

CITY OF FAIRFIELD

Founded 1856

Incorporated December 12, 1903

September 24, 2004

Home of
Travis Air Force Base

COUNCIL

Mayor
Karin MacMillan
707.428.7395

Vice-Mayor
Harry T. Price
707.429.6298

Councilmembers
707.429.6298

Jack Batson

John English

Marilyn Farley

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City Manager
Kevin O'Rourke
707.428.7400

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City Attorney
Greg Stepanicich
707.428.7419

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City Clerk
Arletta K. Cortright
707.428.7384

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City Treasurer
Oscar G. Reyes, Jr.
707.428.7496

DEPARTMENTS

Community Services
707.428.7465

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Finance
707.428.7496

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Fire
707.428.7375

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Human Resources
707.428.7394

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Planning &
Development
707.428.7461

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Police
707.428.7551

•••

Public Works
707.428.7485

Peter B. Foor
Presiding Judge of the Superior Court
c/o Superior Court Executive Office/
Clerk of the Court
Hall of Justice
600 Union Avenue
Fairfield, CA 94533

Subject: Responses to the Annual Grand Jury Report

Dear Judge Foor:

Following are the City of Fairfield Finance Department's comments regarding the 2003-2004 Solano County Grand Jury Report:

AUDIT AND FINANCE COUNTY AND CITY BUDGET REVIEW

Finding #1 - We agree with the finding.

Recommendation #1 - Recommendation has been implemented. City updates its 10-year financial plan annually.

Finding #2 - We agree with the finding.

Recommendation #2 - There are two recommendations here. The recommendation regarding use of ordinance rather than resolution will not be implemented for the following reasons: (1) Fairfield establishes its annual budget and budget policies by resolution: adoption by ordinance would require introduction of the ordinance at the first Council meeting in May, which would have been fully 51 days prior to the beginning of the 2004/05 fiscal year. This would have required a release of a printed budget by the end of April, which is too early to have the required long-term revenue and expense forecasts completed. Rushing the process to meet an earlier deadline would sacrifice quality and accuracy of the forecast. (2) A resolution has the same force and effect as an ordinance, and both receive the same level of explanation and exposure on a Council agenda. (3) Ordinances require costly but little-read public notices; by publishing its budget, resolution and policies on the City's website, Fairfield obtains a much greater public visibility, and at less cost. The recommendation regarding not reducing reserves below 15% has been implemented in the following manner: Fairfield has divided its general reserves between (a) an amount equal to 7% of total General Fund expenses (approximately \$5 million), and (b) an amount equivalent to about

Letter to Judge Foor

Re: Responses to the Annual Grand Jury Report, Audit and Finance

September 24, 2004

Page 2

23% of total General Fund expenses (\$14.5 million) in a new Public Safety Fund, which has been dedicated to paying for future increases in police and fire staffing over several years. The Public Safety Fund responds to the City Council's number one priority of "Making Fairfield Safer," and ensures that such positions will get funded despite the challenging financial times facing California local government. Fairfield's budget reserve policy calls for the 7% reserve to grow over time, as resources allow, back to the 15% level.

Finding #3 - We agree with the finding.

Recommendation #3 - Recommendation has been implemented. City was an active participant in the process by which the League of California Cities worked out agreements on state legislation with the Governor and Legislature, that ultimately became Proposition 1A on the November 2004 ballot.

Finding #4 - We agree with the finding.

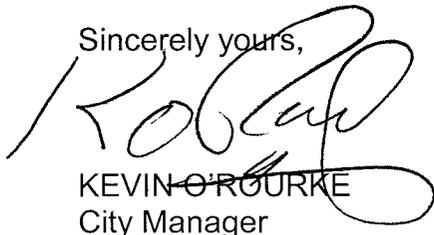
Recommendation #4 - Recommendation has been implemented. In June 2004 the City Council adopted a Budget Recovery Plan, which is a balanced package of expenditure and staffing reductions, increased cost recovery, alternative service delivery, and revenue increases. The multi-year nature of this Plan will phase in budget corrections in a timely manner based on long-range forecasting.

Finding #5 - We agree with the finding.

Recommendation #5 - Recommendation has been implemented. City updates its 10-year financial plan annually.

If you need any additional information, please contact Finance Director Bob Leland at 428-7495.

Sincerely yours,



KEVIN O'ROURKE
City Manager