



AGENCY: City Council
MEETING DATE: April 12, 2021
DEPARTMENT: City Manager
PRESENTED BY: Tabatha Miller
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AGENDA ITEM SUMMARY

TITLE:

Receive Report and Consider Adoption of City Council Resolution Approving Budget Amendment No. 2021-09 Adjusting Selected Expenditure and Revenue 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 eight budget amendments for FY 2020-21. At the Mid-year budget workshop and at the March 22, 2021 City Council meeting, individual City Councilmembers indicated an interest in restoring budget appropriation for projects and contributions associated with Measure AA/AB Transient Occupancy Tax (TOT) revenues. Additional funding amounts are proposed in the attached budget amendment resolution.

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.

The budget adopted by City Council on June 29, 2020 included the requested reductions but lacked the details and effort of prior years. The diversion of resources to COVID-19, including interim reporting and projections and staff reductions, resulted in a condensed budget document with many unknowns as the country and the world continued into a unique economic scenario with little or no guidance. Staff agreed to provide regular financial updates to City Council as more information about Transient Occupancy Tax (TOT) and Sales Tax developed. TOT and Sales Tax revenues account for approximately 48% of General Fund revenues.

As regularly reported to City Council, both TOT and Sales Tax revenues for the General Fund have exceeded early pandemic projections and fared well to date. Year to date sales tax is up 4 percent over the prior year and TOT is up 9.6 percent. These revenue calculations compare to pre-pandemic months.

Council Requests

Proposed FY 20-21 Budget Amendment No. 09 includes the following:

AGENDA ITEM NO. 8G

- 1) An increase in Visit Fort Bragg Campaign of \$16,000 to provide for marketing at the current level of \$8,000 per month for May and June 2021, resulting in an FY 2020-21 annual total of \$78,000;
- 2) An additional contribution to the Noyo Marine and Science Center of \$25,000 for a total amount of \$50,000 in FY 2020-21;
- 3) \$16,000 to fund a Fourth of July fireworks show and an additional \$2,760 to cover the cost of overtime for the Public Works and Police Department to prep for the event;
- 4) A community contribution of \$50,000 for athletic playing field improvements; and
- 5) \$3,000 for a 2-hour Introduction to DEI Through the Lens of Cultural Intelligence Training for all City staff (Attachment 3); and
- 5) \$80,000 for the Surviving the Odds Project using Police Asset Forfeiture funds set aside for educational purposes (Attachment 4, 5 and 6).

The City Council may modify these requests or add to them as they deem appropriate. As a reminder, measure AB proposed that 50 percent of the additional two percent TOT would be dedicated to destination marketing or Visit Fort Bragg, 25 percent to Coastal Trail Maintenance, 12.5 percent to the Noyo Center for Marine Science and 12.5 percent to athletic playing field improvements. Pre-pandemic Measure AB allocations where as follows:

1. Destination marketing - \$238,248
2. Trail Maintenance - \$119,124
3. Noyo Center for Marine Science - \$59,562
4. Athletic playing field improvements - \$59,562

An additional upward adjustment to TOT revenue of \$75,000 is also included in the budget amendment. TOT revenues for February exceeded the projected budget by approximately \$45,000 and preliminary March revenues are \$55,000 more than budgeted.

RECOMMENDED ACTION:

Adopt Resolution approving Budget Amendment No. 2021-09.

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 net decrease to fund balance of \$41,060 which will reduce the prior projected General Fund surplus from \$181,340 to \$140,280.

The Surviving the Odds Project would use the Police Asset Forfeiture funds set aside for educational purposes. The Police Asset Forfeiture Fund has approximately \$347,000 available for such programs.

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.

ATTACHMENTS:

1. Att. 1 – Resolution
2. Att. 2 – Exhibit A to Resolution
3. Att. 3 – CPS HR Consulting Training Summary
4. Att. 4 – STOP Project Summary
5. Att. 5 – STOP Summer Program Budget
6. Att. 6 – STOP Music Studio Budget – Option 2

NOTIFICATION:

N/A