

ARC: C.4.8

Source: <https://www.el-cerrito.org/482/Council-Meeting-Videos-Materials>

Purpose: To document the information that was provided for the 2015-16 mid-year budget update.

Used in analysis at C.4.1.



AGENDA

CITY COUNCIL MEETING
Tuesday, March 15, 2016 – 7:00 p.m.
City Council Chambers

Meeting Location
El Cerrito City Hall
10890 San Pablo Avenue, El Cerrito

Greg Lyman – Mayor

Mayor Pro Tem Janet Abelson
Councilmember Jan Bridges

Councilmember Mark Friedman
Councilmember Gabriel Quinto

ROLL CALL

7:00 p.m. CONVENE CITY COUNCIL MEETING

1. PLEDGE OF ALLEGIANCE TO THE FLAG OR OBSERVATION OF MOMENT OF SILENCE – Mayor Lyman.

2. COUNCIL / STAFF COMMUNICATIONS (*Reports of Closed Session, commission appointments and informational reports on matters of general interest which are announced by the City Council & City Staff.*)

3. ORAL COMMUNICATIONS FROM THE PUBLIC

All persons wishing to speak should sign up with the City Clerk. Remarks are typically limited to 3 minutes per person. The Mayor may reduce the time limit per speaker depending upon the number of speakers. Kindly state your name and city of residence for the record. Comments regarding non-agenda, presentation and consent calendar items will be heard first. Comments related to items appearing on the Public Hearing or Policy Matter portions of the Agenda are taken up at the time the City Council deliberates each action item. Individuals wishing to comment on any closed session scheduled after the regular meeting may do so during this public comment period or after formal announcement of the closed session.

4. PRESENTATIONS – None

5. ADOPTION OF THE CONSENT CALENDAR – Item Nos. 5A through 5E
CITY COUNCIL ITEMS

A. Approval of Minutes

Approve the March 1, 2016 Regular City Council meeting minutes.

B. Proclaim March as Prescription Drug Abuse Awareness Month

At the request of Councilmember Abelson, approve a proclamation declaring March 2016 as Prescription Drug Abuse Awareness Month in the City of El Cerrito and encouraging the community to pledge, "Spread the Word...One Pill Can Kill."

C. Stop Signs at Various Locations

Adopt two separate resolutions authorizing the Public Works Director/City Engineer to install stop signs on: 1) Lawrence Street at Gladys Avenue; and 2) Gayle Court at Donal Avenue. *Exempt from CEQA.*

D. Opposition to Shipment of Coal through the Marine Terminal under Development at the Former Oakland Army Base

At the request of Councilmember Abelson, adopt a resolution opposing the shipment of coal through the Oakland Bulk and Oversized Terminal under development at the former Oakland Army Base, and resolving to transmit copies of the resolution to Governor Jerry Brown, Mayor and City Council of the City of Oakland, Senator Loni Hancock, Assemblymember Tony Thurmond, Alameda County Transportation Commission, Bay Area Air Quality Management District and the California Transportation Commission.

CITY COUNCIL ACTING AS HOUSING SUCCESSOR TO FORMER REDEVELOPMENT AGENCY

E. Contra Costa County to Act as Bond Issuer for Bonds to be Used to Fund the Hana Gardens Apartments

Staff recommends that the City Council acting as Housing Successor to the former Redevelopment Agency adopt a resolution acknowledging that the County of Contra Costa will assist in the financing of Hana Gardens Apartments to be located at 10860 and 10848 San Pablo Avenue.

6. PUBLIC HEARINGS - None

7. POLICY MATTERS

CITY COUNCIL ITEMS

A. Mid-Year Budget Update

Receive an update on city revenues and expenditures for the first 6 months of the fiscal year through December 31, 2015 and adopt a resolution authorizing amendments to the FY 2015-16 budget and approving new spending limits.

B. 2016 Economic Development Action Plan Update

Adopt a resolution approving the 2016 Economic Development Action Plan as an update to the 2006 Economic Development Action Plan.

CITY COUNCIL ACTING AS REDEVELOPMENT SUCCESSOR AGENCY

C. Approval to Refinance Successor Agency Tax Allocation Bonds

Adopt a Successor Agency resolution approving: 1) Issuance of refunding bonds, execution and delivery of an indenture and escrow instructions and authorizing actions related thereto; 2) Approving contracts with NHA Advisors (\$65,000 for a public offering or \$50,000 for a private placement) and Fraser and Associates (\$26,000) for related work to be paid out of bond proceeds; and 3) Requesting Oversight Board approval of the issuance of refunding bonds and certain determinations relating thereto.

8. COUNCIL ASSIGNMENTS/LIAISON REPORTS

Mayor and City Council communications regarding local and regional liaison assignments and committee reports.

9. ADJOURN REGULAR CITY COUNCIL MEETING

The next regular City Council meeting is Tuesday, April 5, 2016 at 7:00 p.m. in the City Council Chambers, 10890 San Pablo Avenue, El Cerrito.

The City of El Cerrito serves, leads and supports our diverse community by providing exemplary and innovative services, public places and infrastructure, ensuring public safety and creating an economically and environmentally sustainable future.

- Council Meetings can be heard live on FM Radio, KECG – 88.1 and 97.7 FM and viewed live on Cable TV - KCRT-Channel 28 and AT&T Uverse Channel 99. The meetings are rebroadcast on Channel 28 the following Thursday and Monday at 12 noon, except on holidays. Live and On-Demand Webcast of the Council Meetings can be accessed from the City's website <http://www.el-cerrito.org/ind-ex.aspx?NID=114>. Copies of the agenda bills and other written documentation relating to items of business referred to on the agenda are on file and available for public inspection in the Office of the City Clerk, at the El Cerrito Library and posted on the City's website at www.el-cerrito.org prior to the meeting.
- In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk, (510) 215-4305. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102-35.104 ADA Title I).
- ***The Deadline for agenda items and communications*** is eight days prior to the next meeting by 12 noon, City Clerk's Office, 10890 San Pablo Avenue, El Cerrito, CA. Tel: 215-4305 Fax: 215-4379, email cmorse@ci.el-cerrito.ca.us
- IF YOU CHALLENGE A DECISION OF THE CITY COUNCIL IN COURT, YOU MAY BE LIMITED TO RAISING ONLY THOSE ISSUES YOU OR SOMEONE ELSE RAISED AT THE COUNCIL MEETING. ACTIONS CHALLENGING CITY COUNCIL DECISIONS SHALL BE SUBJECT TO THE TIME LIMITATIONS CONTAINED IN CODE OF CIVIL PROCEDURE SECTION 1094.6.
- The City Council believes that late night meetings deter public participation, can affect the Council's decision-making ability, and can be a burden to staff. City Council Meetings shall be adjourned by 10:30 p.m., unless extended to a specific time determined by a majority of the Council.



AGENDA BILL

Agenda Item No. 7(A)

Date: March 15, 2016

To: El Cerrito City Council

C From: Lisa Malek-Zadeh, Finance Director/City Treasurer

Subject: Mid-Year Budget Update

ACTION REQUESTED

Receive an update on city revenues and expenditures for the first six months of the fiscal year through December 31, 2015 and adopt a resolution authorizing amendments to the FY 2015-16 budget and approving new spending limits.

BACKGROUND/ANALYSIS

Fiscal Year 2015-16 Budget

B On November 17, 2015, staff provided City Council with an update on the city's budget through September 31, 2015. Since that time, additional revenues have been collected, including City property taxes, and there have been an additional three months of expenses. The report will discuss significant variances from the adopted budget, recommend mid-year adjustments and provide projected year-end assumptions.

General Fund Overview

A summary of the General Fund is presented in Table 1. The table includes the budget adopted by Council in June for the current fiscal year, 2015-16, recommended amendments discussed in more detail later in this report and projected year-end results based on actuals through December 31, 2015 and other information that affects year-end assumptions. The variance from budget column presents any differences between the adopted budget and year-end expectations.

Table 1. Fiscal Year 2015-16 General Fund Summary

General Fund Summary	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Adopted	2015-16 Amendments	A 2015-16 Projected Year End Mid-Year	Variance Mid-Year From Budget
Beginning Restricted Fund Balance	\$598,957	\$1,059,976	\$0	\$0		\$0	
Beginning Unassigned Fund Balance	\$2,608,745	\$1,281,566	\$1,270,466	\$1,541,773		\$1,461,753	
Total Revenues	\$29,366,108	\$29,053,045	\$29,766,576	\$31,180,146		\$32,880,298	\$1,700,152
Personnel	\$22,699,729	\$22,256,364	\$22,633,987	\$23,833,946	\$10,000	\$23,145,969	\$687,977
Non-Personnel	\$7,614,482	\$7,867,721	\$6,936,624	\$7,006,299	\$1,300,799	\$8,307,098	(\$1,300,799)
Total Expenses	\$30,314,212	\$30,124,086	\$29,570,612	\$30,840,245	\$1,310,799	\$31,453,068	(\$612,823)
Annual Balance/Shortfall	(\$948,104)	(\$1,071,040)	\$195,965	\$339,901		\$1,427,230	\$1,087,329
Unassigned Ending Fund Balance/Deficit	\$2,259,598	\$1,270,502	\$1,466,431	\$1,881,674		\$2,888,983	\$1,007,309
Ending Unassigned Reserve Percent	7.45%	4.22%	4.96%	6.10%		9.19%	3.08%

When the budget was adopted, the ending fund balance was projected to be about 6%. Because of significant changes in revenues, about \$1.7 million, the ending fund balance is now estimated to be closer to 9%. This represents a 3% increase over the adopted budget and a 4% increase over last fiscal year. This also brings the City much closer to achieving the 15% General Fund reserve goal.

General Fund Revenues

Table 2 provides an overview of the major revenue categories that support the General Fund. Included in the table are the projected year-end revenues for FY 2015-16 and the significant variances from those included in the adopted budget. Based on actual revenues received through December as well as other changes that affect revenue assumptions, staff projects General Fund revenues will total \$33.8 million by year-end. This is about \$1.7 million more than what was included in the adopted budget. The significant changes for each revenue category are discussed in more detail below.

Table 2. Fiscal Year 2015-16 General Fund Revenues

General Fund Revenues	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Adopted	2015-16 Amendments	2015-16 Projected Year End Mid-Year	Variance Mid-Year From Budget
Property Taxes	\$5,564,453	\$6,190,958	\$6,938,037	\$7,010,142	\$0	\$7,992,117	\$981,975
Sales Taxes	\$5,109,397	\$5,361,233	\$5,055,703	\$6,151,700	\$0	\$6,151,700	\$0
Franchise Taxes	\$1,065,858	\$1,228,307	\$1,376,771	\$1,434,970	\$0	\$1,434,970	\$0
Business License Taxes	\$742,229	\$855,923	\$800,882	\$811,715	\$0	\$743,794	(\$67,921)
Utility Users Taxes	\$3,066,580	\$3,137,017	\$3,106,232	\$3,308,000	\$0	\$3,137,294	(\$170,706)
Other Taxes (TOT, Construction, Other)	\$103,651	\$130,556	\$115,955	\$141,000	\$0	\$141,000	\$0
Total Taxes	\$15,652,169	\$16,903,994	\$17,393,579	\$18,857,527	\$0	\$19,600,875	\$743,348
Licenses and Permits	\$516,703	\$539,567	\$493,243	\$623,000	\$0	\$623,000	\$0
Fines & Forfeitures	\$277,222	\$375,554	\$269,602	\$301,500	\$0	\$301,500	\$0
Use of Money & Property	\$321,279	\$289,389	\$350,219	\$389,840	\$0	\$389,840	\$0
Intergovernmental Revenues	\$5,027,113	\$5,036,793	\$5,781,514	\$5,143,498	\$0	\$6,090,301	\$946,803
Charges for services	\$4,938,694	\$4,956,927	\$4,458,264	\$4,795,320	\$0	\$4,695,320	(\$100,000)
Other Revenues	\$285,400	\$146,442	\$119,299	\$179,267	\$0	\$289,267	\$110,000
Financing Sources	\$2,347,528	\$804,379	\$900,857	\$890,194	\$0	\$890,194	\$0
Total Other Revenues	\$13,713,939	\$12,149,052	\$12,372,998	\$12,322,619	\$0	\$13,279,422	\$956,803
Total Revenues	\$29,366,108	\$29,053,045	\$29,766,576	\$31,180,146	\$0	\$32,880,298	\$1,700,152

Tax Revenues + \$743,000

Changes in Property Taxes total approximately \$982,000. This increase is the result of a \$330,000 change in secured property taxes that were discussed in the September update as well as \$638,000 in residual property tax distribution (RPTTF) funds. The City budgeted \$165,000 in RPTTF for the year; however, \$384,000 has already been received with another \$269,000 anticipated in June. Also included in the \$638,000 estimate is a \$150,000 one-time payment. This is the City's expected share of a \$675,000 payment made this fiscal year toward a \$1.9 million installment plan to be paid over the next two and a half fiscal years. The additional

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RPTTF funds are being used to offset the \$675,000 payment that was not included in the adopted budget, but was approved by Council as a separate action in December.

Business licenses expire on June 30 of each year and must be renewed by July 1. By September of each year, approximately 85-90% of the total business licenses revenue is received. Based on collections over the last two fiscal years and the amount collected in the current fiscal year, staff anticipates the City will collect approximately \$68,000 less than budgeted. The Finance department sends out renewal notices each June and while businesses are responsible for renewing their license whether they receive the notice or not, they tend to rely on the notice as a reminder. Staff has received feedback that some businesses did not receive their renewal notices this year. Finance staff is currently reviewing the process to determine why some notices were not received as there has been no change in the process from prior years. Staff is also contacting all businesses that have not renewed this year to determine if they are no longer in business or if they have not renewed for some other reason.

At the September update, staff reported that at the end of last fiscal year 2014-15, the Utility Users Tax (UUT), was about \$84,000 less than expected. To date, the UUT appears on track with the adopted FY 2015-16 budget; however, staff has used this trend in the past and by year-end, the actuals did not meet projections. Based on this, staff feels it more likely that the year-end actuals will be about \$171,000 less than budgeted. This new projection assumes a 1% increase over last year's actuals, which is a more realistic estimate.

Intergovernmental Revenues +\$947,000

Intergovernmental revenues include reimbursements for services provided to other agencies such as school resources officer, fire services or other reimbursements from governmental agencies. Revenues in this category are expected to be approximately \$947,000 more than what was included in the adopted budget. These include an additional \$175,000 for In Lieu fees based on the growth in assessed value (AV), \$244,000 for reimbursement from the Office of Emergency Services (OES) for Fire Department expenses for mutual aid responses throughout the state and a one-time revenue of \$527,000 from RecycleMore for the City's share of the JPA's reserve funds.

Charges for Services -\$100,000

Revenue in this category is predominately for recreation related programs such as childcare, sports and camps programs. While steady in prior years, the enrollment in some of the childcare programs has declined and staff is projecting a reduction in related revenues of approximately \$100,000.

Other Revenues +\$110,000

Also discussed during the September update, the City received \$110,000 in one-time fees for the start of a long awaited development project. These fees was used to purchase equipment in the Police and Fire departments.

General Fund Expenditures

In June 2015, the City adopted General Fund expenditures totaling \$30.8 million. Amendments recommended for approval in this report increase the budget by \$1.3 million. These adjustments are the result of unspent prior year funds carried into the current year as well as new appropriations that Council has approved through previous actions. The additional revenues projected in FY 2015-16, support these. This information is included in Table 3.

Table 3. Fiscal Year 2015-16 General Fund Expenditures

General Fund Expenditures	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Adopted	2015-16 Amendments	2015-16 Projected Year End Mid-Year	Variance Mid-Year From Budget
Personnel							
Personnel	\$22,699,729	\$22,256,364	\$22,633,987	\$23,833,946	\$10,000	\$23,145,969	\$687,977
Non-Personnel							
Professional & Technical Services	\$3,355,468	\$3,632,300	\$3,894,293	\$3,961,557	\$522,937	\$4,504,494	(\$542,937)
Purchased Property/Other Services	\$1,302,171	\$1,216,889	\$1,068,856	\$1,137,497	\$0	\$1,137,497	\$0
Supplies	\$655,306	\$569,378	\$603,825	\$627,150	\$0	\$627,150	\$0
Property & Capital	\$232,343	\$191,431	\$275,983	\$340,300	\$76,000	\$396,300	(\$56,000)
Financing Costs	\$2,046,881	\$2,257,724	\$1,093,668	\$939,795	\$701,862	\$1,641,657	(\$701,862)
Total Non-Personnel	\$7,592,168	\$7,867,722	\$6,936,625	\$7,006,299	\$1,300,799	\$8,307,098	(\$1,300,799)
Total Expenditures	\$30,314,212	\$30,124,086	\$29,570,612	\$30,840,245		\$31,453,068	(\$612,823)

Personnel

The City adopted a personnel budget of approximately \$23.8 million that included salary savings of close to \$1.2 million. Through December, expenses for personnel costs should be about 50% spent. Due to unexpected vacancies or positions that have not been filled as quickly as budgeted, salaries in several departments are underspent. Even with increases in overtime to offset the vacancies and part-time expenses, the cost for personnel are expected to be closer to \$23.1 million at the end of the fiscal year, a savings of about \$600,000.

Non-Personnel

Non-personnel expenditures continue to track with original estimates with the exception of the items that include recommended amendments. These include a carry over of unspent funds from last year as well as new appropriations identified this year. These include an increase in professional services for the library project and minimum wage implementation, a correction to the budget for the legal services that were excluded from the adopted budget in error and funding to pay for two legal settlements that were finalized in the last few months. Funding for equipment purchases in the Police and Fire departments were added to the Property and Capital category and a payment of \$675,000 to repay the Successor Agency for a disallowed transfer to the Municipal Services Corporation was added to financing costs. A transfer of \$26,000 to the Vehicle/Equipment maintenance was also included in financing costs to clear the historical deficit.

Special Revenue Funds

Special revenue funds, which support about \$10 million of the City's total adopted \$42 million budget, as of December, are tracking with the adopted budget. Table 4 summarizes the projected revenue and expenditures for the City's major special funds for FY 2015-16. The table also includes the projected year-end balances inclusive of the proposed amendments.

Table 4. Fiscal Year 2015-16 Special Revenue Funds

Fund Name	2014-15 Ending Balance*	2015-16 Projected Revenue	2015-16 Projected Expenditures	Total Proposed Amendments	2015-16 Projected Ending Balance
Gas Tax Fund	\$135,360	\$515,613	\$603,484	\$1,000	\$46,489
Nat'l Pollut Dis Elim Sys	\$32,972	\$315,000	\$293,091	\$7,500	\$47,381
Land & Light Assess Distr	\$9,213	\$781,000	\$759,095	\$28,314	\$2,804
Measure J-Return to Source	\$76,539	\$414,173	\$432,255	\$43,044	\$15,413
Measure J Storm Drain	\$139,732	\$726,500	\$760,993	\$1,045	\$104,194
Measure A Parcel Tax	\$389,292	\$439,400	\$528,752	\$0	\$299,940
Asset Seizure	\$155,677	\$2,000	\$25,000	\$0	\$132,677
Vehicle Abatement Fund	\$195,306	\$21,000	\$36,000	\$0	\$180,306
Park In Lieu	\$12,002	\$0	\$0	\$12,000	\$2
Street Improvemt & Maint	\$220,296	\$2,133,800	\$1,330,423	\$843,340	\$180,333
Public Art Fund	\$52,149	\$6,050	\$15,000	\$0	\$43,199
Measure J-Paratransit Fund	\$32,383	\$146,052	\$112,678	\$0	\$65,757
Grants	\$209,715	\$307,500	\$314,500	\$0	\$202,715
C.O.P.S. Grant Fund	\$140,000	\$100,000	\$30,000	\$0	\$210,000
City Housing Trust Fund	\$0	\$0	\$0	\$0	\$0
City LMI Housing Fund	\$1,361,080	\$250,000	\$105,421	\$0	\$1,505,659
Capital Improvement Fund	(\$1,505,651)	\$2,568,313	\$1,828,639	\$276,082	(\$1,042,059)
Integrated Waste Mgmt	\$247,155	\$2,345,523	\$2,387,233	\$131,000	\$74,445
Vehicle/Equip Replacement	(\$26,862)	\$155,394	\$128,532	\$0	\$0
Total	\$1,876,358	\$11,227,318	\$9,691,096	\$1,343,325	\$2,069,255

*Ending balance as reflected by the Comprehensive Annual Financial Report (CAFR) as of June 30, 2015.

Similar to the General Fund, personnel expenditures in the special revenue funds are tracking lower than the adopted budget and are projected to be under spent by year-end. With the exception of the Capital Improvement Fund, the City's special revenue funds will end the fiscal year with surplus fund balances due in part to savings in personnel costs. As discussed in previous updates, a portion of the deficit in the Capital Improvement Fund is a reimbursement from the former Redevelopment Agency that is currently being disputed by the Department of Finance. The remaining deficit is the difference in the timing of expenses and the receipt of reimbursement for these costs.

Appropriations Limits

Each year as part of the budget process, the City Council adopts a resolution that establishes spending limits by fund for the fiscal year. On June 23, 2015, the City Council adopted Resolution 2015-49 authorizing \$42,349,631 in total appropriations for fiscal year 2015-16. Changes to the spending limits occur throughout the year to account for unintended opportunities, unforeseen changes or if the City's financial position changes and additional spending authority is required to meet the needs of the City. These adjustments are typically the result of previously unanticipated events such as the acceptance of new grants, a reauthorization of prior year's unspent funds, accounting changes related to the City's financial reporting, receipt of new revenue and/or a response to emergencies or mutual aid.

For FY 2015-16, staff is proposing amendments, which require a change in spending authority totaling \$2,654,124 across all funds. These changes are summarized in Table 5.

Table 5. Fiscal Year 2015-16 Changes to Appropriations Authority

Fund Name	2015-16 Adopted Appropriations	Encumbered Carryover	Adjustments	Total Proposed Amendments	2015-16 Amended Appropriations
General Fund	\$30,840,245	\$8,448	\$1,302,351	\$1,310,799	\$32,151,045
Gas Tax Fund	\$603,484	\$1,000		\$1,000	\$604,484
Nat'l Pollut Dis Elim Sys	\$293,091	\$7,500		\$7,500	\$300,591
Land & Light Assess Distr	\$759,095	\$13,314	\$15,000	\$28,314	\$787,409
Measure J-Return to Source	\$432,255	\$43,044		\$43,044	\$475,299
Measure J Storm Drain	\$760,993	\$1,045		\$1,045	\$762,038
Measure A Parcel Tax	\$528,752			\$0	\$528,752
Asset Seizure	\$25,000			\$0	\$25,000
Vehicle Abatement Fund	\$36,000			\$0	\$36,000
Park In Lieu	\$0		\$12,000	\$12,000	\$12,000
Street Improvement & Maint	\$1,330,423	\$590,090	\$253,250	\$843,340	\$2,173,763
Public Art Fund	\$15,000			\$0	\$15,000
Measure J-Paratransit Fund	\$112,678			\$0	\$112,678
Grants	\$314,500			\$0	\$314,500
C.O.P.S. Grant Fund	\$30,000			\$0	\$30,000
City Housing Trust Fund	\$0			\$0	\$0
City LMI Housing Fund	\$105,421			\$0	\$105,421
Capital Improvement Fund	\$1,828,639	\$31,082	\$245,000	\$276,082	\$2,104,721
Integrated Waste Mgmt	\$2,387,233		\$131,000	\$131,000	\$2,518,233
Vehicle/Equip Replacement	\$128,532			\$0	\$128,532
Pension Trust Sect 401-A	\$113,976			\$0	\$113,976
Finance Authority Debt Sv	\$367,840			\$0	\$367,840
City Hall Bond D/S	\$598,246			\$0	\$598,246
Street Imp Bond D/S	\$738,228			\$0	\$738,228
Total	\$42,349,631	\$695,523	\$1,958,601	\$2,654,124	\$45,003,755

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Of the \$2.6 million in amendments, encumbered carryover totals \$695,523 across all funds. Encumbered carryover encompasses unspent funds from last fiscal year that need to be carried forward to complete work in the current fiscal year.

Adjustments totaling \$1,958,601 are new appropriations that either Council has approved through separate Council actions or as part of this report and discussed in more detail below.

1. General Fund \$1,302,521 for the following: legal settlements, professional services and staffing for implementation of the Minimum Wage Ordinance, technical assistance associated with a potential ballot measure to fund construction of a new safe and modern library facility, correction to the City Attorney's budget, transfer to the Vehicle/Equipment Replacement Fund to clear negative fund balance, repayment to the Successor Agency, equipment purchase in the Police and Fire Departments and landscape and vehicle maintenance service related to various capital projects.
2. Land & Light Assessment District Fund \$15,000 for Landscape Maintenance Services, one-time expenses for field maintenance treatments.
3. Park in Lieu Fund \$12,000 for Castro Park Field renovations.
4. Street Improvement & Maintenance Fund \$253,250 to address 2015 Slurry Seal and Curb Ramp Program Agenda Bill, 2014 Pavement Rehab Manila Trees Agenda Bill, correct discrepancy between CIP Table & New World and 2014 Pavement Rehab.
5. Capital Improvement Fund \$245,000 for Castro Park Field renovations and Huber Park improvements.
6. Integrated Waste Management Fund \$131,000 for RecycleMore dues, River Watch Settlement and Vehicle/Equipment Maintenance services and supplies.

FISCAL YEAR 2016-17 & FY 2017-18 BIENNIAL BUDGET NEXT STEPS

In June, the City Council will once again consider adoption of a two-year budget for fiscal years 2016-17 and 2017-18. In the next few months, staff will present the initial budget projections and discuss priorities and goals with City Council to guide development of the next biennial budget.

Reviewed by:



Scott Hanin, City Manager

Attachments:

1. Resolution
2. Presentation

RESOLUTION NO. 2016-XX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CERRITO AMENDING THE SPENDING AUTHORITY BY FUND FOR THE CITY OF EL CERRITO FOR FISCAL YEAR 2015 - 16

WHEREAS, on June 23, 2015 the City Council of the City of El Cerrito adopted the Fiscal Year 2015-16 Budget with spending limits across funds Resolution 2015-49; and

WHEREAS, changes to the spending limits throughout the year are necessary to account for unexpected opportunities, unforeseen changes or if the City's financial position changes and additional spending authority is required to meet the needs of the City; and

WHEREAS, staff presented this update to the City Council of the City of El Cerrito for its consideration, and the City Council has reviewed and analyzed it; and

WHEREAS, proposed changes to spending authority from tax proceeds are within the City's Fiscal Year 2015-16 Gann Appropriations Limit, as defined by California State Constitution Article XIII B.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of El Cerrito that it hereby amends the spending authority by fund for Fiscal Year 2015 -16 as follows:

General Fund	\$32,151,045
Gas Tax Fund	\$604,484
Nat'l Pollut Dis Elim Sys	\$300,591
Land & Light Assess Distr	\$787,409
Measure J-Return to Source	\$475,299
Measure J Storm Drain	\$762,038
Measure A Parcel Tax	\$528,752
Asset Seizure	\$25,000
Vehicle Abatement Fund	\$36,000
Park In Lieu	\$12,000
Street Improvemt & Maint	\$2,173,763
Public Art Fund	\$15,000
Measure J-Paratransit Fund	\$112,678
Grants	\$314,500
C.O.P.S. Grant Fund	\$30,000
City LMI Housing Fund	\$105,421
Capital Improvement Fund	\$2,104,721
Integrated Waste Mgmt	\$2,518,233
Vehicle/Equip Replacement	\$128,532
Pension Trust Sect 401-A	\$113,976
Finance Authority Debt Sv	\$367,840
City Hall Bond D/S	\$598,246
Street Imp Bond D/S	\$738,228
Total	\$45,003,755

Agenda Item No. 7(A)
Attachment 1

I CERTIFY that at a regular meeting on March 15, 2016, the City Council passed this resolution by the following vote:

AYES: COUNCILMEMBERS: NOES:
COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS: ABSENT:
COUNCILMEMBERS:

IN WITNESS of this action, I sign this document and affix the corporate seal of the City of El Cerrito on March XX, 2016.

Cheryl Morse, City Clerk

APPROVED:

Gregory B. Lyman, Mayor

CITY OF EL CERRITO

Fiscal Year 2015-16 Mid-Year Budget Update
March 15, 2016



AGENDA

- **Discuss FY 2015-16 budget trends and projections**
- **Review Proposed Budget Amendments**
- **Talk about FY 2017- 18 & FY 2018-19 Biennial Budget Next Steps**

FY 2015-16 BUDGET

GENERAL FUND REVENUES

General Fund Revenues	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Adopted	2015-16 Amendments	2015-16 Projected Year End Mid-Year	Variance Mid-Year From Budget
Property Taxes	\$5,564,453	\$6,190,958	\$6,938,037	\$7,010,142	\$0	\$7,992,117	\$981,975
Sales Taxes	\$5,109,397	\$5,361,233	\$5,055,703	\$6,151,700	\$0	\$6,151,700	\$0
Franchise Taxes	\$1,065,858	\$1,228,307	\$1,376,771	\$1,434,970	\$0	\$1,434,970	\$0
Business License Taxes	\$742,229	\$855,923	\$800,882	\$811,715	\$0	\$743,794	(\$67,921)
Utility Users Taxes	\$3,066,580	\$3,137,017	\$3,106,232	\$3,308,000	\$0	\$3,137,294	(\$170,706)
Other Taxes (TOT, Construction, Other)	\$103,651	\$130,556	\$115,955	\$141,000	\$0	\$141,000	\$0
Total Taxes	\$15,652,169	\$16,903,994	\$17,393,579	\$18,857,527	\$0	\$19,600,875	\$743,348
Licenses and Permits	\$516,703	\$539,567	\$493,243	\$623,000	\$0	\$623,000	\$0
Fines & Forfeitures	\$277,222	\$375,554	\$269,602	\$301,500	\$0	\$301,500	\$0
Use of Money & Property	\$321,279	\$289,389	\$350,219	\$389,840	\$0	\$389,840	\$0
Intergovernmental Revenues	\$5,027,113	\$5,036,793	\$5,781,514	\$5,143,498	\$0	\$6,090,301	\$946,803
Charges for services	\$4,938,694	\$4,956,927	\$4,458,264	\$4,795,320	\$0	\$4,695,320	(\$100,000)
Other Revenues	\$285,400	\$146,442	\$119,299	\$179,267	\$0	\$289,267	\$110,000
Financing Sources	\$2,347,528	\$804,379	\$900,857	\$890,194	\$0	\$890,194	\$0
Total Other Revenues	\$13,713,939	\$12,149,052	\$12,372,998	\$12,322,619	\$0	\$13,279,422	\$956,803
Total Revenues	\$29,366,108	\$29,053,045	\$29,766,576	\$31,180,146	\$0	\$32,880,298	\$1,700,152

■ Revenues projected to be \$1.7 million higher than budgeted

FY 2015-16 BUDGET

GENERAL FUND EXPENDITURES

General Fund Expenditures	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Adopted	2015-16 Amendments	2015-16 Projected Year End Mid-Year	Variance Mid-Year From Budget
Personnel							
Personnel	\$22,699,729	\$22,256,364	\$22,633,987	\$23,833,946	\$10,000	\$23,145,969	\$687,977
Non-Personnel							
Professional & Technical Services	\$3,355,468	\$3,632,300	\$3,894,293	\$3,961,557	\$522,937	\$4,504,494	(\$542,937)
Purchased Property/Other Services	\$1,302,171	\$1,216,889	\$1,068,856	\$1,137,497	\$0	\$1,137,497	\$0
Supplies	\$655,306	\$569,378	\$603,825	\$627,150	\$0	\$627,150	\$0
Property & Capital	\$232,343	\$191,431	\$275,983	\$340,300	\$76,000	\$396,300	(\$56,000)
Financing Costs	\$2,046,881	\$2,257,724	\$1,093,668	\$939,795	\$701,862	\$1,641,657	(\$701,862)
Total Non-Personnel	\$7,592,168	\$7,867,722	\$6,936,625	\$7,006,299	\$1,300,799	\$8,307,098	(\$1,300,799)
Total Expenditures	\$30,314,212	\$30,124,086	\$29,570,612	\$30,840,245		\$31,453,068	(\$612,823)

- **Personnel savings projected of \$687K**
- **Non-Personnel on track with budget**

FY 2015-16 BUDGET

GENERAL FUND UPDATE –YEAR-END PROJECTIONS

General Fund Summary	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Adopted	2015-16 Amendments	2015-16 Projected Year End Mid-Year	Variance Mid-Year From Budget
Beginning Restricted Fund Balance	\$598,957	\$1,059,976	\$0	\$0		\$0	
Beginning Unassigned Fund Balance	\$2,608,745	\$1,281,566	\$1,270,466	\$1,541,773		\$1,461,753	
Total Revenues	\$29,366,108	\$29,053,045	\$29,766,576	\$31,180,146		\$32,880,298	\$1,700,152
Personnel	\$22,699,729	\$22,256,364	\$22,633,987	\$23,833,946	\$10,000	\$23,145,969	\$687,977
Non-Personnel	\$7,614,482	\$7,867,721	\$6,936,624	\$7,006,299	\$1,300,799	\$8,307,098	(\$1,300,799)
Total Expenses	\$30,314,212	\$30,124,086	\$29,570,612	\$30,840,245	\$1,310,799	\$31,453,068	(\$612,823)
Annual Balance/Shortfall	(\$948,104)	(\$1,071,040)	\$195,965	\$339,901		\$1,427,230	\$1,087,329
Unassigned Ending Fund Balance/Deficit	\$2,259,598	\$1,270,502	\$1,466,431	\$1,881,674		\$2,888,983	\$1,007,309
Ending Unassigned Reserve Percent	7.45%	4.22%	4.96%	6.10%		9.19%	3.08%

- Ending Fund balance projected to be 9%, an increase of 3% over adopted budget

FY 2015-16 BUDGET

SPECIAL REVENUE FUNDS

Fund Name	2014-15 Ending Balance*	2015-16 Projected Revenue	2015-16 Projected Expenditures	Total Proposed Amendments	2015-16 Projected Ending Balance
Gas Tax Fund	\$135,360	\$515,613	\$603,484	\$1,000	\$46,489
Nat'l Pollut Dis Elim Sys	\$32,972	\$315,000	\$293,091	\$7,500	\$47,381
Land & Light Assess Distr	\$9,213	\$781,000	\$759,095	\$28,314	\$2,804
Measure J-Return to Source	\$76,539	\$414,173	\$432,255	\$43,044	\$15,413
Measure J Storm Drain	\$139,732	\$726,500	\$760,993	\$1,045	\$104,194
Measure A Parcel Tax	\$389,292	\$439,400	\$528,752	\$0	\$299,940
Asset Seizure	\$155,677	\$2,000	\$25,000	\$0	\$132,677
Vehicle Abatement Fund	\$195,306	\$21,000	\$36,000	\$0	\$180,306
Park In Lieu	\$12,002	\$0	\$0	\$12,000	\$2
Street Improvment & Maint	\$220,296	\$2,133,800	\$1,330,423	\$843,340	\$180,333
Public Art Fund	\$52,149	\$6,050	\$15,000	\$0	\$43,199
Measure J-Paratransit Fund	\$32,383	\$146,052	\$112,678	\$0	\$65,757
Grants	\$209,715	\$307,500	\$314,500	\$0	\$202,715
C.O.P.S. Grant Fund	\$140,000	\$100,000	\$30,000	\$0	\$210,000
City Housing Trust Fund	\$0	\$0	\$0	\$0	\$0
City LMI Housing Fund	\$1,361,080	\$250,000	\$105,421	\$0	\$1,505,659
Capital Improvement Fund	(\$1,505,651)	\$2,568,313	\$1,828,639	\$276,082	(\$1,042,059)
Integrated Waste Mgmt	\$247,155	\$2,345,523	\$2,387,233	\$131,000	\$74,445
Vehicle/Equip Replacement	(\$26,862)	\$155,394	\$128,532	\$0	\$0
Total	\$1,876,358	\$11,227,318	\$9,691,096	\$1,343,325	\$2,069,255

*Ending balance as reflected by the Comprehensive Annual Financial Report (CAFR) as of June 30, 2015.

FY 2015-16 BUDGET

SPECIAL FUNDS BUDGET SUMMARY

- **Personnel expenditures tracking lower than the adopted budgeted**
- **Revenue on track with budget**
- **Special funds will end year with surplus**

FY 2015-16 BUDGET

PROPOSED BUDGET AMENDMENTS

Fund Name	2015-16 Adopted Appropriations	Encumbered Carryover	Adjustments	Total Proposed Amendments	2015-16 Amended Appropriations
General Fund	\$30,840,245	\$8,448	\$1,302,351	\$1,310,799	\$32,151,045
Gas Tax Fund	\$603,484	\$1,000		\$1,000	\$604,484
Nat'l Pollut Dis Elim Sys	\$293,091	\$7,500		\$7,500	\$300,591
Land & Light Assess Distr	\$759,095	\$13,314	\$15,000	\$28,314	\$787,409
Measure J-Return to Source	\$432,255	\$43,044		\$43,044	\$475,299
Measure J Storm Drain	\$760,993	\$1,045		\$1,045	\$762,038
Park In Lieu	\$0		\$12,000	\$12,000	\$12,000
Street Improvemt & Maint	\$1,330,423	\$590,090	\$253,250	\$843,340	\$2,173,763
Capital Improvement Fund	\$1,828,639	\$31,082	\$245,000	\$276,082	\$2,104,721
Integrated Waste Mgmt	\$2,387,233		\$131,000	\$131,000	\$2,518,233
Total	\$39,235,458	\$695,523	\$1,958,601	\$2,654,124	\$41,889,582

**Total Adopted only represents totals for fund in chart, not total appropriations for all funds.

- **Encumbered carryover- prior year commitments**
- **Adjustments- use of available revenues for new commitments**

FY 2017-18 & FY 2018-19 BIENNIAL BUDGET CALENDAR

March 15

Mid-Year Budget Update

April –May

**Proposed Master Fee Schedule
Assessments**

May- June

**FY 2017-18 and FY 2018 -19 Budget
Discussions**

June

**Adopt FY 2017-18 and FY 2018 -19
Budget
FY 2017-18 Appropriation Authority**

MID-YEAR BUDGET UPDATE

Questions?

