STAFF REPORT

SAUSALITO CITY COUNCIL

AGENDA TITLE:

Adopt the FY 2015-16 Budget.

RECOMMENDED MOTION:

Move to adopt the following two Budget Resolutions:

1. Approving the Appropriation Limit for FY 2015-16 Pursuant to Article XIII B of the California Constitution (Gann Limit)
2. Approving the Budget for the 2015-16 Fiscal Year

SUMMARY

The City Council of the City of Sausalito reviewed, considered and took public testimony on the draft Fiscal Year 2015-16 Budget at a budget workshop on May 19, 2015, and at its regularly scheduled City Council meetings on May 19 and June 2, 2015. This agenda item is for the City Council to adopt the proposed budget for FY 2015-16.

There are two specific actions the City Council must take to formally adopt the FY 2015-16 Budget:

1. Approving the Appropriation Limit for FY 2015-16 Pursuant to Article XIII B of the California Constitution (Gann Limit)
2. Approving the Budget Appropriations for the 2015-16 Fiscal Year

DISCUSSION

The Draft FY2015-16 2nd Year Budget was introduced to the City Council both at a budget workshop and at its regularly scheduled City Council meeting of May 19, 2015. The budget was further discussed at its June 2, 2016 regularly scheduled City Council meeting. During those meetings, staff summarized the operating and capital budgets, and presented a schedule additional items considered during the 2nd year budget within the 2 Year Resource Allocation Plan.

Fund/Department/Item for Consideration
General Fund:
• <u>Revenues and Expenses</u>
○ Measure "O" ½ cent sales tax revenues
○ OPEB funding-ARC
○ Pension funding-Prepayment discount

Fund/Department/Item for Consideration
• Administration
○ Senior Business Analyst position upgraded to Finance Manager to reflect the forthcoming retirement of the incumbent Administrative Services Director / Treasurer
• Information Technology
○ Planning/Permitting software for the Community Development and Engineering Departments
○ IT Strategic Plan placeholder
• Police
○ Police Officer partially funded with 3-year grant
• Community Development
○ Historic preservation regulations
○ Formula retail zoning ordinance amendment
○ Vacation rental code enforcement (revenue neutral through anticipated increased Transient Occupancy Taxes)
○ Planning Commissioners' Academy training
• Recreation
○ CARSS Program revenues, grants and expenditures
• Library
○ Enhanced book budget
• Non-departmental
○ CARSS grant
○ Homeless Civic Funding
○ Transfer Out to CIP Fund
○ Transfers Out to CIP Fund Measure "O" ½¢ Sales Tax
Capital Projects Fund
• Major Parks Renovation ○ Dunphy Park ○ Robin Sweeney Park ○ Southview Park • Marinship Marine Rails project
• General Plan Circulation Element
• Measure O Funding
○ Enhanced street, concrete street funding; traffic and transportation repairs compliant with ADA requirements; storm drain master plan and storm drain ROW repairs
• Downtown and Bridgeway Tree and Median Maintenance
• Enhanced Landscape Maintenance
• Water Conservation Improvements
• Flashing Crosswalk Indicators
• Dunphy Park modular restroom

Fund/Department/Item for Consideration
• City Hall beautification
MLK Fund
• Finance year 10-year facility assessment needs through Certificates of Participation • Finance major parks renovation projects through Certificates of Participation
Parking Fund
• Bicycle parking congestion management program • Chamber of Commerce kiosk request
Sewer Fund
• City and District consolidation study

Items given consideration but not funded in the FY 2015-16 2nd Year budget were:

Category	Project	One-time Cost	Annual Cost
Police	Body Cameras	$750-$1,000 per officer, 19 officers = $13,250 - $19,000	$50 per camera per month = $11,400 per year
	Mobile License Plate Readers (LPR) Patrol Cars	$16,000 per car, 7 patrol cars = $112,000	Software/Maint$4,000 per year Cloudbased Video Storage $3,500 per year
	Mobile License Plate Readers (LPR) PEO Cars	$50,000 per camera per vehicle, 3 PEO vehicles = $150,000	Software/Maint$4,000 per year Cloudbased Video Storage $3,500 per yea
	Stationary License Plate Readers	System Cost between $120,000 and $260,000; includes 14 cameras	Annual Maintenance between $8,000 and $18,000 per year
	Electric bicycle	$7,962	
	Emergency services planner		$25,000
	Mobile Force Option trailer	$5,000	$500
Staff is analyzing the recent Police Officers Standards and Training level of service report presented to the City Council at its regularly schedule City Council meeting on June 2, 2014 including how best to deploy and fund Body Cameras, LPRs, bicycles, an emergency services planner and mobile trailers to leverage law enforcement services while retaining General Fund structural balance. Staff will return with a series of reports over the winter on next steps and recommendations.			
CDD	Code enforcement		$50,000
Code enforcement was not recommended for funding primarily because the additional annual costs are beyond the General Fund's current structural balance; and staff is looking into shared services.			

Category	Project	One-time Cost	Annual Cost
CDD	Noteworthy Structures	$80,000	
	Downtown national historic register	$60,000	
	Marinhsip historic district & national register	$30,000	
	Machine Shop	$30,000	
	Mills Act	$20,000	
These advance planning projects were deferred to FY16-17, FY17-18, FY18-19, FY19-20 and FY20-21 respectively; and will be further evaluated and prioritized our November strategic planning session, and two-year budget cycle.			
RBRA	Richardson Bay	$92,000	
RBRA funding decision to be considered after the RBRA workshops in FY16			

Approving the Appropriation Limit for FY 2015-16 Pursuant to Article XIII B of the California Constitution (Gann Limit)

Article XIII B of the Constitution of the State of California provides that the total annual appropriations limitation of each government entity shall not exceed the appropriations limit of such entity of government for the prior year adjusted for certain changes mandated by Proposition 4 passed in November, 1979 and Proposition 111 passed in June, 1990, except as otherwise provided for in said Article XIII B and implementing State statutes. Pursuant to Article X111 B, and Section 7900 et seq of the California Government Code, the City is required to set its appropriations limit for each fiscal year. Staff has conducted the necessary analysis and calculations to determine the appropriations limit for Fiscal Year 2015-16, relying on the permanent Fiscal Year 1993-94 limit approved by the voters on November 3, 1994, and the following two adjustment factors: Change in Population for the City of Sausalito and Change in Per Capita Income provided by the State of California, Department of Finance. Based on such calculations, the Administrative Services Director/Treasurer has determined the said appropriations limit for the Fiscal Year 2015-16 in the amount of $12,736,766. Pursuant to Section 7910 of the Government Code, the City, through this staff report and this public meeting has made available to the public the documentation used in the determination of the limit.

City of Sausalito			
APPROPRIATIONS SPENDING LIMIT			
Prop 4 - Gann Limit FY 2016			
New Appropriation Limit for Fiscal Year 2014-15			**12,123,850**
FY 2016 Adjustment Factors:			
A.	Change in Population (City from 7,214 to 7,300)	1.0119	
B.	Change in Non-Residential Assessed Valuation	N/A	
C.	Change in Per Capita Income	1.0382	
	A times C	1.0506	
	Total Adjustment (Dollars)	**0.0506**	**612,916**
New Appropriation Limit for Fiscal Year 2015-16			**12,736,766**

Schedule 2: Appropriations Compared to Limit		
Proceeds from Taxes	(Schedule 3)	**9,818,890**
Less Exclusions (G.O. Debt Payments)		
Appropriations Subject to Limit FY 2016		**9,818,890**
Appropriations Limit for FY 2016	(Schedule 1)	**12,736,766**
Amount under Appropriations Limit		**2,917,876**

Schedule 3: Determination of Proceeds of Taxes Per Budget for FY 2015-16			
	Proceeds of Taxes	**Non-Proceeds**	**Total**
Taxes			
Property Tax	4,350,000		4,350,000
Sales Tax	3,200,000		3,200,000
SB 172 Tax	60,000		60,000
TOT Tax	1,400,000		1,400,000
Business License	564,000		564,000
State Subventions:			
Motor Vehicle in Lieu			-
Homeowners Exemption	37,500		37,500
State Reimbursements/SB 90		10,000	10,000
Booking Fee Reimbursement			-
Abandoned Vehicle Abatement		6,000	6,000
Other Revenues:			
Franchise Fees		805,000	805,000
Building/Planning Permits		649,000	649,000
Fines		610,000	610,000
Fees for Services		524,800	524,800
Rentals		284,000	284,000
Transfers In - not related to taxes		2,080,026	2,080,026
Miscellaneous		18,350	18,350
Sub-Total	9,611,500	4,987,176	14,598,676
Allocation of Interest			
Subtotals Percent of Total	207,390	107,610	315,000
Total General Fund	**9,818,890**	**5,094,786**	**14,913,676**

Approving the Budget for the 2015-16 Fiscal Year

1. The City Council of the City of Sausalito adopts an annual budget to carry on the various department, divisions, and programs of the municipality and to provide for the payment of bonded indebtedness of the City each fiscal year, and to control the use of public monies. The budget provides for a continuation of the high level of municipal services that Sausalito residents are currently receiving, The FY 2015-16 Capital Budget invests in street, parks, storm drain and other infrastructure improvements The budget document provides details on levels of service and capital improvements. The following table designates the level of legal control for each department/fund of the City.

City of Sausalito

CITYWIDE SUMMARY OF THE CITY OF SAUSALITO ADOPTED BUDGET

FY 2015-16 Proposed

Description	Revenues & Transfers In	Expenditures & Transfers Out	Change to Fund Balance	Description	Revenues & Transfers In	Expenditures & Transfers Out	Change to Fund Balance
General Fund	14,913,676			***Debt Service Funds***			
Administration/Finance		1,568,997		Tidelands Loan	72,155	72,155	-
Information Technology		781,468		2006 General Obligation Bonds	505,061	481,010	24,051
Community Development		1,122,998		***Total Debt Service Funds***	**577,216**	**553,165**	**24,051**
Non-Department		2,784,015					
Police		5,049,821		***Capital Projects Funds***			
Dept of Public Works		1,806,932		General Capital Projects	7,093,333	8,468,833	(1,375,500)
Recreation		897,996		***Total Capital Projects Funds***	**7,093,333**	**8,468,833**	**(1,375,500)**
Library		871,242		***Enterprise Funds***			
Total General Fund	**14,913,676**	**14,883,469**	**30,207**	Sewer	2,506,000	2,382,636	123,364
Special Revenue Funds				Old City Hall	285,000	285,000	-
Tidelands Fund	719,350	781,738	(62,388)	MLK Rental Property	8,525,000	7,917,110	607,890
Traffic Safety	40,000	40,000	-	Parking	2,262,500	2,321,367	(58,867)
Gas Tax	168,000	162,000	6,000	***Total Enterprise Funds***	**13,578,500**	**12,906,113**	**672,387**
Construction Impact Fees	150,000	150,000	-	***Internal Service Funds***			
County Measure A and B	120,000	240,000	(120,000)	Vehicle Replacement	100,227	152,000	(51,773)
Storm Drainage	74,500	108,500	(34,000)	Worker's Comp	260,000	259,000	1,000
Stairs	-	20,000	(20,000)	Employee Benefits	217,650	212,650	5,000
Recreation Grant	55,000	55,000	-	***Total Internal Service Funds***	**577,876**	**623,650**	**(45,773)**
Total Special Revenue Funds	**1,326,850**	**1,557,238**	**(230,388)**				
				Citywide Totals with Transfers In / Out	**38,067,451**	**38,992,468**	**(925,017)**
				Less Transfers Between Funds	(4,954,058)	(4,954,058)	-
				Citywide Totals Net of Transfers In / Out	**33,113,394**	**34,038,411**	**(925,017)**

FISCAL IMPACT

The City of Sausalito continues to be fiscally responsible, with a structurally balanced budget, solid reserves and the capability to continue providing for a local economic stimulus. The following table details the projected fiscal impact of the General Fund and related reserves from adopting the FY 2015-16 budget:

	Total General Fund - Rev, Exp, Fund Balance	Nonspendable Investment in MLK, Prepaids	Assigned Fund Balance for Stabilization Reserve (5%)	Unassigned Emergency Shortfall Reserve (10%)	Unassigned Fund Balance	Disaster Assistance Fund - Fund Balance	Total Reserves	Total Liquid Reserves	Liquid Reserves as % of Annual Exp	Total Reserves as % of Annual Exp
FY 2016 Revenues	14,913,676									
Less FY 2016 Expenditures	-14,883,469									
Net Revenues / Expenditures	**30,207**	**-6,368,240**	55,386	110,772	-135,951					
Beginning Balance 07/01/2015	**9,787,676**	**6,368,240**	**688,788**	**1,377,575**	**1,353,073**	**964,069**	**10,751,745**	**4,383,505**		
Ending Balance 06/30/2016	**9,817,883**	**0**	**744,173**	**1,488,347**	**1,217,122**	**964,069**	**4,413,712**	**4,413,712**	**29.7%**	**29.7%**

STAFF RECOMMENDATIONS

Staff recommends that the City Council adopt the proposed FY 2015-16 Budget and approve the Appropriation Limit.

RECOMMENDED MOTION:

Move to adopt the following two Budget Resolutions:

1. Approving the Appropriation Limit for FY 2015-16 Pursuant to Article XIII B of the California Constitution (Gann Limit)
2. Approving the Budget for the 2015-16 Fiscal Year

ATTACHMENTS

1. A Resolution of the City Council of the City of Sausalito Approving the Appropriation Limit for FY 2015-16 Pursuant to Article XIII B of the California Constitution (Gann Limit)
2. A Resolution of the City Council of the City of Sausalito Approving the Budget for the 2015-16 Fiscal Year
3. Draft 2nd Year Budget document

PREPARED BY:

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Charles D. Francis
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SUBMITTED BY:

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Adam Politzer
City Manager