



AGENCY:	City Council, MID
MEETING DATE:	June 22, 2015
DEPARTMENT:	Finance
PRESENTED BY:	R. Cimolino

AGENDA ITEM SUMMARY

TITLE:

RECEIVE REPORT AND CONSIDER ADOPTION OF RESOLUTIONS APPROVING FY 2015/16 CITY OF FORT BRAGG AND FORT BRAGG MUNICIPAL IMPROVEMENT DISTRICT NO. 1 BUDGETS, ESTABLISHING FY 2014/15 APPROPRIATIONS LIMIT, AND APPROVING FY 2015/16 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.

In addition, Article XIIIB 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 2015/16, the City's Appropriation Limit is \$8,851,595, an increase of \$381k above last year's 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 2015/16 City of Fort Bragg Budget;
2. Fort Bragg City Council Resolution approving and adopting the Annual Appropriations Limit for FY 2015/16;
3. Fort Bragg Municipal Improvement District No. 1 Resolution approving the FY 2015/16 Municipal Improvement District No. 1 Budget;
4. Fort Bragg City Council Resolution approving the Fiscal Year 2015/16 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 14th 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 2015/16 Budget has been developed to address the Council's operational and service delivery priorities. It is a lean and fiscally conservative budget which strives to maintain the full array of existing programs and service levels during a time of reduced revenues in many of the City's key funds.

The FY 2015/16 Budget is based on conservative revenue projections in light of the continuing challenging economic times. In recent years, forecasting has taken on a vital role in the City's budget planning. Analysis of current revenue and expenditure trends highlights the prospect of an increased structural deficit in the General Fund in the future due to expenditures increasing at a faster pace than revenue. Overall, General Fund revenues (excluding transfers) are projected to increase by 0.7% in FY 2015/16. This includes increases in Sales and Transient Occupancy Taxes offset by declines in property tax and charges for services.

The FY 2015/16 Budget assumes that the City, in its role as the Successor Agency to the Fort Bragg Redevelopment Agency, will continue to receive the \$250k from the Redevelopment Property Tax Trust Fund to offset administrative costs associated with the dissolution of the former Fort Bragg Redevelopment Agency. The Successor Agency's funding for enforceable obligations is reduced with each Recognized Obligation Payment Schedule submitted so it is quite possible that the administrative payment will be reduced or eliminated at some future date at which point these costs will shift to the General Fund.

Total compensation, which includes employee salaries, pension contributions, health care and workers' compensation costs, makes up 23% of the City's overall budget, and 66% of the General Fund operating budget. The rising cost of healthcare and increasing CalPERS contributions have resulted in growth in the City's total compensation costs which is higher than the City's revenue growth rate.

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 2015/16 Budget. The FY 2015/16 Budget workshop was conducted by the City Council/Improvement District on May 19, 2015. At the workshop, an appropriation of \$150k in the form of a grant to the Noyo Center for Marine Science was added to the budget. The source of the funding is the Waste Management Community Benefit fund. Additionally, the budget document has been modified to reflect transfers approved at the June 8, 2015 Council/MID meeting to close various grant and capital project funds. The final FY 2015/16 Budget was distributed to Council and made available to the public on June 17, 2015. The City expects to continue to have the necessary resources in the coming year to provide high quality services to the community. The FY 2015/16 Budget includes lean operational and capital expenditures and funding for reserves, and maintains City staffing at current levels with the addition of two part-time positions- a Grants Assistant in the Community Development Department and an IT Assistant in the IT Internal Service Fund to assist with filming of Council meetings.

FISCAL IMPACT:

The approved operating and capital budgets are the fundamental financial management tools of City government. The budget documents detailed financial guidelines for next fiscal year's General Fund, Water and Wastewater Enterprise Funds, various special funds, bonded debt service funds, major grants, major capital projects, and the City's overall capital improvement program. Adopted budgets are mandatory for financial operations of the City/Improvement District.

IMPLEMENTATION/TIMEFRAMES:

Once adopted, the budget will be posted on the City's website. It will serve as the City's financial management guide for FY 2015/16. Staff will closely monitor both revenues and expenditures throughout the year and a mid-year budget review will be conducted in early 2016, or sooner if necessary.

ATTACHMENTS:

1. Fort Bragg City Council Resolution approving Fiscal Year 2015/16 City of Fort Bragg Budget.
2. Fort Bragg City Council Resolution approving and adopting the Annual Appropriations Limit for Fiscal Year 2015/16.
3. Fort Bragg Municipal Improvement District No. 1 Resolution approving the Fiscal Year 2015/16 Municipal Improvement District No. 1 Budget.
4. Fort Bragg City Council Resolution approving the Fiscal Year 2015/16 Capital Projects Budget.

NOTIFICATION:

None.

City Clerk's Office Use Only

Agency Action ☐ Approved ☐ Denied ☐ Approved as Amended

Resolution No.: _____ Ordinance No.: _____

Moved by: _____ Seconded by: _____

Vote: _____

☐ Deferred/Continued to meeting of: _____

☐ Referred to: _____