and General Funds, a large part of this Department operates on General Fund subsidy. In 2007-08, the General Fund transfer recommended to this Department is \$2.6 million. The total budget is \$4.3 million. The community does not return sufficient user fees to cover the cost of programming.

The City partners with many non-profit groups for the provision of recreation programming. The City also provides program activities. However, sufficient manpower has never been allocated to fully meet the

recreation needs in the community. A new program delivery focus is needed. To that end, a challenge was issued to the Department Manager – develop a budget within close parameters to fiscal year 2006-07, include three new Recreation Coordinator positions, and produce more opportunities for community recreation. Currently, the three Recreation Supervisors depend solely on part-time employees to deliver programs. More continuity and focus is needed which will be provided by the new positions.

There are increased operation costs in 2007-08 resultant from the relocation of this Department to the Transpo Center. Those costs were not included in the target.

### **Anti- Violence, Youth, Gang Alternatives**

The Community Violence Task Force, which met for the first time during the 2006-07 fiscal year, is continuing to meet as a smaller ad-hoc group with representatives from the schools, Police Department, faith community, and other interested parties. The ad-hoc group continues to meet to develop alternative opportunities to gang membership, violence, and despair.

The Merced County Office of Education (MCOE) has received a grant to offer after school programming at all schools within the Merced City School District except Cruickshank Middle School and Peterson Elementary School. The City will discontinue after school operations, and support the grant-funded program by training MCOE or school district employees. The City is evaluating the need to continue programming at the 27<sup>th</sup> Street community recreation facility. With the city subsidized programs at the Boys and Girls Club, and the after school grant funded programs, a significantly higher level of youth services is being offered in the community.

Nonetheless, if youth programming is going to be successful, personnel (services) must be focused appropriately. The City has limped along with three full time Recreation Division employees in the Parks and Community Services Department for far too long. This year, it is recommended that three additional recreation Coordinator positions be added to allow for more and better opportunities for activities in Merced. This has been accomplished through setting a budget target similar to the FY 2006-07 budget, and incorporating the positions within the target budget. If more programming is

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developed and operated effectively, more revenues will be developed to offset the expense. As this is a pilot year, no additional revenue has been estimated or included.

During the 2006-07, non-profit and other providers submitted applications for Professional Service Agreements to provide programming. If this is to occur in FY 2007-08, the City Council should earmark funds for Professional Services in addition to the current recommendation.

### **Support Services**

Support Services represents internally funded operations in support of all operating departments, including Information Technology, Risk Management, City Clerk, and Human Resources. Excess accumulated fund balances have been rebated to operating departments as part of a one-time revenue distribution.

One new program currently in the planning stages is an Applicants Workshop – an outreach into the community to help potential employees understand how to apply for, and successfully compete for municipal employment opportunities with the City of Merced. The first workshop is being planned for summer 2007 in an effort to acquaint the community with the available employment opportunities with the City – with an emphasis on needs generated by pending retirements and new personnel allocations under consideration in this FY 2007-08 budget.

### **Information Technology**

Improvement of the organization's technology has been an important City Council Goal in recent years. Over the past three years, the department has been substantially strengthened, with significant strides made in equipment and operating software. Significant technology requests were made for 2007-08. The organization will continue to see improvements, but not all requests were funded. A phased approach over multiple years will be required.

The City Manager has recommended \$250,000 for acquisitions, with the balance of the requests subject to review at a later date, or next fiscal year.

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While maintaining system integrity and remaining fully current is an admirable goal, it is difficult for all of the operating departments (who internally fund IT) to bear the full cost in any one given year.

### **Street Trees**

The urban forest is a critical asset to the Merced community, Like any asset, it requires maintenance. As a "growing asset", one time fixes are not practical. Therefore, on going annual maintenance, in a systematic program is required. This year, the General Fund is supporting this effort through a \$1.3 million contribution.

### **Airport**

The Merced Municipal Airport (MCE) continues to meet the needs of the commercial traveler and general aviation customer. Through an on-going Essential Air Service subsidy from the Department of Transportation, Air Mid-West (operating as U. S. Airways) offers up to five daily round trips to McCarran International Airport, Las Vegas, Nevada. The Transportation Security Agency (TSA) is screening all passengers at the Merced terminal. This allows direct access to any connecting flight at McCarran International. General Fund subsidies of \$199,333 are recommended in this budget.

### **Redevelopment And Economic Development**

Redevelopment projects currently under construction (or under contract) include the parking structure at the northwest corner of 18<sup>th</sup> and M Streets, the Martin Luther King, Jr., Way Gateway project, and the Merced Theater Phase I renovation project (ground floor retail and second floor apartment units). It is anticipated that the downtown hotel project will break ground in the summer of 2007, and the remaining parcel on the block across the street from the Civic Center will be offered to a developer with the best design concept/land use in early fall 2007. Housing projects are also contemplated through the strategic pooling of set-a-side funds with other housing program funds to insure the best return (number of affordable units) for public funds invested.



### **Debt Service Funds**

Any and all fund balances, reserves, and proposed expenditures are consistent with the indenture agreements and Offering Statements for outstanding debt.

### **Public Facility Fee Program**

Annually, the City Council reviews a report pursuant to the provisions of Government Code Section 66000 et seq. regarding fund balances, proposed projects and the nexus between fees and proposed projects. You will note that there are <credit> balances in the Developer 50% PFFP funds. The <credit> balances are based on credits issued to developers in lieu of fees for the dedication, construction, and/or planning/engineering of projects identified within the PFFP.

### **General Plan**

The City Council has been deeply involved in the ongoing General Plan update. The consultants will be completing and presenting portions of the General Plan early in the fiscal year, with the intention of completing the process during the 2007-08 fiscal year. Depending on the final outcomes selected, the City could increase the size of its Urban Development boundary by 21,000 acres.

FY 2007-08 will definitely set the strategic plan for the future timing of the physical development of the City.

### **Capital Projects**

The Capital Improvement Program Budget (CIP) identifies new or needed improvements in the City infrastructure. The CIP allocates revenue and expenses over a six-year period. Projects identified may need to accumulate funds over multiple funding cycles and sources to be fully implemented.

In 2007-08, two new water wells (Burbank and Ada Givens Parks); continued improvements at the Wastewater Treatment Plant, identified projects in the Public facility Financing Plan (traffic signals, park

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improvements, etc), and a needs analysis for the Merced Police Department (carried as a professional service) are included. Funds are also recommended for the on-going acquisition of properties along the future Parsons Avenue plan line connecting the City south of Highway 140 with north of Bear Creek.

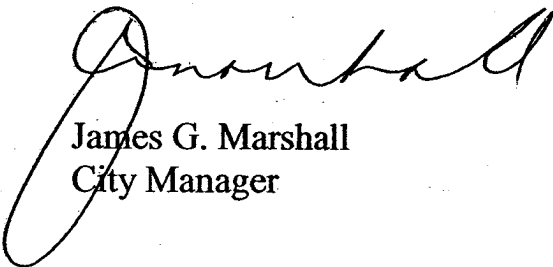
**University Of California Merced**

Enrollment at the campus in 2006-07 is lower than expected. There are currently about 1,300 students and 80 professors on campus. Like any growing institution, significant changes are occurring rapidly. These include an increase in professor positions to 100, and an anticipated enrollment of 2,000 students in the fall of 2007.

In the future, as research and development facilities develop around the campus, direct relationships between the campus, its population and the city (both revenues and expenditures) will become evident. Currently, such fiscal relationships are anecdotal. Nonetheless, the University is an economic powerhouse. While some cities may be in an economic slump, Merced will realize a leveling of retail driven revenues. As shopping patterns shift regionally, the University and its student population will help to keep Merced stable.

A positive town-gown relationship with the University, its staff and students is important to the City. To that end, a working group comprised of University, City and County officials has been developing good-neighbor policies (enacted through ordinances) to preserve the quality of life in Merced by protecting students and their neighbors.

Sincerely,



James G. Marshall  
City Manager

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**Personnel Changes**

The following matrix outlines the recommended changes in personnel allocations in the FY 2007-08 Budget.

Department	Positions Requested	Number	Funding Source	Recommended by City Manager
Finance	Account Technician	1	001 mix	1
	Account Clerk I/II/III	2	001 mix	1
Fire	Clerk Typist	1	001	0
Police	Lead CSO/Dispatcher	1	001	1
	CSO/Dispatcher I/II/III	-1	001	-1
	Lieutenant	2	081	0
	Lieutenant	0	001	2
	Police Officer	0	001	-2
Parks	Police Officer - Traffic Grant	2	035	2
	Park Worker I/II	1	001	1
Development Services	Environmental Projects Manager	1	553,557,561,667,802	1
	Principle/Senior/Associate Planner	-1	017	-1
	Associate Engineer	-1	017	0
	Supervising Plans Examiner	-1	017	-1
	Assistant Building Official	1	017	1
	Building Inspector III	1	017	1
	Building Inspector I, II	-1	017	-1
	Zookeeper	-1	024	-1
	Senior Zookeeper	1	024	1
	Recreation Coordinator	3	024	3
Community Services	Recreation Supervisor	-1	024	0
	Senior Recreation Supervisor	1	024	0
	Secretary	1	024	0
	Pump Operator	1	557	1
Refuse	Equipment Operator Trainee	1	558	0
Fleet	Lead mechanic	1	670	1
	Custodian I/II	2	671	0
Facilities				
Public Works				
Total				

Note: various Public Works requests for reorganization into Lead Workers have been submitted. Due to the overall change in deployment, further review and analysis is required. This could include collapsing fleet and facilities into one management unit. This may be a mid-year item for review.