City of Milpitas, California

RA5

BUDGET CHANGE FORM

Type of Change	From		To	
	Account	Amount	Account	Amount
Check one: ☒ Budget Appropriation ☐ Budget Transfer	390-2940	$11,800,000	390-910-4661	$11,800,000

Explain the reason for the budget change:

The State of California Legislature adopted the Fiscal Year 2009-10 Budget, which was signed by the Governor on July 28, 2009. To balance the state budget, the Governor proclaimed a fiscal emergency, allowing the borrowing of property tax from local municipalities pursuant to Proposition 1A adopted in 2004. Impacts to the City of Milpitas include the state borrowing $1.7 million of property tax - which must be paid back in three years with interest - and taking $11.8 million from the Redevelopment Agency.

Staff recommends amending the Redevelopment Agency budget to add an expenditure line item entitled Education Revenue Augmentation Fund (ERAF) payment for $11.8 million. The ERAF payment will reduce the Agency Fund's undesignated reserve to approximately $23.2 million in FY 2009-10.

Utilize $1.7 million from the General Fund reserves to cover the state borrowing of $1.7 million until it is repaid by the state pursuant to Proposition 1A; and, amend the Redevelopment Agency budget to include the $11.8 million required by the state Education Revenue Augmentation Fund shift.

☒ **Check if City Council Approval required.** **Meeting Date**: August 18, 2009

Itemization of funds, if needed:		Amount

Requested by:	Division Head:	Date:
	Department Head:	Date:
Reviewed by:	Finance Director: Tom C. Kal	Date: 8/11/09
Approved by:	City Manager:	Date:

Date approved by City Council, if required: **Confirmed by:**

FI/24786/V

Form 30-222 (Rev. 1/92)