



AGENCY: City Council
MEETING DATE: September 28, 2020
DEPARTMENT: City Manager
PRESENTED BY: Tabatha Miller
EMAIL ADDRESS: TMiller@fortbragg.com

AGENDA ITEM SUMMARY

TITLE:

Receive Report and Consider Adoption of Joint City Council/Municipal Improvement District Resolution Approving Budget Amendment 2021-04 Adjusting Selected Expenditure Budgets

ISSUE:

The COVID-19 pandemic, along with staff reductions and layoffs, interrupted the normal FY 2020-21 annual budget process. On June 29, 2020, the Fort Bragg City Council adopted a budget with the understanding that it would be updated and revised as the year progressed and as the longer term impacts from the pandemic were better understood.

The Council has already adopted three budget amendments for FY 2020-21 and staff is recommending adoption of a fourth budget amendment.

ANALYSIS:

On April 6, 2020, staff presented a COVID-19 emergency financial report. The report provided three big picture scenarios: best case, middle of the road, and worst case. The City Council provided feedback to staff to take a more conservative approach to the FY 19-20 financial projections and the FY 20-21 budget and to return with a plan to reduce the operating budget and staffing levels.

Reinstate Frozen Planner Position

On April 20, 2020, at a Special City Council meeting, staff presented revised COVID-19 projections and outlined a plan to reduce the FY 20-21 General Fund Budget by \$1.4 Million. The reductions included freezing open positions, eliminating all seasonal staff, placing a hold on AA/AB funding allocations and additional layoffs. Layoffs and furloughs were implemented at the end of April, and along with frozen positions accounted for the largest portion of the budget reduction.

Frozen positions included:

- Community Development Planner Position
- Fifth Sergeant Position, that had been added to cover extended medical leave
- Community Safety Officer, upon promotion to Police Officer
- Finance Director, upon resignation
- Systems Analyst – Lead, upon resignation

Eliminated positions included:

- Community Development Director
- Assistant Public Works Director

- Police Department Administrative Supervisor
- Two (2) Maintenance Worker I positions
- All seasonal positions

On September 14, 2020, the City Council approved reinstating the five remaining furloughed positions to full-time and reinstating the premium pays to the Police Department staff. The City Manager is recommending reinstating the frozen planner position, which had been in recruitment when the pandemic was declared in March. An eligibility list is in place with qualified candidates. Since March, the position of Senior Planner has turned over and been replaced, so currently the City has one full-time planner and an Administrative Assistant in Community Development.

Less than two years ago, the department was staffed with a Director, two Planners and an Administrative Assistant. A portion of the planner’s work updating the existing Municipal Code and other long range planning projects will be funded from General Plan Maintenance Fees. The proposed budget amendment includes an increase of \$25,000 in transfers to the General Fund from General Plan Maintenance fees to offset the costs of the position. Many of City Council’s short- and long-term goals depend on long-term planning projects, ordinances and programs.

If approved, the General Fund projected surplus for FY 20-21 will be reduced from \$344k to \$307k.

	Projected Fund Balance 06/30/2020	Revenue	Expenditures	Projected Fund Balance 06/30/21
General Fund Adopted 06/29/20	\$ 1,935,643	\$ 7,933,643	\$ 8,282,469	\$ 1,586,816
TOT Above Estimates	165,764	430,000		595,764
Sales Tax Above Estimates	283,661	179,500		463,161
CARES Act Allocation		91,702		91,702
Prior Net Expenditure			(68,416)	68,416
Leave Accrual Cashouts			57,612	(57,612)
Add. Grant Reim. Staff Time		115,226		115,226
Return Furloughed Staff 100%			67,642	(67,642)
Reinstate Police Premium Pays			66,750	(66,750)
Reinstate Frozen Planner		25,000	61,474	(36,474)
Updated Financial Projections	\$ 2,385,068	\$ 8,775,071	\$ 8,467,531	\$ 2,692,607

CIP Project Corrections

As discussed in past staff reports, efforts to develop the FY 20-21 Budget were curtailed by the pandemic, economic downturn and staff reductions. We continue to identify errors and omissions in the FY 20-21 adopted budget. Two such errors were inconsistencies between funds accounting for the Maple Street & Storm Drainage Rehabilitation and the 2020 Street Resurfacing projects. The corrections are set forth below and in Exhibit A to the Budget Amendment Resolution.

Project	Adopted Budget	Adjustment	Amended Budget
CIP - Maple Street & SD Rehab	\$1,650,000	\$100,000	\$1,750,000
CIP- Street Resurfacing	\$406,405	(\$200,000)	\$206,405

MCOG RSTP Funding

The City has requested and will receive \$81,259 of Regional Surface Transportation Funds (RSTP) from the Mendocino Council of Governments (MCOG) to fund the following purchases and projects:

Striping Machine	\$10,315.91
Radar Trailer	\$17,958.17
Maple Street Project Design	\$52,984.82

The incoming RSTP revenue and expenditures, which were not include in the adopted FY 20-21 budget, are included in Exhibit A to the Budget Amendment Resolution.

RECOMMENDED ACTION:

Adopt Resolution approving Budget Amendment No. 2021-04.

ALTERNATIVE ACTION(S):

1. Do not adopt Resolution.
2. Adopt Resolution with City Council directed modifications.
3. Provide staff further direction.

FISCAL IMPACT:

The net effect from the budget amendment to the General Fund will be a decrease of \$36,474 in the prior projected surplus of \$344,014, resulting in a current projected surplus of \$307,540. The net impact to Street CIP projects is a decrease in expenditures of \$100,000 and an increase in the same amount to fund balance. The MCOG funding and expenses net to a zero fiscal impact to fund balance.

GREENHOUSE GAS EMISSIONS IMPACT:

Adoption of the budget amendment by itself will not impact greenhouse gas emissions.

CONSISTENCY:

The proposed budget amendment is consistent with City Council direction to maintain an operating surplus in the General Fund, pursue grant funding when available and to focus on development policies that support economic development, diversification of the local economy, and recovery from the recession.

IMPLEMENTATION/TIMEFRAMES:

Budget amendments will be effective on adoption. If approved, the City will offer the planner position to the most qualified and available candidate on the eligibility list.

ATTACHMENTS:

1. Resolution

NOTIFICATION:

N/A