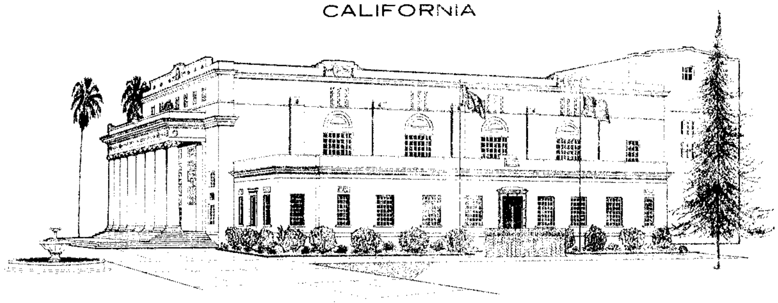
The City of Hanford

CALIFORNIA



City Council Meeting
Agenda

June 18, 2020
9:00 AM – Special Meeting
Training Room
319 N. Douty

9:00 A.M. CALL TO ORDER SPECIAL SESSION:

ROLL CALL BY THE CITY CLERK:

FLAG SALUTE:

PUBLIC COMMENT:

*Comments from the public are limited to items on the agenda (GC 54954.3a). A maximum of **three minutes** is allowed for each speaker. Please begin your comments by stating your name and providing your city of residence.*

GENERAL FUND BUDGET WORKSHOP:

A. Finance: Resolution 20-12-R approving the Preliminary FY 2020-21 Budget.

B. Finance: Adopt Resolution 20-13-R establishing Fiscal Year 2020-21 Appropriations Limit.

ADJOURNMENT:

Materials related to an item on this Agenda submitted to the City Council after distribution of the agenda packet are available to public inspection in the City Clerk's Office located at 319 N. Douty Street, Hanford, California 93230, during normal business hours. Such agendas are also available at the city's website, www.cityofhanfordca.com subject to staff's ability to post the agenda before the meeting.

If you need a disability-related modification or accommodation, including auxiliary aids or services, to participate in this meeting, please contact the City Clerk's office, 559-585-2515, 319 N. Douty Street, Hanford, California 93230, at least 2 days prior to the meeting {28 CFR 35.102.35.104 ADA Title II}

AGENDA
STAFF REPORT

MEETING DATE: 6/18/2020	AGENDA SECTION: A

SUBJECT:
Finance: Resolution 20-12-R approving the Preliminary FY 2020-21 Budget.

RECOMMENDATION:
That the City Council, by motion, adopt Resolution 20-12-R approving the Preliminary Budget for FY 2020-21.

BACKGROUND:
Included in the FY2020-21 budgets for council review are the General, Enterprise, and Special funds. Also included is the Five-Year Capital Improvement Plan covering fiscal years 2020-21 through 2024-25.

The General fund is the primary operating fund of the City of Hanford. Taxpayer dollars, business license fees, transient lodging taxes, state shared revenues, interest income, charges for specific services provided to the community, and miscellaneous revenues fund these operations. The operations consist of police, fire, parks & community services, community development, finance, accounting, and administrative support services. The Enterprise funds include activities supported by revenue generated through charges to customers for providing services. These include Refuse, Storm Drainage, Water, Wastewater, and Airport. Special funds include those activities funded through gas taxes, state and federal grants, housing grants and impact fees - such as TDA, CDBG, and LADS. Also included in this category are the internal service funds. These are operations that support all departments of the City and are allocated to these departments based on usage/services provided. The City of Hanford's internal service funds include IT, Building Maintenance, and Fleet Maintenance. The Five-Year Capital Improvement Plan lists all capital projects for the next five years by the type of work, descriptions of work being proposed, the locations/sites of the project, and the funding sources for each project.

The appropriations proposed for the FY2020-21 Budget by fund type are:

	FY2020-21 Appropriations
General Fund	$ 35,457,449
Enterprise Funds	28,045,566
Special Funds	34,581,071
CIP	8,891,480
Total	**$ 106,975,566**

General Fund

The General Fund budget is approximately $200,000 lower than FY2019-20 budget in appropriations. In past years, the appropriations budget typically increased each year due to general price increases; salary, personnel and retirements cost increases; and increased services and programs. These growths in expenditures were offset by increases in tax revenues, service charges and other miscellaneous revenues.

The last two quarters of Fiscal Year 2019-20 and beginning of Fiscal Year 2020-2021, however, have been heavily impacted by COVID-19. The City is still incurring increased costs - including retirement costs and unfunded liabilities - however, sales and property taxes, TOT, city services, and program revenues have all declined. Given the revenue projections, the City Manager has worked closely with all City departments to tighten up the budgets by cutting expenditures and deferring activities. All departments were also charged with reviewing current fees and other revenues and identifying additional sources of funding. At the beginning of the budget process, the General Fund had a deficit of ($3,464,324). Actions taken to reduce this deficit include:

- Reduced contributions to all reserves (building, equipment, and vehicle)
- Put hold on all fixed asset purchases
- Extended expectant life/use of current vehicles and major equipment
- Reduced transfers to Liability Fund
- Reduced certain programs and services
- Reviewed and adjusted allocations from General Fund to Enterprise funds
- Decreased overtime and projected health insurance costs
- Re-addressed revenue projections
- Reviewed and proposed adjustments to current fee schedule
- Reduced or removed contributions to external programs and organizations
- Unfunded certain vacant positions and also delayed filling others
- In lieu of not increasing staffing levels, used contracted outside sources for specific services

As a result of these actions, the General Fund budget presented to you today has a net surplus of $100,136.

Internal Service Funds

The same criteria used above for the General Fund were also applied to all the internal service funds since these are costs allocated to all City budgets. This played a role in the overall reduction of the General Fund deficit.

Special Funds

Many of the projects planned in previous CIP budgets for special funds are still anticipated to begin. Some of the specific funds, such as the Gas Tax funds, were also impacted by COVID-19, which may alter future projects. It is expected that further adjustments by the State of California will occur during the FY2020-21 budget year. Any major impacts of these State adjustments on approved appropriations will be brought to the Council for review.

Enterprise Funds

With the City's efforts to cut expenditures and increase revenues in the General Fund, the same actions also occurred in the Enterprise funds where feasible. The total Enterprise funds appropriations increased 3.14% from FY2019-20 to FY2020-21. This change consists of FY2019-20 salary increases from labor negotiations and the market increased costs of supplies and services.

Five Year Capital Improvement Plan

The five-year CIP was presented to the Parking & Traffic Commission on May 20th, the Park & Recreation Commission on June 8th, and the Planning Commission on June 9th. The Planning Commission has found that the Five-Year Capital Improvement Plan including fiscal years 2020-21 through 2024-25 is in conformance with the City's General Plan.

Staff Recommendation

Section 3.04.010 of the Hanford Municipal Code provides that the City Council, by resolution, shall adopt a preliminary budget for the ensuing fiscal year, which will serve as an interim budget until the final budget is approved on or before September 30, 2020.

Staff recommends that Council, by motion, adopt Resolution 20-12-R approving the Preliminary Budget for FY2020-21.

FISCAL IMPACT:

ATTACHMENTS:
FY21 Budget Resolution 061620

RESOLUTION NO. 20-12-R

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HANFORD APPROVING THE FISCAL YEAR 2019-2020 BUDGET

At a special meeting of the City Council of the City of Hanford, duly called and held on June 18, 2020 it was moved by Council Member ______________________, and seconded by Council Member _____________________, and carried that the following resolution be adopted:

WHEREAS, Section 3.04.010 of the Hanford Municipal Code provides that the City Council by resolution, shall adopt a preliminary annual budget, and

WHEREAS, the Planning Commission of the City of Hanford found that the Five-Year Capital Improvement Plan including fiscal years 2020-2021 through 2024-2025, is in conformance with the City's General Plan, and

WHEREAS, the City Council of the City of Hanford has reviewed the Draft Preliminary Budget for fiscal year 2020-2021 and the Five-Year Capital Improvement Program including fiscal years 2020-2021 through 2024-2025, and

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Hanford hereby declares as follows:

A) The FY 2020-2021 Budget is approved as recommended. The approximate totals of appropriated expenses are:

	FY2020-21 Appropriations
General Fund	$ 35,457,449
Enterprise Funds	28,045,566
Special Funds	34,581,071
CIP	8,891,480
Total	**$ 106,975,566**

Passed and adopted at a special meeting of the City Council of the City of Hanford, duly called and held on the 18th day of June, 2020 by the following vote:

I HEREBY CERTIFY that the foregoing Resolution was passed and adopted by the Council of the City of Hanford at a regular meeting thereof held on ______________________by the following vote:

COUNCIL MEMBERS: DRAXLER, DEVINE, RAMIREZ, BRIENO & SORENSEN

AYES: ______________________________________

NOES: ______________________________________

ABSTAIN: ______________________________________

ABSENT: ______________________________________

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Sarah Martinez
CITY CLERK and Ex Officio Clerk
of the Council of the City of Hanford

APPROVED

____

John Draxler
MAYOR of the City of Hanford

AGENDA
STAFF REPORT

MEETING DATE: 6/18/2020	**AGENDA SECTION:** B

SUBJECT:
Finance: Adopt Resolution 20-13-R establishing Fiscal Year 2020-21 Appropriations Limit

RECOMMENDATION:
That the City Council, by motion, adopt Resolution 20-13-R establishing the appropriation limits for the 2020-2021 fiscal year.

BACKGROUND:
Article XIII B of the California Constitution and its implementing legislation require the City Council annually to establish appropriation limits as to locally controlled revenues such as property taxes, sales tax, business license taxes, and unrestricted state subventions such as motor vehicle in-lieu, and homeowners' property tax exemption. The annual limit is increased by population growth and cost of living factors. The change in population can be based on (a) growth in the City of Hanford or (b) growth in the Kings County total population. The cost of living change can be (a) change in California per capita personal income or (b) growth in local non-residential new construction.

The appropriation limit is $72,060,217 and proceeds of taxes are $25,419,000. Since the City's appropriation limit is $46,641,217 in excess of its proceeds of taxes, it is safe to say we should not exceed our limit this year.

Schedules "A" and "B" attached to the proposed adopting resolution show how the limit was determined. The proposed resolution is attached.

The City Council must annually establish the limit and select the growth factors by resolution. The adoption of the resolution must be at a regularly scheduled meeting of the council or at a noticed special meeting. Documentation used in determining the appropriation limit must be, and was, available for public review on the State of California Department of Finance website fifteen days prior to the meeting.

FISCAL IMPACT:

ATTACHMENTS:
APPROPRIATIONS LIMIT SCHEDULE A FY2021
APPROPRIATIONS LIMIT SCHEDULE B FY2021
RESOLUTION 20-13-R APPROP FY21

Schedule "A"

CITY OF HANFORD
SCHEDULE TO ADJUST AND CALCULATE THE
FISCAL YEAR 2020-2021 APPROPRIATION LIMIT

2019-2020	Appropriation Limit	$68,831,996
	Add Appropriations for Annexation Service Delivery Change	0
	Add Booking Fee Financial Responsibility Change	0
	Add Property Tax Administration Financial Responsibility Change	0
	Subtotal	$65,417,217
	Apply Ratio of Change Factor (Schedule "B")	1.0469
2020-2021	Appropriation Limit	$72,060,217

Schedule "B"

CITY OF HANFORD
WORKSHEET FOR PERMITTED GROWTH RATE IN APPROPRIATION LIMIT
2020-2021

2019-2020	Population Change – Kings County	0.93%
	Converted to A Ratio =	1.0093
	California Per Capita Income Change:	3.73%
	Converted to A Ratio =	1.0373
	Calculation of Factor for 2020-2021:	1.0093 x 1.0373 = **1.0469**

The ratio of change factor is applied to the prior fiscal year appropriation limit to establish the new fiscal year limit.

The population change and per capital income percentages are provided by the State Department Finance.

RESOLUTION NO. 20-13-R

RESOLUTION ESTABLISHING FISCAL YEAR 2020 APPROPRIATIONS LIMIT
PURSUANT TO ARTICLE XIIIB OF THE CALIFORNIA CONSTITUTION

At a special meeting of the City Council of the City of Hanford duly called and held on June 18, 2020 at 9:00 A.M. of said day, on motion of Council Member ______________________, seconded by Council Member _____________________, and duly carried, the following resolution was adopted:

WHEREAS, Article XIIIB of the Constitution of the State of California imposes a limit on the annual appropriations of "proceeds of taxes" of state and local government; and,

WHEREAS, Article XIIIB of the Constitution of the State of California requires each city to annually select either (a) the percentage change in California per capita personal income or (b) the percentage change due to the addition of local nonresidential new construction; and

WHEREAS, Section 7901 of the Government Code of the State of California requires each city to annually select the percentage change in population based on:

1. the change in population within its jurisdiction, or
2. the change in population within the entire county.

WHEREAS, Section 7910 of the Government Code of the State of California requires that the governing body of each local jurisdiction, by resolution, establish it's "appropriation limit" each fiscal year; and

WHEREAS, the Finance Director of the City of Hanford has calculated the appropriations limit for the City of Hanford, and said calculation is based upon the provisions of Article XIIIB of the Constitution of the State of California and Division 9 commencing with Section 7900 of the Government Code of the State of California.

NOW, THEREFORE, BE IT RESOLVED, that the following annual adjustment factors are selected for the City of Hanford for 2020-2021:

- the percentage change in California per capita income, and
- the percentage change in population within Kings County.

NOW, BE IT FURTHER RESOLVED, that the Appropriations Limit for Appropriation of "proceeds of taxes" for the City of Hanford for fiscal year 2021 is the sum of $72,060,217 as detailed in Schedules "A" and "B" attached hereto and by this reference incorporated herein.

Passed and adopted at a special meeting of the City Council of the City of Hanford, duly called and held on June 18,2020 by the following roll call vote:

AYES: ____

NOES: ____

ABSTAIN: ____

ABSENT: ____

APPROVED:

____

MAYOR of the City of Hanford

Attest:

____

Sarah Martinez
CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF KINGS) ss
CITY OF HANFORD)

I, **Sarah Martinez,** City Clerk of the City of Hanford, do hereby certify the forgoing resolution was duly passed and adopted by the City Council of the City of Hanford at a special meeting held on the day of ___________, 2020

Date: ________________

____

City Clerk

Attachment: RESOLUTION 20-13-R APPROP FY21 (FY20-21 Appropriations Limit)