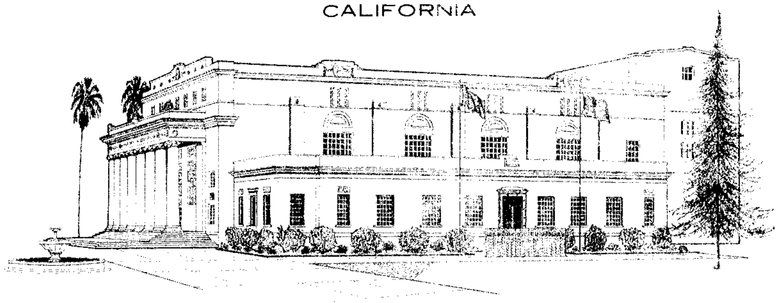
The City of Hanford

CALIFORNIA



City Council Meeting
Agenda

June 23, 2020
6:00 PM – Special Meeting
Training Room
319 N. Douty

6:00 PM 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 you city of residence.*

GENERAL FUND BUDGET WORKSHOP:

A. Finance: Adoption of Resolution 20-12-R, approving the Fiscal Year 2020-21 Annual Budget.

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: 6/23/2020	**AGENDA SECTION:** A

SUBJECT:
Finance: Adoption of Resolution 20-12-R, approving the Fiscal Year 2020-21 Annual Budget.

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

BACKGROUND:
On June 18, 2020, Council held a special budget meeting to review the proposed FY 2020-21 Annual Budget and set the Fiscal Year 2020-21 Appropriations Limit. As part of that all-day budget meeting, Council adopted Resolution 20-13-R, thereby establishing the Fiscal Year 2020-21 Appropriations Limit, but directed staff to make several changes to the proposed budget and to bring those changes back to the Council at another special meeting to go over the impact of the changes on the General Fund balance. Additionally, Council asked staff to bring back a list of programs or services that were removed from the budget due to cuts and which of those services should be reinstated as revenues increase. 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	$ 35,389,220
Enterprise Funds	25,195,555
Special Funds	36,947,037
CIP	8,596,481
	$ 106,128,293

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

Additionally, after review of the preliminary budget on June 18, 2020, amendments were made at the request of the Council Members. As a result of these actions, the General Fund budget presented to you today has a net surplus of **$82,655**.

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 and a final annual budget on or before September 30, 2020.

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

FISCAL IMPACT:

ATTACHMENTS:
FY21 Budget Resolution amended 062320

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 23, 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 an 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 Amended Annual 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	$35,389,220
Enterprise Funds	25,195,555
Special Funds	36,947,037
CIP	8,596,481
	$106,128,293

Passed and adopted at a special meeting of the City Council of the City of Hanford, duly called and held on the 23rd 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: ______________________________

____
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