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Orinda Faces Budget Shortfall

By Andrea A. Firth

Orinda's City Council reviewed a long list of spending cuts at a recent Council meeting working to close the gap on a projected \$417,000 budget shortfall. When the Council last met to discuss the budget on May 9th, City staff had estimated the shortfall to be about \$373,000. After pulling back on some revenue assumptions, which included a loss of \$35,000 in fees associated with the playfield rentals at Wilder, the shortfall grew by an additional \$44,000. The proposed cost reductions were spread across the City departments with cuts to administration, Public Works & Engineering, Planning, and Parks & Recreation totaling almost \$130,000. The police department's canine program was also on the cut list and will save the City \$22,000. According to Chief Jeff Jennings, the canine team was used in Orinda a total of 22 times last year primarily for drug searches, and the majority of canine calls were to other parts of the County. The police department will not lose any human head count with the cut, and canine call service will be provided by a neighboring city that has a dog unit, probably Richmond.

One of the biggest savings items on the list of options presented to address the shortfall was the realization of \$75,000 in recycling deposit forfeitures. These deposits are one-time fees collected by the City's Planning Department to ensure the appropriate recycling of materials from building and remodeling projects. Contractors are reimbursed upon completion of the project and with proof that the recycling has been done. After three years and multiple notifications, deposits are deemed unclaimed.

Even with the cuts outlined, the City must find an additional \$57,000 in order to balance the budget. "Our biggest cost is personnel expenses," stated City Manager Janet Keeter. She noted that she would be meeting with the City's union employees to see how they can collectively work to close the remaining budget gap.

Residents Owen Murphy and Carol Penskar each addressed the Council regarding the City's longer-term revenue and expense issues, expressing concerns regarding the City's property tax revenue stream. Both are members of the City's Finance Advisory Committee, Penskar currently serves as chair, but spoke expressing their individual views not on behalf of the Committee.

"The [City's] free ride on the back of rising property values is over," said Murphy. He encouraged the Council to explore new ways to address the City's budget challenges, which he predicts will be ongoing. Murphy suggested that greater use of volunteer manpower might enable the City to use some discretionary funds such the \$308,000 currently set aside for updating the General Plan.

"I'm also concerned that there is a structural problem here," said Penskar. She noted that March real estate figures for Orinda from the internet source Zillow were unexpected, down 7% as compared to the same time in 2010.

Penskar also raised concerns about rising medical costs and suggested that the City consider looking at restructuring the employees' medical benefit plan.

Penskar also raised the issue that Orinda's residents may be faced with voting on a tax measure to fund road repairs in the near future. "Just think about if we come out next year for the roads," said Penskar. "Consider how your budget will play. Every line item will be seized on when we have this big roads discussion."

Focusing back on the current two-year budget plan and proposed reductions, Vice Mayor Steve Glazer stated, "All of the recommendations seem prudent. This is the immediate future for us. The staff has us 99.7% of the way to a balanced budget."

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