



## Legislation Text

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**File #:** 19-323, **Version:** 1

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*Report Prepared by: Steven S. Carrigan, City Manager*

**SUBJECT:** Continued Public Hearing to Allow Interested Persons to be Heard Prior to Adoption of Resolutions Adopting of the City Council, Public Financing and Economic Development Authority and Parking Authority Fiscal Year 2019-20 Budget with Revision(s), if any, and Appropriation of the Revenue and Approval of the Capital Projects for Each Respective Budget

### REPORT IN BRIEF

Continued Public Hearing and adoption of the Fiscal Year 2019-20 City Council, Public Financing and Economic Development Authority, and Parking Authority Budget.

### RECOMMENDATION

**City Council** - Adopt a motion:

- A. Adopting **Resolution 2019-35**, Resolution of the City Council of the City of Merced, California, Adopting the Budget and Appropriating Revenue for Fiscal Year 2019-2020; and,
- B. Approving capital projects based upon the Planning Commission's June 5, 2019 finding of consistency of Capital Improvement Program with the General Plan and as modified by recalculation of carryover projects to reflect actual balances as of June 30, 2019.

**Public Financing and Economic Development Authority** - Adopt a motion:

- A. Adopting **Resolution PFA 2019-01**, Resolution of the City of Merced Public Financing and Economic Development Authority, Adopting the Budget and Appropriating Revenue for Fiscal Year 2019-2020; and,
- B. Approving capital projects based upon the Planning Commission's June 5, 2019 finding of consistency of Capital Improvement Program with the General Plan and as modified by recalculation of carryover projects to reflect actual balances as of June 30, 2019.

**Parking Authority** - Adopt a motion:

- A. Adopting **Resolution PA 2019-01**, Resolution of the City of Merced Parking Authority, Adopting the Budget and Appropriating Revenue for Fiscal Year 2019-2020; and,
- B. Approving capital projects based upon the Planning Commission's June 5, 2019 finding of consistency of Capital Improvement Program with the General Plan and as modified by recalculation of carryover projects to reflect actual balances as of June 30, 2019.

## ALTERNATIVES

1. Approve, as recommended by City Manager; or
2. Approve, subject to other than recommended by City Manager (identify specific findings and/or conditions amended to be addressed in the motion); or
3. Deny; or,
4. Refer to City Manager for reconsideration of specific items (specific items to be addressed in the motion); or,
5. Continue to a future meeting (date and time to be specified in the motion).

## AUTHORITY

Charter of the City of Merced, Sections 1104 and 1105.

## DISCUSSION

The City Council has held two budget review sessions, three town hall meetings, and a Budget Priority Session that has provided for public input on projects, programs and funding included in the Proposed Fiscal Year 2019-20 Budget.

Based on the City Council's on-going priority of adopting a balanced and sustainable budget, staff presented alternative options on May 20 and June 3, 2019 to reduce the \$69,808 operating deficit in the General Fund, which had been presented with the City Manager recommended budget. Per Council direction, two of the options presented by staff were selected in order to not only eliminate the deficit but to increase fund balance. The Proposed Budget includes the following changes from the City Manager Recommended Budget:

- Reduce personnel expenses for a Fire Battalion Chief requiring to hold the vacancy for three pay periods into the 19-20 fiscal year
- Reduce personnel expenses due to the resignation of a Senior Police Officer to be replaced with a Police Officer trainee
- Reduce personnel expenses for a Public Works Street Trees Supervisor requiring to hold the vacancy for two pay periods into the 19-20 fiscal year
- Moved \$69,808 of Fire and Police operating budget to Measure C
- Added appropriation of \$40,000 as a one-time project cost for upgrading the 27<sup>th</sup> and K St Facility

The attached Errata List also includes changes for the following:

- Revised FY 2019-20 gas tax revenue estimates due the State's May budget revise required revising and reconciling Gas Tax Funds, Street Maintenance Fund, and projects
- CFD Improvement Area #34-Northview Professional Services Center has pulled building permits and will be newly assessed in FY 19-20. The accounting structure requires several revisions, although minor, to CFD and Maintenance District revenue and expenses accounts.

If the "Recommended Budget" is approved by the City Council the Errata List will be included as part of the 2019-20 Adopted Budget.

The General Fund proposed budget meets the City Council's goal of balancing the expenditures to the revenues to be realized during the Fiscal Year and can be sustained as presented. In addition to the Operating Budget of \$41.9 million, some one-time expenditures are recommended to be included in the City's annual adopted budget. The one-time expenditures include funds for the replacement of the city's data storage system, ballot measure, upgrading the 27<sup>th</sup> and K Street facility, additional funding for the 2<sup>nd</sup> phase of the Enterprise Resource Planning system, set-aside for Trust 115 for pension and the continued support of the Revenue Stabilization and Economic Development Opportunity Funds. The total one-time expenditures are \$1,564,594.

Staff presented the City Manager recommended FY 2019-20 budget to the Measure C committee for approval. Measure C proposed budget includes moving .50 of a Police Officer and .50 of a firefighter to Community Facilities Districts. This would result in a total of 12.3 fire and 19.49 police personnel supported in Measure C. The City Council directed staff to transfer \$69,808 of police and fire operating expenses from the General Fund to Measure C. The Measure C committee will be updated at their next quarterly meeting.

The five-year Capital Improvement Program (CIP) was reviewed by the Planning Commission at the June 5, 2019 meeting and was found to be consistent with the General Plan as required by State Law.

## **ATTACHMENTS**

1. City Council Resolution
2. Public Finance and Economic Development Authority Resolution
3. Parking Authority Resolution
4. Errata List
5. Fund Summary