



CITY OF MARTINEZ

**CITY COUNCIL AGENDA
February 5, 2014**

TO: Mayor and City Council

FROM: Anna Gwyn Simpson, Interim City Manager

PREPARED BY: Cathy Spinella, Finance Manager

SUBJECT: Amending the Fiscal Year 2013-14 Budget and Approving the Recommended Mid-Year Budget Adjustments

DATE: January 30, 2014

RECOMMENDATION:

Adopt a resolution amending the fiscal year 2013-14 Budget and approving the recommended mid-year Budget adjustments.

BACKGROUND:

The City's Operating Budget is developed on a biennial basis and adopted by the City Council. The City Council approves any additional appropriations from the fund balance and any adjustments to the adopted biennial budget in excess of 1%. Per the budget document, these budget adjustments are presented to the City Council mid-year. All budgetary procedures conform to State regulations and Generally Accepted Accounting Principles (GAAP).

The City Council approved Resolution 062-13 adopting the 2013-15 Biennial Budget on June 19, 2013. Staff has completed a review of the first six months of the 2013-14 budget year, encompassing the General Fund, Special Revenue Funds, Internal Services Funds and Enterprise Funds. Staff presented and discussed the proposed mid-year budget adjustments with the Budget Subcommittee on January 29, 2014. The Subcommittee recommended forwarding the adjustments presented to the full Council for approval.

GENERAL FUND

The City began Fiscal Year 2013-14 with a balanced operating budget, with revenues equal to expenditures. On September 4, 2013, Council approved \$20,000 from Unassigned Fund Balance for the purchase of assets from the Willows Theater. On December 18, 2013, Council approved allocating \$28,000 of Unassigned Fund Balance for a fiscal analysis of three areas under consideration for potential annexation. In reviewing the year-to-date General Fund activity and projections, staff recommends amendments to both revenue and expenditures. These amendments include the following:

Revenue Adjustments \$850,245

Taxes: *Totaling \$727,000*

- Increase property tax by \$100,000 and property tax swap by \$82,000 due to an increase in assessed valuation.
- Increase sales tax by \$397,500 and sales tax in-lieu by \$147,500 due to increases mostly attributable to a couple of businesses.

Intergovernmental: *Totaling \$40,795*

- Increase motor vehicle in-lieu by \$15,651 due to a one-time payment from remaining funds.
- Increase state mandates for reimbursements by \$25,144 as a result of funds received that were not expected in this year.

Charges for Services: *Totaling \$55,000*

- Increase building plan check by \$15,000 based on actual fees received to date.
- Increase engineering plan check by \$40,000 based on actual fees received to date.

Use of Money & Property: *Totaling \$27,450*

- Increase \$27,450 due to a one-time payment for sale of property to PG&E located at Alhambra Avenue and Alhambra Valley Road.

These adjustments total an increase of \$850,245 to revenue, shown below in Table 1 under the "Proposed Budget Revisions" column, along with year-to-date revenues for the first half of Fiscal Year 2013-14.

Table 1

	Mid-year 12/31/13	2013-14 Adopted Budget	Proposed Budget Revisions	2013-14 Proposed Budget
REVENUE				
Taxes	\$ 6,306,549	\$ 16,358,763	\$ 727,000	\$ 17,085,763
Licenses, Permits & Fees	240,178	666,500		666,500
Fines & Forfeitures	115,325	350,000		350,000
Intergovernmental	234,582	476,300	40,795	517,095
Charges for Services	624,809	825,294	55,000	880,294
Use of Money & Property	64,347	101,500	27,450	128,950
Other Revenue	135,297	213,029		213,029
Transfers In		54,000		54,000
TOTAL	\$ 7,721,087	\$ 19,045,386	\$ 850,245	\$ 19,895,631

The General Fund's largest revenue source, property tax, was budgeted with an increase of 4.3% over what the City received in 2012-13. The City's property tax consultant recommended increasing another 1.5% to capture the increase in assessed valuation over the prior year. The City's second largest revenue source, sales tax has also seen an even greater increase over the budgeted amount for 2013-14 due to higher than expected performance from a couple of businesses.

Expenditure Adjustments \$245,315

Nondepartmental: *Totaling \$15,000*

- Increase by \$15,000 for unmet liability costs due to claims against the City.

Public Works: *Totaling \$24,105*

- Increase by \$24,105 for repairs at the Corporation Yard.

Police: *Totaling \$165,000*

- Increase for the payoff of an officer for an industrial disability. This includes a settlement of \$115,000 and payment of vacation & sick leave balances of \$50,000.

Community Development: *Totaling \$41,210*

- Increase for repairs to the Senior Center, including \$29,710 for the roof, \$4,000 for walkway lighting and \$5,000 for water damage & a new heating unit.
- Increase recreation by \$2,500 for credit card costs associated to the new on-line recreation system.

These adjustments total an increase of \$245,315 to expenditures, shown below in Table 2 under “Proposed Budget Revisions,” along with actual expenditures for the first half of Fiscal Year 2013-14.

Table 2

	Mid-year 12/31/13	2013-14 Adopted Budget	Proposed Budget Revisions	2013-14 Proposed Budget
EXPENDITURES				
General Government	\$ 499,187	\$ 1,122,840		\$ 1,122,840
Non-Departmental	483,934	1,176,172	15,000	1,191,172
Admin Services	442,700	890,939		890,939
Public Works	1,711,094	3,795,950	24,105	3,820,055
Police	5,024,739	9,879,993	165,000	10,044,993
Community Development	1,135,779	2,255,366	41,210	2,296,576
Transfers Out	16,217	31,000		31,000
TOTAL	\$ 9,313,650	\$ 19,152,260	\$ 245,315	\$ 19,397,575

As stated in the budget document, the City will exercise prudent fiscal management by maintaining an adequate fund balance to protect the City in times of economic uncertainty or unforeseen circumstances. The General Fund Unassigned Fund Balance is estimated to be approximately \$4,798,490 at June 30, 2014.

Expenditure Adjustments

Water Fund: *Totaling \$3,300*

- Increase of \$3,300 for repairs at the Corporation Yard.

Fleet Management: *Totaling \$21,500*

- Increase of \$21,500 for repairs at the Corporation Yard.
- Add \$8,000 to retro fit a truck for a “Tommy Lift.”

Information Systems: *Totaling \$6,500*

- Replace outdated check printing system.
 - Printer: \$1,300
 - Fold and sealing machine for checks: \$3,500
 - Secured signature card system for automated checks: \$1,700

Mitigation/Impact Fees: *Totaling \$44,000*

- Increase of \$29,000 for consultant to update the noise & air quality report for the General Plan from Traffic Mitigation.
- Increase of \$15,000 for consultant to update the EIR report for the General Plan from Traffic Mitigation.

Revenue Adjustments

Mitigation/Impact Fees: *Totaling \$620,000*

- Increase for fees collected on the Paseos subdivision.
 - Traffic Mitigation: \$100,000
 - Park In-lieu: \$230,000
 - Child Care: \$19,000
 - Cultural Facilities: \$150,000
 - Police Facilities: \$18,000
 - Park & Recreation: \$103,000

Housing Fund: *Totaling \$350,000*

- Increase for fees collected on the Paseos subdivision.

FISCAL IMPACT:

The budget amendments to the General Fund will net an increase in Unassigned Fund Balance of \$604,930. The budget amendments proposed for the Water Fund of \$3,300, Fleet Fund of \$21,500 and Information Systems of \$6,500 will come from each funds' Fund Balance respectively. The budget amendments to the Mitigation/Impact Fund will net an increase in the total Assigned Fund Balance of \$576,000 and the Assigned Fund Balance for the Housing Fund will increase by \$350,000.

ACTION:

Motion to adopt a resolution authorizing mid-year budget adjustments for Fiscal Year 2013-14.

Attachment:
Resolution

APPROVED BY:


Interim City Manager

RESOLUTION NO. -14

APPROVING THE GENERAL FUND MID-YEAR ADJUSTMENTS TO THE ADOPTED
BIENNIAL BUDGET FOR THE 2013-2014 FISCAL YEAR

WHEREAS, on June 19, 2013, the City Council adopted the Biennial Budget for the City of Martinez for Fiscal Years 2013-14 and 2014-15; and

WHEREAS, at mid-year, it is necessary to amend the budget to update revenue projections and expenditures; and

WHEREAS, at mid-year, it is necessary to amend the budget to update adjustments to the General Fund, Water Fund, Fleet Fund, Information System Fund, Mitigation/Impact Fund and Housing Fund; and

WHEREAS, those changes to the 2013-14 Fiscal Year Budget have been described, including their fiscal impact, in the attached staff report; and

WHEREAS, staff met with the Budget Subcommittee on January 29, 2014, and the Budget Subcommittee recommended forwarding the revisions to the 2013-14 Fiscal Year Budget to the full City Council; and

WHEREAS, as stated in the budget document, the City will exercise prudent fiscal management by maintaining an adequate fund balance to protect the City in times of economic uncertainty or unforeseen circumstances.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Martinez adopts the revisions to the 2013-14 Fiscal Year Budget as provided for in the attached staff report.

* * * * *

I HEREBY CERTIFY that the foregoing is a true and correct copy of a resolution duly adopted by the City Council of the City of Martinez at a Regular Meeting of said Council held on the 5th day of February, 2014, by the following vote:

AYES:

NOES:

ABSENT:

RICHARD G. HERNANDEZ, CITY CLERK
CITY OF MARTINEZ