



AGENCY: City Council, MID
MEETING DATE: June 26, 2017
DEPARTMENT: Finance
PRESENTED BY: V. Damiani

AGENDA ITEM SUMMARY

TITLE:

RECEIVE REPORT AND CONSIDER ADOPTION OF RESOLUTIONS APPROVING FY 2017/18 CITY OF FORT BRAGG AND FORT BRAGG MUNICIPAL IMPROVEMENT DISTRICT NO. 1 BUDGETS, ESTABLISHING FY 2017/18 APPROPRIATIONS LIMIT, AND APPROVING FY 2017/18 CAPITAL PROJECTS BUDGET

ISSUE:

Each year, the governing bodies of the City of Fort Bragg and the Fort Bragg Municipal Improvement District No. 1 approve their annual budgets, by resolution, establishing a financial plan for carrying out the operations of government in the following fiscal year. Adopted budgets are mandatory for financial operations of the City/Improvement District.

In addition, Article XIII B of the State Constitution imposes limitations on the annual rates of increase in local government budget expenditures and requires cities to adopt annual appropriation limits, by resolution, each year. Annual appropriation limits are tied to statewide inflationary trends and population changes for each locality. For FY 2017/18, the City's Appropriation Limit is \$9,802,296. With appropriations subject to the limitation totaling approximately \$5,984,193, the City of Fort Bragg is not at risk of exceeding the Gann Limit.

Four budget resolutions are attached for adoption by the City Council and District Board.

RECOMMENDED ACTION:

Adopt the following Resolutions:

1. Fort Bragg City Council Resolution approving the FY 2017/18 City of Fort Bragg Budget;
2. Fort Bragg City Council Resolution approving and adopting the Annual Appropriations Limit for FY 2017/18;
3. Fort Bragg Municipal Improvement District No. 1 Resolution approving the FY 2017/18 Municipal Improvement District No. 1 Budget;
4. Joint Fort Bragg City Council and Fort Bragg Municipal Improvement District No. 1 Resolution approving the Fiscal Year 2017/18 Capital Projects Budget.

ALTERNATIVE ACTION(S):

1. Modify the proposed Resolutions before adopting;
2. Reschedule approval of one or more Resolution(s) pending further input from another City Council workshop, Finance & Administration Committee meeting, and/or staff information.
The item would be brought back to the July 10th Council meeting.

ANALYSIS:

The Budget provides a comprehensive statement of the City's organization, operations and resources. It is intended to communicate the City Council's priorities in all areas of the City's operations throughout the year. The Budget serves as a financial management tool and as an operational plan for the delivery of City services.

The FY 2017/18 Budget includes operational expenditures plus funding for an operating reserve and litigation reserve. General Fund revenue is projected at \$9,077,034 and expenditures are budgeted at \$9,492,354. A ten year funding plan has been implemented for each of the Facilities and Fleet internal service funds and a five year funding plan has been implemented for the IT internal service fund. The capital projects work plan is substantial at over \$16M with an emphasis on Water infrastructure, Wastewater infrastructure and streets infrastructure. Approximately \$11M of the capital work plan is anticipated to be funded by Grants.

Over the last several months, the City Council/Improvement District has held several discussions and provided direction to staff on priorities for consideration in the FY 2017/18 Budget. The Council's Budget workshop was conducted by the City Council/Improvement District on May 24, 2017. According to direction received at the budget workshop the following changes have been made to the budget:

- ✓ Requested reimbursement for the City's street sweeper using D(1) funds from MCOG. Projected reimbursement is expected near the end of FY2016/17.
- ✓ Rolled forward Police Department expenditure for body worn cameras from FY2016-17 to FY2017/18.
- ✓ Appropriated funds to replace the Fire Department Roof for the Main Street Station. Funding to come from FBFPA and special revenue fund 280. Increased projected revenue from Proposition 172 sales tax for fire protection.
- ✓ Decreased the Facilities Repair and Maintenance budget to remove proposed structural repairs to the City Hall East pool building.
- ✓ Increased personnel appropriations to reclassify the Part-time Grants Assistant to full time position.
- ✓ Increased personnel appropriations to reclassify the Part-time AV Tech to full time position.
- ✓ Decreased Non-Departmental appropriations for professional services related to PEG TV.
- ✓ Increased Intergovernmental revenue for increase in anticipated PEG TV funding from Mendocino County.
- ✓ Rolled forward Wastewater Enterprise appropriation for outfall rehabilitation from FY2016/17 to FY2017/18.
- ✓ Rolled forward Wastewater Enterprise appropriation for a dump site for the vacuum truck from FY2016/17 to FY2017/18.
- ✓ Appropriated funds to rehabilitate the Skunk Train parking lot. Funding to come from special revenue fund 120 plus anticipated reimbursement from the Skunk Train.
- ✓ Appropriated funds to conduct a Storm Water Enterprise rate study. Funding to come from the General Fund.
- ✓ Decreased Promotions and Tourism budget to better reflect the first year ramp up. Funding to come from the General Fund/Measure AA.
- ✓ Removed elections cost from the Council budget because cannabis business tax election cannot be held in FY 2017/18.

FISCAL IMPACT:

City-wide budget balance is expected to decrease in FY 2017/18 by approximately \$2.7M largely due to the robust capital work plan. The FY2017/18 budget is showing a General Fund deficit in the amount of \$415k. Per Council policy, the budget has been prepared using conservative revenue

estimates. The General Fund has sufficient unassigned fund balance to withstand the budgeted deficit.

IMPLEMENTATION/TIMEFRAMES:

Once adopted, the budget will be posted on the City’s website. Paper copies will be posted for public review in the City Hall Lobby and the Fort Bragg public library. Printed copies also may be purchased from the City Finance Department. The budget will serve as the City’s financial management guide for FY 2017/18. Staff will closely monitor both revenues and expenditures throughout the year and a mid-year budget review will be conducted in early 2018, or sooner if necessary.

ATTACHMENTS:

1. Fort Bragg City Council Resolution approving Fiscal Year 2017/18 City of Fort Bragg Budget
2. Fort Bragg City Council Resolution approving and adopting the Annual Appropriations Limit for Fiscal Year 2017/18
3. Fort Bragg Municipal Improvement District No. 1 Resolution approving the Fiscal Year 2017/18 Municipal Improvement District No. 1 Budget
4. Joint Fort Bragg City Council and Fort Bragg Municipal Improvement District No. 1 Resolution approving the Fiscal Year 2017/18 Capital Projects Budget
5. Budget Transmittal
6. FY 2017/18 Budget – Section 1
7. FY 2017/18 Budget – Section 2
8. FY 2017/18 Budget – Section 3
9. FY 2017/18 Budget – Section 4

NOTIFICATION:

None.

City Clerk’s Office Use Only

Agency Action	<input type="checkbox"/> Approved	<input type="checkbox"/> Denied	<input type="checkbox"/> Approved as Amended
Resolution No.:	_____	Ordinance No.:	_____
Moved by:	_____	Seconded by:	_____
Vote:	_____		
<input type="checkbox"/> Deferred/Continued to meeting of:	_____		
<input type="checkbox"/> Referred to:	_____		