



## Legislation Text

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**File #:** 18-0207, **Version:** 1

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**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

Bruce Moe, City Manager

**FROM:**

Steve S. Charelian, Interim Finance Director

Henry Mitzner, Controller

Libby Bretthauer, Financial Analyst

**SUBJECT:**

Presentation of Proposed Two-Year Operating Budget for Fiscal Years 2019 and 2020 (Interim Finance Director Charelian).

**RECEIVE REPORT AND PROVIDE DIRECTION**

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**RECOMMENDATION:**

Staff recommends the City Council receive the presentations by each Department and provide direction in advance of the Public Hearing and Budget Adoption scheduled for June 19, 2018.

**FISCAL IMPLICATIONS:**

The City's FY 2019 budget includes expenditures across all funds totaling \$149,118,024. The General Fund is balanced with revenues of \$75,505,117 and expenditures of \$74,731,871 resulting in a projected surplus of \$773,246.

The FY 2020 budget includes expenditures across all funds totaling \$126,767,881. The General Fund is balanced with revenues of \$75,199,750 and expenditures of \$74,667,671 resulting in a projected surplus of \$532,079.

The unreserved General Fund balance on June 30, 2018 is estimated to be \$4.1 million. The FY 2019 Budget projects an unreserved General Fund balance on June 30, 2019 (after net transfers out) of \$1.8 million. Fund balance is estimated to decrease by \$2.3 million primarily due to General Fund subsidies for the Storm Water Fund (\$1.2 million) and Street Lighting/Landscape Fund (\$187,587). Within the total fund balance, \$18.9 million has been designated to policy and economic uncertainty reserves; the balance of unreserved is \$1.8 million.

Please note that all annual surpluses and estimated fund balances listed in the Budget and Five-Year Forecast include up-to-date pension rate projections and estimated transfer activity.

**BACKGROUND:**

The Proposed Two-Year Operating Budget for FY 2018-2019 and FY 2019-2020 was presented to

the City Council on May 1, 2018. This overview outlined budgeted revenues, expenditures, and changes in the fund balance due to transfer activity.

### **DISCUSSION:**

The City's Proposed Biennial Operating Budget is attached to this report and available on the City's website at [www.citymb.info/Budget](http://www.citymb.info/Budget) <<http://www.citymb.info/Budget>>.

By way of an overview of the budget, staff recommends a review of the City Manager's Budget Message located in the Introduction Section of the budget document. It serves as an executive summary for the spending plan for FY 2019 and FY 2020.

Staff presented highlights of the Proposed Biennial Operating Budget and the Five-Year Forecast during the City Council meeting on May 1, 2018. Tonight's presentations will provide more depth into each department's operations and proposed service delivery changes. A full discussion of each department and their respective programs is located on pages 71 through 253 of the Budget document. Performance measures for each department may also be found in the section titled "Strategic Plan and Performance Measures". As the City Council Work Plan is further refined on May 16, this information could also be memorialized in the final budget document if desired.

Direction provided by the City Council will be incorporated into the Biennial Operating Budget document and presented during the public hearing on June 19, 2018.

### **PUBLIC OUTREACH/INTEREST:**

Future City Council Budget Study Sessions may be held on May 10<sup>th</sup> or May 22<sup>nd</sup> if necessary. A public hearing and budget adoption is scheduled for June 19, 2018.

Budget-related questions and comments may also be directed to the City Council at [Budget@citymb.info](mailto:Budget@citymb.info) <<mailto:Budget@citymb.info>>.

### **ENVIRONMENTAL REVIEW**

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is necessary.

### **LEGAL REVIEW**

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

### **Attachments:**

1. Proposed Biennial Budget for FY 2019 & FY 2020
2. FY 2019 & FY 2020 Proposed Budget Historical General Fund Comparison
3. FY 2019 & FY 2020 Parks and Recreation Self-Sustaining Programs Update