

CITY OF YUBA CITY
STAFF REPORT

Date: June 16, 2020
To: Honorable Mayor & Members of the City Council
From: Finance/IT Department
Presentation By: Spencer Morrison, Finance Director

Summary

Subject: Adoption of the City of Yuba City's Fiscal Year 2020-2021 Operating and Capital Budgets and Fiscal Year 2020-2021 Appropriations Limit.

Recommendation: A. Adopt a Resolution approving the proposed Fiscal Year 2020-2021 Operating Budget and consider an increase to the City Clerk division budget for estimated election costs of \$60,000 and an increase of \$200,000 for Legal Services per staff recommendations, as part of this budget or an amendment at a later date. The proposed All Funds Budget Summary for Fiscal Year 2020-2021 is attached.

B. Adopt a Resolution approving the Fiscal Year 2020-2021 Capital Improvement Program. Project Summaries by Funding Source are attached to the resolution.

C. Adopt a Resolution approving the City's Appropriations Limit for Fiscal Year 2020-2021.

Fiscal Impact: Adoption of these documents sets forth the City's financial plan for the next twelve months.

Purpose:

To formally adopt policy documents authorizing implementation of fiscal priorities during Fiscal Year 2020-2021.

Background:

The City Council held a budget workshop on May 26th to review the proposed operating budget and capital improvement program. At that time, the Finance Director provided an overview of the upcoming year and presented assumptions, charts, and changes from prior years that were included in the proposed budget. The City Council asked questions and made comments with regard to the proposed operating budget. In addition, City Council was provided an overview of the proposed projects provided for in the City's Capital Improvement Project budget. City Council discussed and made the following changes/amendments to the proposed budgets at the budget workshop:

- The staff-recommended 2.5% General Fund expenditure budget reductions (5% prepared by Community Services) estimated at \$1,550,371 with the following exceptions totaling \$293,271 in reductions from the department's scenarios.
 - Plans for use of funds from the Vehicle Replacement Plan will be removed in all scenarios and the scenario will instead be supplemented from the Healthy Cities Reserve in the same amounts totaling \$171,955;
 - Development services will not be subjected to the budget reduction scenario, reducing savings by \$64,066; and
 - The Police Department recruit position will be removed from the 2.5% scenario and remain funded for the remainder of the fiscal year following graduation from the academy, a reduction to savings of \$57,250.
- Draw \$500,000 from the Pension Stabilization Trust to reimburse the General Fund for pension expenditures.
- Purchase the staff-recommended Police motorcycles from within the existing, Vehicle Replacement Plan funds, \$125,000.
- Rely on 15% of the Healthy Cities Reserve (General Fund balance) as of July 1, 2020 to close the proposed deficit by \$956,643.
- Reduce the Healthy Cities Reserve by \$171,955 that was excluded from the department reduction scenarios.
- Make replenishing the Healthy Cities Reserve to 15% a priority in future budgets and in planned use of future surpluses.
- A City Council Ad Hoc Committee was formed at the June 9, 2020 special meeting to review the Vehicle Replacement Plan, the City Council budget submission, and other budget items for the purpose of identifying further value to help reduce the estimated deficit.
- The 10% contribution to the Yuba Sutter Lodging Association will be discussed by the City Council Ad Hoc Committee.
- Enterprise fund department budgets will receive no reductions, but will also be reviewed by the Ad Hoc Committee and recommendations for budget amendments will be considered at the next budget review in the September/October timeframe.
- The FY 2020-21 proposed budget does not include rate study input on revenues for water or wastewater operating funds since the rate model update is not yet completed. City Council will review rates and the updated rate model at a future meeting; any budget amendments, if applicable, will be made at that time.

Analysis:

As discussed at the budget workshop, Finance is recommending various year end transfers to occur as of June 30, 2020, prior to the start of the new fiscal year. They include the following:

Revisiting the Budget in Three Months

Department heads presented 2.5%, 5.0%, and 7.5% budget reduction scenarios at the June 2, 2020, regular council meeting and staff received direction from City Council at a special meeting on June 9, 2020, for authorized budget reductions and amendments to the proposed budgets which closed the proposed \$3.5 million deficit to an estimated \$600 thousand. The City's fiscal position will be evaluated again in the September/October timeframe and budget amendments will be presented as appropriate per conditions identified leading up to that meeting.

Addition of Authorized Position for Sutter Animal Services Authority

Add one authorized Sutter Animal Services Authority (SASA) position to the City of Yuba City. As lead agency, it is Yuba City's role to hire for vacancies and replace Sutter County employees with Yuba City employees after retirements and separations. Recently, a longtime SASA/Sutter County Office Assistant III, Nina Howell, retired after 18 years of service to our community. Staff researched the comparable Yuba City position and determined that an Administrative Clerk III (Local 1) is most substantially similar and the Community Services Director plans to recruit for an Administrative Clerk II/III position which are on the existing salary schedule. The pay ranges for these positions are from \$2,690 to \$3,763 monthly. The budget impact is anticipated to be a savings of \$3,200 to the General Fund.

Water and Wastewater Working Capital:

In accordance with the provisions of the City's Budget Policy, direction is to ensure that as of June 30, 2020, the Water Fund and the Wastewater Fund have a 90-day working capital balance. Working capital beyond the 90-day requirement will be transferred to the respective capital improvement program fund for future rehabilitation and replacement projects for the utility (Section 5 of the budget adoption resolution).

Additional Considerations:

Other considerations to add to this budget are election cost, estimated to be \$60,000 and an increase to the City Attorney budget recommended by staff of \$200,000. The legal services budget is charged throughout the year for services from Aleshire & Wynder, LLP for City Attorney matters and Best Best & Krieger, LLP for personnel and project matters. These may be brought to City Council as an amendment at a future meeting.

Fiscal Impact:

Adoption of an operating budget and a capital improvement program budget that prioritizes the needs of the community.

Alternatives:

Make other changes to the budget as proposed.

Recommendation:

The required resolutions have been prepared and are attached for Council consideration.

Attachments:

1. Resolution approving the proposed Fiscal Year 2020-2021 Operating Budget
2. Resolution approving the proposed Fiscal Year 2020-2021 Capital Improvement Program Budget
3. Resolution approving the City's Appropriations Limit for Fiscal Year 2020-2021
4. All Funds Budget Summary for FY 2020-2021

Prepared By:

/s/ Spencer Morrison

Spencer Morrison
Finance Director

Submitted By:

/s/ Diana Langley

Diana Langley
Interim City Manager

Reviewed By:
City Attorney

[SLC by email](#)

ATTACHMENT 1

RESOLUTION NO.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY ADOPTING THE CITY'S OPERATING BUDGET FOR FISCAL YEAR 2020-2021

WHEREAS, a proposed operating budget for the City of Yuba City for the fiscal year commencing July 1, 2020 and ending June 30, 2021 was submitted to the City Council by the Interim City Manager on May 22, 2020 in accordance with Section 2-2.02 of the Municipal Code; and,

WHEREAS, a special City Council workshop on the proposed FY 2019-2020 Operating Budget ("proposed annual budget") was held on May 26, 2020, budget reduction scenarios were presented by staff at the regular June 2, 2020 meeting, and further direction was provided by City Council at a special meeting on June 9, 2020; and,

WHEREAS, the City Council desires to make certain year-end transfers in the current fiscal year to establish reserves and anticipate certain expenditures that are incorporated in the proposed annual budget.

NOW, THEREFORE, the City Council of the City of Yuba City does hereby resolve as follows:

Section 1. The proposed annual budget is adopted as the annual budget for the City of Yuba City for the fiscal year commencing July 1, 2020 and ending June 30, 2021 with amendments as specified:

- The staff-recommended 2.5% General Fund expenditure budget reductions (5% prepared by Community Services) estimated at \$1,550,371 with the following exceptions totaling \$293,271 in reductions from the department's scenarios.
 - Plans for use of funds from the Vehicle Replacement Plan will be removed in all scenarios and the scenario will instead be supplemented from the Healthy Cities Reserve in the same amounts totaling \$171,955;
 - Development services will not be subjected to the budget reduction scenario, reducing savings by \$64,066; and
 - The Police Department recruit position will be removed from the 2.5% scenario and remain funded for the remainder of the fiscal year following graduation from the academy, a reduction to savings of \$57,250.
- Draw \$500,000 from the Pension Stabilization Trust to reimburse the General Fund for pension expenditures.
- Purchase the staff-recommended Police motorcycles from within the existing, Vehicle Replacement Plan funds, \$125,000.
- Rely on 15% of the Healthy Cities Reserve (General Fund balance) as of July 1, 2020 to close the proposed deficit by \$956,643.
- Reduce the Healthy Cities Reserve by \$171,955 that was excluded from the department reduction scenarios.
- Make replenishing the Healthy Cities Reserve to 15% a priority in future budgets and in planned use of future surpluses.
- A City Council Ad Hoc Committee was formed at the June 9, 2020 special meeting to review the Vehicle Replacement Plan, the City Council budget submission, and other budget items for the purpose of identifying further value to help reduce the estimated deficit.
- The 10% contribution to the Yuba Sutter Lodging Association will be discussed by the City Council Ad Hoc Committee.

- Enterprise fund department budgets will receive no reductions, but will also be reviewed by the Ad Hoc Committee and recommendations for budget amendments will be considered at the next budget review in the September/October timeframe.

Section 2. The Finance Director is directed to ensure that as of June 30, 2020, the Water and Wastewater operating funds have a 90-day reserve fund balance in accordance with the provisions of the City's Budget Policy.

Section 3. The Community Services Director is directed to recruit an Administrative Clerk II/III position adding to the Yuba City staff serving Sutter Animal Services Authority, replacing the recently retired Sutter County Office Assistant III which has substantially similar skill and experience level requirements.

Section 4. The Finance Director will consider adding election costs to this budget, estimated to be \$60,000 and an increase to the legal services budget recommended by staff of \$200,000. The legal services budget is charged throughout the year for services from Aleshire & Wynder, LLP for City Attorney matters and Best Best & Krieger, LLP for personnel and project matters.

Section 5. The Finance Director is authorized to make other such revisions, individual appropriation line-item changes, changes in summaries, fund totals, grand totals, and other portions of the budget document as necessary to reflect and implement the programs specified in this resolution, and in full accordance to the direction provided by the City Council up until the adoption of the resolution.

The foregoing Resolution of the City Council of the City of Yuba City is duly introduced, PASSED AND ADOPTED at a regular meeting thereof held on this 16th day of June, 2020 by the following vote:

AYES:

NOES:

ABSENT:

Shon Harris, Mayor

ATTEST:

Patricia Buckland, City Clerk

APPROVED AS TO FORM
COUNSEL FOR YUBA CITY

Shannon L. Chaffin, City Attorney
Aleshire & Wynder, LLP

ATTACHMENT 2

RESOLUTION NO.

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY
ADOPTING THE CITY'S CAPITAL IMPROVEMENT PROGRAM BUDGET FOR FISCAL
YEAR 2020-2021**

WHEREAS, a proposed capital improvement program budget for the City of Yuba City for the fiscal year commencing July 1, 2020 and ending June 30, 2021 was submitted to the City Council by the Finance Director on May 22, 2020 in accordance with Section 2-2.02 of the Municipal Code; and,

WHEREAS, a special City Council workshop on the proposed FY 2020-2021 Capital Improvement Program Budget ("proposed CIP budget") was held on May 26, 2020; and,

WHEREAS, City Council reviewed and discussed projects proposed in the FY 2020-2021 Capital Improvement Program Budget during the budget workshop on May 26, 2020; and,

NOW, THEREFORE, the City Council of the City of Yuba City does hereby resolve as follows:

Section 1. The proposed annual CIP budget is adopted for the City of Yuba City for the fiscal year commencing July 1, 2020 and ending June 30, 2021.

Section 2. The Draft Capital Improvement Budget was provided to the Planning Commission for review and comment on May 19, 2020. The Planning Commission approved the findings of consistency with the General Plan at their regularly scheduled May 27, 2020 meeting.

The foregoing Resolution of the City Council of the City of Yuba City is duly introduced, PASSED AND ADOPTED at a regular meeting thereof held on this 16th day of June, 2020 by the following vote:

AYES:

NOES:

ABSENT:

Attest:

Patricia Buckland, City Clerk

Shon Harris, Mayor

APPROVED AS TO FORM
COUNSEL FOR YUBA CITY

Shannon L. Chaffin, City Attorney
Aleshire & Wynder, LLP

ATTACHMENT 3

RESOLUTION NO.

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY
DETERMINING AND ESTABLISHING THE CITY'S APPROPRIATIONS LIMIT FOR FISCAL
YEAR 2020-2021**

WHEREAS, on November 6, 1979, the voters of the State of California approved an initiative measure which added Article XIII B to the California Constitution; and,

WHEREAS, said constitutional provision imposes a limitation upon certain annual appropriations of state and local public entities; and,

WHEREAS, pursuant to said new constitutional provision, the State Legislature amended the Government Code by adding thereto Division 9 to Title I of said Code (§7900 et seq.); and,

WHEREAS, California Government Code Section 7910 requires the governing body of each local jurisdiction to establish its appropriations limit by resolution; and,

WHEREAS, pursuant to said code section, the documentation provided by the Finance Director upon which the determination and establishment of this resolution is based has been and is on file with and available for public inspection in the office of the City Clerk for fifteen (15) days prior to the date of adoption of this resolution.

NOW, THEREFORE, the City Council of the City of Yuba City does hereby resolve as follows:

Section 1. Pursuant to Government Code §7910 the appropriations limit for Fiscal Year 2020-2021 is determined to be and shall be the sum of \$206,254,226.

Section 2. The limitation established by the above paragraph includes only "appropriations subject to limitation," as said phrase is defined by Section 9 of Article XIII B of the California Constitution is the sum of \$31,976,235.

The foregoing Resolution of the City Council of the City of Yuba City is duly introduced, PASSED AND ADOPTED at a regular meeting thereof held on this 16th day of June, 2020 by the following vote:

AYES:

NOES:

ABSENT:

Attest:

Patricia Buckland, City Clerk

Shon Harris, Mayor

APPROVED AS TO FORM
COUNSEL FOR YUBA CITY

Shannon L. Chaffin, City Attorney
Aleshire & Wynder, LLP

ATTACHMENT 4

All Funds Budget Summary

FY 2020-2021

Fund Description	Estimated Beg. Balance 6/30/2020	Projected Revenues	Total Appropriations	Projected Ending Balance 6/30/2021
General Fund	\$ 6,377,622	\$ 43,224,100	\$ 45,019,984	\$ 4,581,738
Special Revenue Funds				
CDBG Program	190,700	666,900	666,900	190,700
CDBG Housing RLF	68,200	19,700	19,000	68,900
HOME Program Income	142,900	147,900	50,000	240,800
Streets & Roads	4,153,700	16,056,900	16,559,600	3,651,000
Transportation Development Act	1,469,700	1,763,500	1,161,100	2,072,100
Traffic Safety	336,200	188,400	200,000	324,600
Suspended Traffic Offender Program	218,700	93,300	125,000	187,000
Development Impact Fees	11,032,800	1,171,900	591,591	11,613,109
Fire Mitigation Impact Fees	4,500	1,600	-	6,100
Lighting & Landscape Maint. Districts	528,700	-	-	528,700
Residential Street Lighting	73,300	-	-	73,300
DOE Energy Conservation	58,700	-	-	58,700
Recology Rate Stabilization	64,600	-	-	64,600
Total Special Revenue Funds	18,342,700	20,110,100	19,373,191	19,079,609
Enterprise Funds				
Water Enterprise	9,070,300	16,247,700	13,793,414	11,524,586
Wastewater Enterprise	8,377,900	17,201,400	15,125,450	10,453,850
Total Enterprise Funds	17,448,200	33,449,100	28,918,864	21,978,436
Internal Service Funds				
Employee Benefits	565,200	3,727,800	3,727,800	565,200
Dental/Vision	285,300	582,200	530,000	337,500
Disability Program	211,500	85,900	43,500	253,900
General Liability	32,200	1,392,400	1,287,400	137,200
Workers Comp Insurance	1,184,000	1,424,300	1,674,300	934,000
Vehicle Maintenance	1,100	1,155,000	1,018,225	137,875
Vehicle Replacement	10,682,100	1,139,800	1,100,700	10,721,200
Technology Replacement	2,714,700	717,154	893,145	2,538,709
Total Internal Service	15,676,100	10,224,554	10,275,070	15,625,584
Total	\$ 57,844,622	\$ 107,007,854	\$ 103,587,109	\$ 61,265,367