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The Balancing Act of Orinda Budgeting

By Laurie Snyder

"The General Fund is balanced, and it maintains existing service levels. All of the other funds are projected to have a positive fund balance at June 30, 2015." That good news was delivered by Orinda finance director Susan Mahoney to the Orinda City Council at its meeting June 17. Collectively, it was the eighth in a series of recent opportunities for the public to watch their elected officials and volunteer Finance Advisory Committee members in action as they assessed the city's fiscal health as part of Orinda's annual budget review.

Now in the second year of a two-year budget cycle, city officials were required to tweak budget projections approved in June 2013 in order to account for overages in legal and personnel costs. Threatened and settled litigation by parties unhappy with the city's handling of the state-mandated housing element, home design reviews and other matters have drained city coffers of nearly \$130,000 in General Fund monies.

On the plus side, though, the revenue picture is now rosier. An increasingly busy Planning Department has generated an unexpected \$230,000, and newly opened sports fields have also helped bring in the bucks. Plus, Orinda will likely garner \$376,000 in property taxes thanks to an effervescing real estate market.

Earlier in the evening, when mulling over whether or not to implement new fees while increasing others, council members considered the impacts of rate hikes on everything from sports field rentals to traffic collision reports. As a result of their deliberations, indoor, outdoor and sports facility-related fees will jump by 10 percent. The double digit hike is "based on an annual facility fee survey conducted by the Parks and Recreation Department," explained Mahoney. "With this 10 percent increase, the fees will be considered in the mid-range among area cities." Parks and recreation director Michelle Lacy noted that the increase was approved by the Parks and Recreation Commission, and said that adjustments were being made largely to help cover increasing costs for water and electricity. Although the new fee structure will take effect July 1, she added, sports teams with existing contracts with the city will not see increases until those contracts expire. In addition, planning and engineering fees will also climb by 2.8 percent - the same rate as the consumer price index for the San Francisco-Oakland-Bay Area - an adjustment which is consistent with increases instituted by the city in prior years. Also, "Park dedication fees were adjusted as required by our municipal code, and the transportation impact fees were adjusted, which is consistent with the direction received from the Lamorinda Fee and Financing Authority," said Mahoney. "In total, we anticipate the new fees will generate about \$40,000 in additional revenues." As she has done in past presentations, Mahoney sounded a note of caution. As it stands now, the budget is projected to be in the black by a razor thin margin of just \$158,000. So it is possible that, without continued vigilance, Orinda could tip over into a deficit at some point down the road. After reiterating their intent to be prudent in their fiscal oversight, council members gave staff a 5-0 thumbs up for the revised budget. General fund operating expenses for 2014-15 are now projected to be \$11.3 million.

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