



AGENCY: City Council & Improvement District Board
MEETING DATE: June 11, 2018
DEPARTMENT: Finance
PRESENTED BY: Victor Damiani
EMAIL ADDRESS: vdamiani@fortbragg.com

AGENDA ITEM SUMMARY

TITLE:

Receive Report and Consider Adoption of Resolutions Approving FY 2018/19 City of Fort Bragg and Fort Bragg Municipal Improvement District No.1 Budgets, Establishing FY 2018/19 Appropriations Limit, and Approving FY 2018/19 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. Four budget resolutions are attached for adoption by the City Council and District Board.

ANALYSIS:

1. The City's FY 2018/19 Appropriation Limit is \$10,248,398. With appropriations subject to the limitation totaling approximately \$6,429,823 the City of Fort Bragg is not at risk of exceeding the Gann Limit.
2. The Citywide budget proposed for adoption includes \$59M in revenues and \$63.5M in appropriations. The total appropriations budget includes funding of capital projects and therefore does not represent an operating deficit. The General Fund budget includes \$9.56M in revenue and \$9.54M in appropriations which equates to a \$19k surplus.

On May 25, 2018, the City of Fort Bragg City Council and City staff met to review the proposed budget for FY2018/19. At the meeting Council provided the following direction to staff which has been incorporated into the revised budget presented tonight:

- ✓ Increase forecast of Waste Management franchise fees (may need adjustment after rates are recalculated for FY 2017-18)
 - ✓ Increase forecast of interest revenue
 - ✓ Remove appropriation for consultant to develop Cost Allocation Plan
 - ✓ Suspend appropriation for Glass Beach staircase capital project – project to be re-evaluated.
3. The Fort Bragg Municipal Improvement District No. 1 budget includes \$3.7M in revenues and \$2.6M in appropriations. Per policy, any surplus above the District's operating reserve

is transferred into the District's capital reserve. Utility rates were developed to accumulate approximately \$1M in capital reserves annually.

4. The FY2018/19 Capital Improvement Program (CIP) budget includes 10 projects totaling \$22.2M. Projects include Parks & Facilities \$30k, Streets & Alleys \$2M, CV Starr Center \$180k, Water Enterprise projects \$1.3M and Wastewater Enterprise projects \$18.8M.

RECOMMENDED ACTION:

Adopt the following Resolutions:

1. Fort Bragg City Council Resolution approving and adopting the Annual Appropriations Limit for FY 2018/19;
2. Fort Bragg City Council Resolution approving the FY 2018/19 City of Fort Bragg Budget;
3. Fort Bragg Municipal Improvement District No. 1 Resolution approving the FY 2018/19 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 2018/19 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 June 25th Council meeting.

FISCAL IMPACT:

The FY2018/19 budget provides funding for the operations of the City as well as significant maintenance and capital expenditures. The City's General Fund is budgeted for a \$19k surplus. Services will be impacted with the freezing of one Police Officer position. Additionally it should be noted that the budget has been developed using a "most likely" methodology rather than "conservative" methodology when forecasting revenues. The new methodology helped to close the City's General Fund operating deficit but does represent a higher level of risk and will require more careful monitoring of budget to actuals during the fiscal year, to prevent over spending.

CONSISTENCY:

Adoption of the resolutions presented is consistent with Article XIII B of the California State Constitution as well as the City's fiscal policies regarding development and adoption of an annual budget.

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 2018/19. Staff will closely monitor both revenues and expenditures throughout the year and a mid-year budget review will be conducted in early 2019, or sooner if necessary.

ATTACHMENTS:

1. City Manager's Transmittal Letter
2. FY 2018/19 Budget – Section 1
3. FY 2018/19 Budget – Section 2
4. FY 2018/19 Budget – Section 3
5. FY 2018/19 Budget – Section 4
6. Fort Bragg City Council Resolution approving and adopting the Annual Appropriations Limit for Fiscal Year 2018/19

7. Fort Bragg City Council Resolution approving Fiscal Year 2018/19 City of Fort Bragg Budget
8. Fort Bragg Municipal Improvement District No. 1 Resolution approving the Fiscal Year 2018/19 Municipal Improvement District No. 1 Budget
9. Joint Fort Bragg City Council and Fort Bragg Municipal Improvement District No. 1 Resolution approving the Fiscal Year 2018/19 Capital Projects Budget

NOTIFICATION:

None.