



**City Council Agenda
June 15, 2016**

To: Mayor and City Council

From: Michael Chandler, Assistant to the City Manager
Cindy Mosser, Finance Manager

Subject: Resolution Amending Fiscal Year 2016-17 Budget and
Recommended Budget Adjustments

Date: June 8, 2016

Recommendation

Adopt a resolution amending the Fiscal Year 2016-17 Budget and approving the recommended budget adjustments.

Staff presented and discussed the adjustments with the Budget Subcommittee on June 6, 2016, who recommended forwarding to the full Council.

Background

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

On June 17, 2015, the City Council approved Resolution 079-15 adopting a Biennial Budget for the period July 1, 2015 – June 30, 2017. In February 2016, after a review of the first six months, Council approved Resolution 007-16 adopting adjustments for Fiscal Year 2015-16. With the second year of the Biennial Budget starting July 1, 2016, staff has completed a review of the operating budget, including the General Fund, Special Revenue Funds, Internal Services Funds and Enterprise Funds. This review took into consideration the adjustments made within the revised Fiscal Year 2015-16 Budget and includes any subsequent adjustments needed for the coming budget year.

Discussion:

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. On November 4, 2015, Council approved allocating \$1.39 million of Unassigned Fund Balance to Assigned Fund Balance. With the current review of revenues and expenditures for Fiscal Year 2015-16 appearing to be on track with the budget, the General Fund Unassigned Fund Balance is estimated to be approximately \$5.8 million at June 30, 2016.

After staff's review of General Fund activity and projections, the following adjustments are recommended as shown below.

TABLE 1

	FY2016-17		FY2016-17
	Adopted Budget	Proposed Adjustment	Proposed Budget
General Fund Revenue			
Taxes	\$ 18,186,536	\$ 626,500	\$ 18,813,036
Intergovernmental	537,700	32,000	569,700
Licenses, Permits & Fees	691,600		691,600
Charges for Services	932,673		932,673
Fines and Forfeits	415,000	20,000	435,000
Use of Money & Property	172,100		172,100
Miscellaneous	85,000		85,000
Sub-total	21,020,609	678,500	21,699,109
Transfers In			
TOTAL	\$ 21,020,609	\$ 678,500	\$ 21,699,109
General Fund Expenditures			
General Government	\$ 1,191,879	\$ 42,733	\$ 1,234,612
Nondepartmental	1,880,740	145,293	2,026,033
Administrative Services	1,063,010	34,655	1,097,665
Public Works	4,002,604	87,628	4,090,232
Community Development	2,127,527	291,974	2,419,501
Police Department	10,732,512	75,871	10,808,383
Sub-total	20,998,272	678,154	21,676,426
Transfers Out	78,000		78,000
TOTAL	\$ 21,076,272	\$ 678,154	\$ 21,754,426

General Fund Revenue Adjustments - \$678,500

Taxes: *Totaling \$626,500*

- Increase property tax by \$408,000 and property tax swap by \$163,500 due to an increase in assessed valuation.
- Increase franchise fees by \$55,000 based on current trend.

Intergovernmental: *Totaling \$32,000*

- Increase public safety sales by \$32,000 based on actual funds received to date.

Fines and Forfeitures: *Totaling \$20,000*

- Increase parking citation revenues by \$20,000 based on actual revenues received to date.

General Fund Expenditure Adjustments - \$678,154

All General Fund divisions will be adjusted for MOU salary increases totaling approximately \$407,000. The General Fund will also be increased to account for the unfunded liability portion of pension costs totaling \$85,000. Also, staff is recommending including ongoing increases of \$42,000, which were adjustments first made as part of the approval of the six-month Fiscal Year 2015-16 budget review. The majority of the ongoing increases were for social security on new hires, continuing maintenance for the Corporation Yard, and utilities for the library.

Adjustments for FY2016-17 include:

General Government: Totaling \$19,176

- Increase of other costs in the amount of \$14,000 based on rate increases from the County for elections.
- Increase temporary help in the amount of \$5,000 to assist the City Clerk with minutes preparation.
- Increase of \$176 for Community Grants as recommended by the Budget Subcommittee.

Non-departmental: Totaling \$56,800

- Increase workers compensation costs in the amount of \$147,200 based on rate increase and experience factor.
- Decrease liability insurance in the amount of \$90,400 based on rate decrease and experience factor.

Note: These costs will be allocated among the departments during the year. A slight adjustment has been made to the estimated workers compensation and liability insurance costs due to updated information staff received from the City's risk pooling authority after the Budget Subcommittee meeting.

Administrative Services: Totaling \$1,500

- Increase of \$1,500 for Health Club MOU increase.

Public Works: Totaling \$2,000

- Increase of \$2,000 for 2016 California Codes.

Police: Totaling \$30,450

- Increase for various contract and County cost increases such as crime analyst software, training, jail access fees, Cal ID, etc.

Community Development: Totaling \$33,400

- Increase to account for unbudgeted costs of Senior Center program instructors (only associated program revenues were included in the adopted budget).

Recommended Non-General Fund Budget Adjustments

The Budget Subcommittee also accepted staff's recommendations to increase non-general fund revenues and expenditures. MOU adjustments for salary increases of non-general funds total approximately \$62,300, and include the following funds: NPDES/Stormwater, Equipment Replacement, Management Information Systems, and Water Enterprise. Non-salary related adjustments are detailed below:

Gas Tax Fund:

- Revenue increase of \$65,600 based on estimated from State Department of Finance.
- Expenditure increase of \$50,000 for the Linton Terrace Culvert Replacement Project Design.

Equipment Replacement (Fleet Management) Fund:

- Expenditure increase of an additional \$15,000 for the two-year budget period due to a revised vehicle replacement list based on a recent review. Due to a change in the schedule, some replacements are delayed until Fiscal Year 2016-17.

Water Enterprise Fund:

- Decrease liability insurance costs by \$22,600 based on a rate decrease and experience factor.
- Increase workers compensation insurance costs by \$36,800 based on a rate increase and experience factor.

Recycle Fund: *Totaling \$1,000*

- Increase of \$1,000 for the Community Group Funding Program.

Fiscal Impact

The proposed budget amendments will come from each fund's respective Fund Balance. The budget amendments to the Gas Tax Fund will net an increase in the total Assigned Fund Balance of \$15,600.

Attachment

- Resolution

APPROVED BY:



Acting City Manager

RESOLUTION NO. -16

APPROVING ADJUSTMENTS TO THE ADOPTED BUDGET FOR THE 2016-2017 FISCAL YEAR

WHEREAS, on June 17, 2015, the City Council adopted the Biennial Budget for the City of Martinez for Fiscal Years 2015-16 and 2016-17; and

WHEREAS, on February 17, 2016, the City Council amended the Fiscal Year 2015-16 for mid-year adjustments to update certain General Fund revenue projections and expenditures; and

WHEREAS, at year end, it is necessary to amend the Fiscal Year 2016-17 Budget to update certain General Fund, Gas Tax Fund, NPDES/Stormwater Fund, Recycle Fund, Equipment Replacement Fund, Management Information Systems Fund and Water Enterprise Fund revenue and/or expenditure projections; and

WHEREAS, those changes to the Fiscal Year 2016-17 Budget have been described, including their fiscal impact, in the attached staff report.

NOW, THEREFORE, BE IT RESOLVED the City Council of the City of Martinez adopts the adjustments to the Fiscal Year 2016-17 Budget.

* * * * *

I HEREBY CERTIFY 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 15th day of June, 2016, by the following vote:

AYES:

NOES:

ABSENT:

RICHARD G. HERNANDEZ, CITY CLERK
CITY OF MARTINEZ