



Legislation Text

File #: 19-0252, **Version:** 1

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Steve S. Charelian, Finance Director

Henry Mitzner, Controller

Libby Bretthauer, Senior Financial Analyst

SUBJECT:

Presentation of the Fiscal Year 2019-2020 Budget Addendum for the Second Year of the Biennial Budget (Finance Director Charelian).

DISCUSS AND PROVIDE DIRECTION

RECOMMENDATION:

Staff recommends that the City Council provide further direction and/or requests for information regarding the FY 2019-2020 Budget.

FISCAL IMPLICATIONS:

In March 2019, staff presented a mid-year budget report for FY 2018-2019. General Fund revenues at year-end are projected at \$76,305,699 and expenditures at \$73,777,030, resulting in a projected year-end surplus of \$2.5 million. Projected year-end transfers to other funds, including the Stormwater Fund, Street Lighting Fund, and Pension Stabilization Trust Fund, total approximately \$1.6 million. In addition, the budget included transfers out to the CIP Fund (\$547,600) and IT Fund (\$600,299) for one-time projects. Taking into account year-end projections and all anticipated transfers, the unreserved General Fund balance is projected to be \$5.5 million at fiscal year-end.

The FY 2019-2020 Proposed Budget was prepared starting with the budget as approved in June 2018 and then modified to reflect more recent revenue projections, technical changes to meet operational needs, and the carryforward of one-time purchases and projects not completed in the current fiscal year. The FY 2019-2020 Proposed Budget includes expenditures across all funds totaling \$130,116,677. The General Fund is balanced with revenues of \$76,012,686 and expenditures of \$75,662,429, resulting in a projected surplus of \$350,257. Any unspent funds at year-end will revert to unreserved fund balance.

The FY 2019-2020 Budget also includes transfers out to other funds totaling nearly \$1.5 million, resulting in an overall reduction in General Fund balance by nearly \$1.1 million. Within the fund balance, \$19.1 million has been designated to policy and economic uncertainty reserves. The balance of \$4.2 million is currently unreserved and available for future one-time purposes at the direction of the City Council.

BACKGROUND:

The biennial budget adopted in June 2018 included fiscal years (FY) 2018-2019 and 2019-2020. The first year of the budget (FY 2018-2019) was adopted by resolution and the second year (FY 2019-2020) was approved as a spending plan. The FY 2019-2020 approved budget will be adopted on June 4, 2019, with modifications as directed by the City Council. The FY 2019-2020 Budget, as modified, is presented in the Budget Addendum document, which is meant to be read in conjunction with the adopted biennial budget.

The Proposed Budget Addendum for FY 2019-2020 was first presented to the City Council on May 7, 2019. This overview outlined budgeted revenues, expenditures, changes in the fund balance due to transfer activity, and adjustments and carryforwards included in the Proposed Budget.

The City's Adopted Biennial Budget and Proposed Budget Addendum are available on the City's website at www.citymb.info/Budget <<http://www.citymb.info/Budget>>.

DISCUSSION:

Staff presented highlights of the Proposed Budget Addendum and the updated Five-Year Forecast during the City Council meeting on May 7, 2019. A Budget Study Session is scheduled for May 23, 2019, to provide the City Council and community an opportunity to discuss the Proposed Budget in-depth. The City Council has the option to review and discuss the following items tonight, or choose to defer certain items until the Budget Study Session:

- Proposed Budget Addendum and Amendments to the Budget by department
- Potential budget cuts as requested by the City Council
- Current open full-time positions
- Special event overtime costs.

At the May 7, 2019, City Council meeting, staff presented the FY 2019-2020 Proposed Budget Addendum and 1.2% budget cuts for consideration. During the meeting, the City Council requested staff to further review budgeted expenditures to achieve budget cuts up to 4%. An amended list of budget cuts with additions to achieve up to 4% as requested by the City Council will be published as an addendum on May 17, 2019.

PUBLIC OUTREACH:

These dates are included on the City's calendar of events for which e-notifications are being sent and the Beach Reporter has recently included advertisements announcing the budget meeting schedule.

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. FY 2019-2020 Proposed Budget Addendum
2. Potential Budget Cuts as Presented on May 7, 2019
3. Potential Budget Cuts (To Be Delivered Under Separate Cover on May 17, 2019)
4. Current Open Positions (To Be Delivered Under Separate Cover on May 17, 2019)