

Gridley City Council – DRAFT City Council Meeting Agenda

Monday, June 18, 2018; 6:00 pm
Gridley City Hall, 685 Kentucky Street, Gridley, CA 95948

“Our purpose is to continuously enhance our community’s vitality and overall quality of life. We are committed to providing high quality, cost-effective municipal services and forming productive partnerships with our residents and regional organizations. We collectively develop, share, and are guided by a clear vision, values, and meaningful objectives.”

CALL TO ORDER - Mayor Hall

ROLL CALL - Recording Secretary

PLEDGE OF ALLEGIANCE – Councilmember Chris Williams

INVOCATION –

PROCLAMATIONS - None

COMMUNITY PARTICIPATION FORUM - *Members of the public may address the City Council on matters not listed on the agenda. The City Council may not discuss nor take action on any community participation item brought forward by a member of the community. Comments are requested to be limited to three (3) minutes.*

CONSENT AGENDA – *Items 1 and 2 of the Consent Agenda and are considered routine and acted upon by one motion. Any Council member may request that an item be removed for separate consideration. The City Council may only make minor comments; otherwise the item should be removed from the Consent Agenda and placed as the first item(s) under “Items for Council Consideration”.*

1. State Water Resources Grant Request
2. NCPA Commissioner Appointment

PUBLIC HEARING - None

ITEMS FOR COUNCIL CONSIDERATION

3. Seating of New City Councilmember and Oath of office
4. Budget

CITY STAFF AND COUNCIL COMMITTEE REPORTS - *Brief updates from City staff and brief reports on conferences, seminars, and meetings attended by the Mayor and City Council members, if any.*

POTENTIAL FUTURE CITY COUNCIL ITEMS - (Appearing on the Agenda within 30-90 days):

Special Meeting Budget Session – Expenditures	6/21/2018
Special Meeting Budget Session – Potential Approval	6/25/2018
Special Meeting Budget Session – Potential Approval	6/28/2018
Abandoned and Unsafe Buildings Code Enforcement	7/16/2018

CLOSED SESSION - None

ADJOURNMENT – adjourning to the next regularly scheduled meeting on July 2, 2018

NOTE 1: POSTING OF AGENDA- This agenda was posted on the public bulletin board at City Hall at or before 6:00 p.m., June 15, 2018, in accordance with Government Code Section 54954.2. This agenda along with all attachments is available for public viewing online at www.gridley.ca.us and at the Administration counter in City Hall, 685 Kentucky Street, Gridley, CA.

NOTE 2: REGARDING UNSCHEDULED MATTERS – In accordance with state law, it shall be the policy of this Council that no action shall be taken on any item presented during the public forum or on unscheduled matters unless the Council, by majority vote, determines that an emergency situation exists, or, unless the Council by a two-thirds vote finds that the need to take action arose subsequent to the posting of this agenda.

City Council Agenda Item #1
Staff Report

Date: June 18, 2018

To: Mayor and City Council

From: Paul Eckert, City Administrator and Utilities Director
Daryl Dye

Subject: State Water Resources Control Board Funding Request

X	Regular
	Special
	Closed
	Emergency

Recommendation

City staff respectfully recommends that the City Council consider and approve the attached three resolutions seeking State Water Resources Control Board Funding for essential City infrastructure Projects.

Background

City staff has worked closely with State representatives to develop funding opportunities for essential infrastructure projects previously adopted by the City Council. The attached resolutions are required by the State of California as a part of our application process. The Project funding requests are for the following projects:

- Little Avenue Force Main and Lift Station
- Feather River Sewer Crossing Project
- Water Main Replacement Project

Financial Impact

There are direct financial impacts associated with this recommendation.

Compliance with City Council Strategic Plan or Budget Goals

The City Council and City staff are committed to providing effective leadership while providing quality cost effective local government services.

Attachments – 3 Resolutions

AUTHORIZING RESOLUTION/ORDINANCE

RESOLUTION NO: _____

WHEREAS _____ RESOLVED BY THE _____
(insert appropriate findings) *(insert name of Governing Board of the Entity)*
OF THE _____ (the "Entity"), AS FOLLOWS:
(insert Entity name)

The _____ (the "Authorized Representative") or designee is
(insert Title of Authorized Representative)
hereby authorized and directed to sign and file, for and on behalf of the Entity, a Financial Assistance
Application for a financing agreement from the State Water Resources Control Board for the planning, design,
and construction of _____ (the "Project").
(insert Project Name)

This Authorized Representative, or his/her designee, is designated to provide the assurances, certifications,
and commitments required for the financial assistance application, including executing a financial assistance
agreement from the State Water Resources Control Board and any amendments or changes thereto.

The Authorized Representative, or his/her designee, is designated to represent the Entity in carrying out the
Entity's responsibilities under the financing agreement, including certifying disbursement requests on behalf of
the Entity and compliance with applicable state and federal laws.

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted
at a meeting of the _____ held
(insert name of Governing Board of the Entity)
on _____.
(Date)

(Name, Signature, and Seal of the Clerk or Authorized Record Keeper of the Governing Board of the Agency)

AUTHORIZING RESOLUTION/ORDINANCE

RESOLUTION NO: _____

WHEREAS _____
(insert appropriate findings)

RESOLVED BY THE _____ OF THE
(insert name of Governing Board of the Entity)
_____ (the "Entity"), AS FOLLOWS:
(insert Entity name)

The _____ (the "Authorized Representative") or designee is
(insert Title of Authorized Representative)
hereby authorized and directed to sign and file, for and on behalf of the Entity, a Financial Assistance
Application for a financing agreement from the State Water Resources Control Board for the planning, design,
and construction of _____ (the "Project").
(insert Project Name)

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(insert name of Governing Board of the Entity)
on _____.
(Date)

(Name, Signature, and Seal of the Clerk or Authorized Record Keeper of the Governing Board of the Agency)

City Council Agenda Item #2
Staff Report

Date: June 18, 2018
To: Mayor and City Council
From: Paul Eckert, City Administrator

X	Regular
	Special
	Closed
	Emergency

Subject: Adoption of a Resolution designating the City of Gridley Representatives to the Northern California Power Agency (NCPA).

Recommendation

Staff respectfully requests the City Council consider and approve the attached resolution designating Councilmember Dan Lofing as the City’s Primary Representative and City Administrator Paul Eckert as the Alternate to the Northern California Power Agency (NCPA).

Background

The City Council has indicated interest that newly appointed Councilmember Dan Lofing should serve as the Primary Northern California Power Agency (NCPA) designee and that the City Administrator should continue to serve as the Alternate. This recommended action will not result in authority being granted to Councilmember Lofing or the City Administrator to make decisions or take action binding the City to individual actions apart from the broader efforts of the NCPA, such as the individual purchase of new power at the Lodi Energy Center.

Financial Impact

There are no direct costs associated with this effort.

Compliance with the City Council Strategic Plan or Budget Goals

This recommendation is consistent with our ongoing efforts to provide cost effective electrical services that are fully transparent and compliant with all legal standards.

Attachment:

Resolution Appointing Representatives to the NCPA

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GRIDLEY AUTHORIZING AND DESIGNATING CITY REPRESENTATIVES TO VOTE THE CITY'S INTERESTS IN GOVERNANCE AGREEMENTS ASSOCIATED WITH CITY'S PARTICIPATION IN PROGRAMS, PROJECTS AND SERVICES AS A MEMBER OF THE NORTHERN CALIFORNIA POWER AGENCY

WHEREAS, (1) the City joined the Northern California Power Agency, hereinafter referred to as NCPA, in order to facilitate the City's acquisition of electrical power that is required to meet the electrical needs of residents and businesses within the City of Gridley

WHEREAS, (2) the City became a member of the NCPA by executing the NCPA Joint Powers Agreement on July 19, 1968, and has subsequently executed the Amended and Restated Northern California Power Agency Joint Powers Agreement, hereinafter referred to as the JPA, with an effective date of January 1, 2008; and

WHEREAS, (3) the JPA provides that each party to the JPA shall be a "Member" of NCPA and appoint its designated representative to the Commission, and

WHEREAS, (4) NCPA Bylaws, as authorized pursuant to JPA Article II, specify that:

- a) NCPA is governed by a Commission, composed of one (1) voting representative of each of the Members. Each Member of the Agency may also appoint one or more alternate Commissioners to act in the absence of that Member's Commissioner.
- b) The clerk or secretary of the board of each Member shall be responsible for advising the Secretary, in writing, of:
 - a. The identity of the Member's appointee to the Commission
 - b. The identity of any alternate Commissioner
 - c. The priority of such alternate Commissioner if more than one such alternate is appointed; and

WHEREAS, (5) the City has entered into a number of program, project and service agreements through its Membership at NCPA to further facilitate the acquisition and delivery of electric power to support the provision municipal services to its residents and businesses, including:

- a) Lodi Energy Center Power Sales Agreement
- b) Lodi Energy Center Project Management and Operations Agreement
- c) Power Management and Administrative Services Agreement
- d) Amended and Restated Schedule Coordination Program Agreement
- e) Amended and Restated Facilities Agreement
- f) Second Amended and Restated Pooling Agreement
- g) Single Member Service Agreement
- h) Natural Gas Program Agreement

- i) Amended and Restated Market Purchase Program Agreement, and

WHEREAS, (6), each of the program and project agreements described above require the City to designate a representative that is authorized to direct NCPA to take actions on the City's behalf and obligate the City to pay for any actions taken by NCPA on the City's behalf; and

WHEREAS, (7) the Lodi Power Sales Agreement and Lodi Energy Center Project Management and Operations Agreement provide for the establishment of a Participants Committee, hereinafter referred to as the PPC, consisting of one member from each of the project participants, who are entitled to cast one vote on matters to which a majority of Participants is used to determine approval of matters relating to the Lodi Energy Center; and

WHEREAS, (8) Participants on the PPC are required to promptly give notice in writing to the other Participants and NCPA of any changes in the designation of its representative(s), including any change in its voting representative, on any committee or subcommittee; and

WHEREAS, (9) Signatories to the Power Management and Administrative Services agreement and Amended and Restated Schedule Coordination Agreement, hereinafter referred to as the PMASA and SCPA respectively, are entitled to cast one vote on matters pertaining to these Agreements, where such votes will be taken at meetings of the NCPA Commission through duly appointed Commissioners or Alternate Commissioners of each Member; and

WHEREAS, (10) the City has executed the Amended and Restated Facilities Agreement, herein after referred to as the FA, where the FA provides for the creation of a technical working group, known as the Facilities Committee that provides advisory recommendations to the NCPA Commission on matters associated with NCPA project operations, maintenance and budgets, including matters associated with the PMASA and SCPA; and

WHEREAS, (11) Each signatory to the FA is entitled to identify a Primary Representative and Alternate Representatives by written notice from a Participant's Commissioner, or their designee who will vote on matters pertaining to the FA at meetings held in accordance with the Ralph M. Brown Act; and

WHEREAS, (12) the City has executed the Second Amended and Restated Pooling Agreement, herein after referred to as the PA, where the PA provides the means and methods for joint resource planning, load forecasting, power pool purchases and centralized scheduling, dispatch and settlement activities, and

WHEREAS, (13) No formal designation is needed to participate on the Pooling Committee, but may be helpful to ensure notice is provided to the proper City representatives, and

WHEREAS, (14) the City has executed the Single Member Service Agreement, hereinafter referred to as the SMSA, which enables NCPA to enter into Power, Gas, and Financial transactions on behalf of the City, along with advisory, agency and pooled subscription services; and

WHEREAS, (15) the SMSA specifies that the Member by resolution or Member's manager with written delegated authority will delegate to NCPA all of the Member's governing body's authority to enter into a Transaction with the delegation to NCPA confirming an Agency Service or Power Procurement Service for such Transaction; and

WHEREAS, (16) the City has executed the Amended and Restated Market Purchase Program Agreement, and the Natural Gas Program Agreement, hereinafter referred to as the MPP, and NGP respectively, which enables NCPA, on behalf of the Participants to engage in Contract Transactions to purchase and sell Energy, Resource Adequacy Capacity, Renewable Energy Credits, Greenhouse Gas Compliance Instruments, and Physical Option Products for the benefit of the Participant's customers; and

WHEREAS, (17) all transactions executed under the MPP and/or the NGP by NCPA on a Participant's behalf require a pre-authorization form executed by a duly authorized Participant Designated Representative, where the MPP and NGP provide that the Designated Representative of each Participant is the Participants Utility Director, and that an employee other than the Utility Director may be designated by resolution of the Participant's governing body; and

WHEREAS, (18) the City desires to update its authorized and designated representatives to reflect updates to the City's staffing and organizational structure; and

WHEREAS, (19) the City wishes to appoint a representative(s) to act as the City's Commissioner on the NCPA Commission; to identify City representatives to participate on various NCPA committee's established to support the delivery of project and program services to members, and to authorize transactions that NCPA may enter into on the City's behalf that are necessary to deliver electric power to support the provision of municipal services to its residents and businesses;

NOW, THEREFORE BE IT RESOLVED that the Gridley City Council hereby takes the following actions:

RESOLVED, (a) the City Council of the City of Gridley (CITY) confirms the following individuals as Commissioner and Alternate Commissioner on the NCPA Commission:

Commissioner – Dan Lofing

First Alternate Commissioner – Paul Eckert

RESOLVED, (b) the CITY confirms the following individuals as the voting representative on the LEC Project Participant Committee:

Voting Representative – Dan Lofing

First Alternate – Paul Eckert

RESOLVED, (c) the CITY confirms the following individuals as the voting representative on the Legislative and Regulatory Affairs Committee:

Voting Representative – Paul Eckert

RESOLVED, (d) the CITY confirms the following individuals as the voting representative on the NCPA Facilities Committee:

Voting Representative – Paul Eckert

RESOLVED, (e) the CITY confirms the following individuals to receive notice regarding City’s participation on the Pooling Committee:

Representative – Paul Eckert

RESOLVED, (f) the CITY delegates CITY Authority to enter into Transactions through delegations to NCPA confirming an Agency Service or Power Procurement service, pursuant to section 11.2 of the SMSA to

Authorized Representative(s) – Dan Lofing and Paul Eckert

RESOLVED, (g) the City delegates Board Authority to execute Participant Authorizations directing NCPA to engage in Contract Transactions to purchase and sell Energy, Natural Gas, Resource Adequacy Capacity, Renewable Energy Credits, Greenhouse Gas Compliance Instruments, and Physical Option Products for the benefit of the Participant’s customers, in accordance with the provisions of the MPP and NGP and appoints the following individual(s) as its Designated Representative(s) pursuant to section 1.1.2.6 of the MPP and 1.1.15 of the NGP.

Designated Representative(s) – Dan Lofing and Paul Eckert

I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the City Council of the City of Gridley at a regular meeting held on the 6th day of February, 2017 by the following vote:

AYES: COUNCILMEMBERS _____

NOES: COUNCILMEMBERS _____

ABSENT: COUNCILMEMBERS _____

ABSTAIN: COUNCILMEMBERS _____

ATTEST

APPROVE

Paul Eckert, City Clerk

Frank Hall, Mayor

City Council Agenda Item #4
Staff Report

Date: June 18, 2018
To: Mayor and City Council
From: Juan Solis, Finance Director
Subject: 2018-2019 Budget Presentation and Initial Review

X	Regular
	Special
	Closed
	Emergency

Recommendation

Receive an initial review presentation from Finance Director, Juan Solis, on the proposed budget for FY 2018-2019 and discuss additional informational needs for the detailed special budget meetings.

Background

The budget schedule previously approved by City Council is complete and the major steps done have produced a recommended budget for the new fiscal year.

The following special budget meetings outlined are based on prior discussions and recommendations from Council:

	DATE
BUDGET INTRODUCTION	6.18.2018
GATHER INFORMATION REQUESTS AND FEEDBACK	
STAFF PRESENTATIONS	6.21.2018
ELECTRIC (30 MIN) / PUBLIC WORKS (30 MIN)	
POLICE DEPARTMENT (30 MIN)	
FIRE DEPARTMENT (15 MIN)	
ADMINISTRATION / FINANCE / RECREATION (30 MIN)	
FINAL REVIEW AND ADOPTION	6.25.2018
IN-DEPTH FOLLOW UP CONVERSATIONS / REVIEW	
FINAL DECISION ON PROPOSED CHANGES (IF NECESSARY)	
BUDGET ADOPTION	
FINAL REVIEW AND ADOPTION (IF MEETING NECESSARY)	6.28.2018
IN-DEPTH FOLLOW UP CONVERSATIONS / REVIEW	
BUDGET ADOPTION	

In these meetings, staff will have the opportunity to present plans and changes for the upcoming fiscal year.

Proposed Budget FY 2018-2019

Staff will present an overview of the three critical issues facing Citywide fiscal solvency: the inadequate fund balances of the General Fund, Water, and Electric Enterprise Funds. Staff will also present an overview of the budget process and the proposed changes, additions, and deletions discussed at various budget study sessions and special meetings.

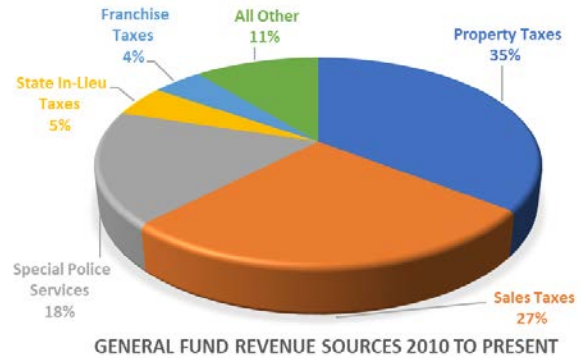
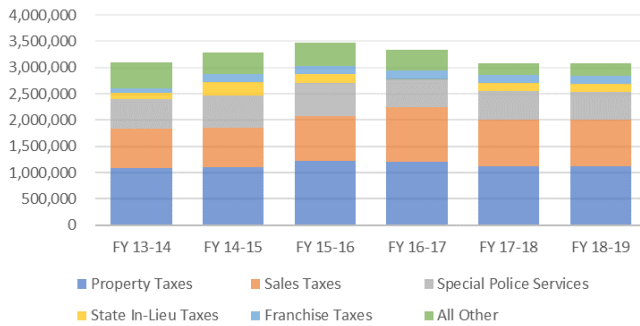
General Fund

The General Fund has maintained a positive fund balance for the past three budget cycles, following a series of deficit years. The majority of General Fund costs are comprised of personnel costs. Staff has undertaken significant measures in recent years to mitigate the fund challenges; including furloughs, layoffs, reduction of

operating costs, deferment of projects, an implementation of an early retirement program, and an overall effort to relieve the burden on the City's General Fund.

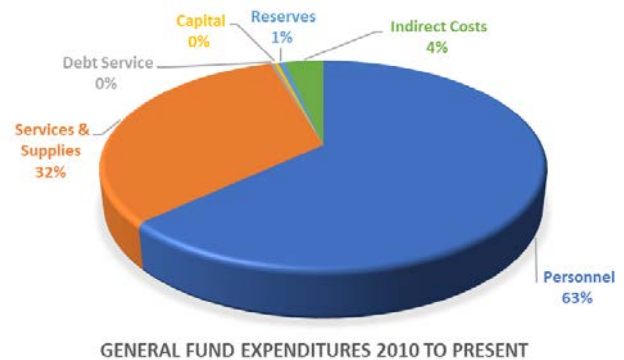
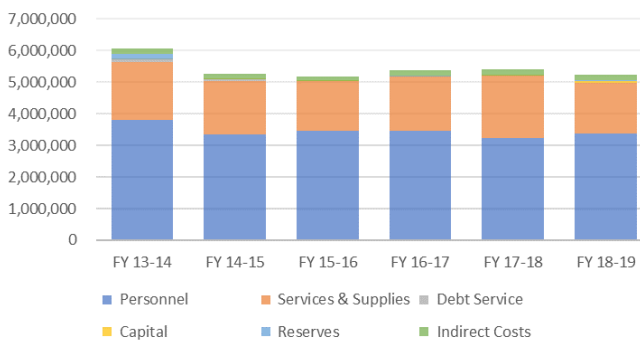
Revenue is expected to remain at current fiscal year levels with a very modest increase in Sales Tax (2%) matching Consumer Price Index projections. Property and Sales Tax contribute over 60% percent of revenue in the General Fund. Police and Animal Control services to the City of Biggs is expected to contribute \$572,000 in FY 2018-19.

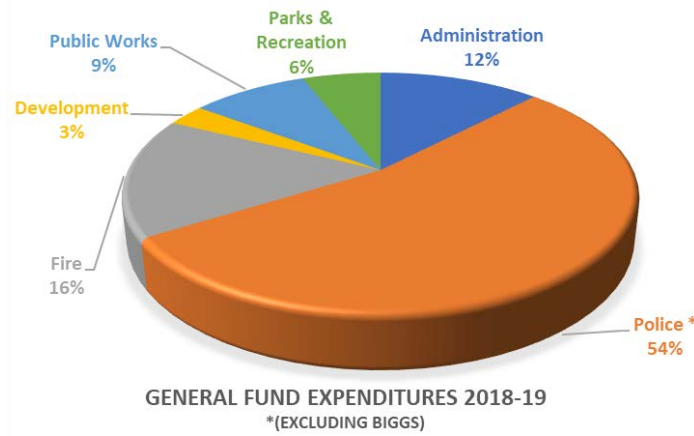
GENERAL FUND REVENUE TREND



Expenses in the General Fund are expected to be reduced by 3%, primarily from a reduction in Services and Supplies. Fire Services, Planning and Building Inspection, and the BINTF program are expected to contribute the majority of the reduction from FY17-18 expenditure levels. Personnel expenses are projected to increase primarily due to rises in Health Premium (\$135,000) and PERS (\$112,000). However, the reduction of the BINTF program is helping mitigate these increases. The proposed budget includes total Personnel costs only 5% higher than current fiscal year, which translates to \$150,000 higher costs. Considering the increases in Health Premiums, PERS, and salary increases from annual steps and promotions, this is a commendable mitigation of expense increases.

GENERAL FUND EXPENDITURES TREND





Overall, the proposed FY 2018-2019 budget improves the state of the General Fund by \$295,833. Although revenues remain relatively flat, the reductions in expenditures compensate for the lack of revenue growth and allow for proper funding of the General Fund Reserve per City of Gridley fund policy. The proposed budget for FY 2018-19 projects an ending balance higher than expected current year ending balance and higher than prior adopted budget.

**CITY OF GRIDLEY
PROPOSED FY 2018-2019 BUDGET
GENERAL FUND**

	PROJECTED FY 17-18	ADOPTED FY 17-18	PROPOSED FY 18-19
GENERAL FUND REVENUES	\$ 3,090,126	\$ 3,069,380	\$ 3,087,562
PROGRAM EXPENSES			
ADMINISTRATION	600,387	621,241	574,831
PUBLIC SAFETY	3,775,708	4,005,387	3,833,174
DEVELOPMENT	243,007	170,428	136,901
PUBLIC WORKS	503,001	428,478	418,339
PARKS & RECREATION	274,114	312,350	279,780
TOTAL GENERAL FUND EXPENSES	5,396,216	5,537,885	5,243,025
GENERAL FUND BEFORE COST ALLOCATION	(2,306,090)	(2,468,505)	(2,155,463)
COST RECOVERY	1,004,666	1,046,167	1,051,297
GENERAL FUND BEFORE TRANSFERS	(1,301,424)	(1,422,338)	(1,104,167)
TRANSFERS IN	1,500,000	1,500,000	1,400,000
TRANSFERS OUT			
FINAL GENERAL FUND IMPACT	\$ 198,576	\$ 77,662	\$ 295,833

Special Revenue Funds

The Special Revenue Funds are expected to fully utilize revenue for their designated purposes. The majority of the increase in anticipated revenue is due to an expected increase in the amount of Successor Agency funds for repayment of redevelopment expenditures. Both Revenue and Expenses reflect such increase in funds.

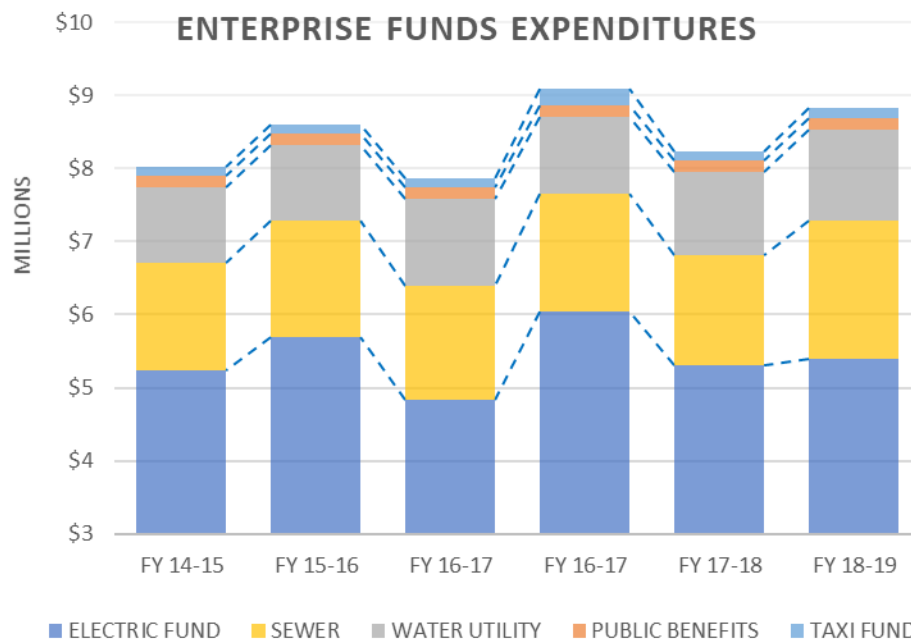
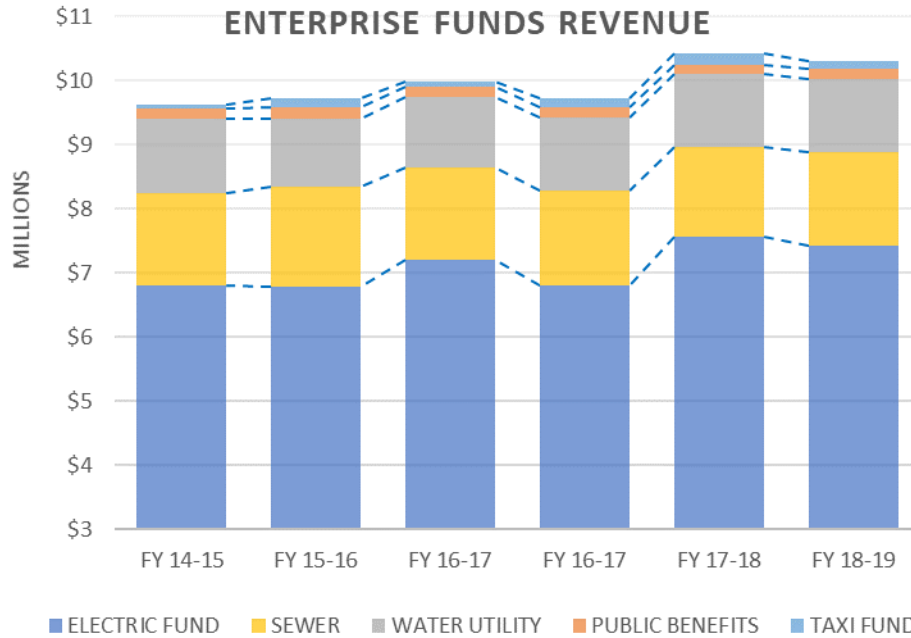
**CITY OF GRIDLEY
PROPOSED FY 2018-2019 BUDGET
SPECIAL REVENUE FUNDS**

	PROJ. FY 17-18	ADOPTED FY 17-18	PROPOSED FY 18-19
TOTAL SPECIAL REVENUES	\$ 1,084,884	\$ 1,035,797	\$ 1,207,084
PROGRAM EXPENSES			
2008 SERIES A - FUND 204	212,050	-	208,200
2008 SERIES B - FUND 206	88,500	-	88,250
SUCCESSOR AGENCY - FUND 215	25,448	20,511	24,126
GAS TAX 2105 - FUND 390	180,406	298,011	252,422
STREET PROJECT - PROGRAM 4392	71,914	103,644	96,709
RSTP CURB & GUTTER - PROJECT 4396	108,492	194,367	155,713
GAS TAX 2103 - FUND 395	62,838	71,537	42,658
GAS TAX 2106 - FUND 400	35,748	25,120	23,969
GAS TAX 2107 - FUND 410	6,074	74,419	71,418
GAS TAX 2107.5 - FUND 420	-	-	-
SB 325 - FUND 430	48,417	103,630	102,847
CURB & GUTTER - PROGRAM 4431	-	-	-
STREET MAINTENANCE - PROGRAM 4432	12,301	82,217	71,211
ALLEY RECONSTRUCTION - PROGRAM 4433	13,532	8,169	9,181
INTERCITY TRANSIT - PROGRAM 4434	22,585	13,243	22,454
TRAFFIC SAFETY - FUND 440	27,844	20,092	25,576
BOAT RAMP - FUND 480	3,969	-	4,127
ECONOMIC DEVELOPMENT CDBG REHAB - FUND 511	762	-	6,950
HOUSING REHAB RLF - FUND 513	1,234	7,700	11,950
FLOOD MAINT. # 1 (RICHINS) - FUND 580	4,194	4,194	3,459
FLOOD MAINT. # 2 (EAGLE MEADOWS) - FUND 581	79,543	77,206	71,796
FLOOD MAINT. # 3 (HERON LANDING) - FUND 582	83,493	70,876	69,145
FLOOD MAINT. # 6 (SCROGGINS) - FUND 583	682	199	191
COPS GRANTS FUND - FUND 672	120,794	110,000	100,000
HOSPITAL JPA - FUND 682	-	1,315	-
2008 HOME GRANT - FUND 813	-	-	-
GRIDLEY SPRINGS FUND - FUND 814	-	5,000	-
TOTAL SPECIAL REVENUE FUND EXPENSES	981,996	889,808	1,107,084
SPECIAL REVENUE FUND BEFORE TRANSFERS	102,888	145,989	100,000
TRANSFERS IN	114,957	114,957	-
TRANSFERS OUT	100,000	100,000	100,000
FINAL SPECIAL REVENUES FUND IMPACT	\$ 117,845	\$ 160,946	\$ 0

Enterprise Funds

Enterprise Funds Revenue is expected to decrease about 1%, primarily due to an expected decrease in revenue from Electric utilities. Both Electric and Water revenue are expected to realize less revenue in FY

2018-19 due to the loss of the City’s major utility account, Mary’s Gone Crackers. Staff is not projecting significant increases from the recent rate increase due to the lack of data to support projections. We will need at least one full year of data, including cyclical variations, to fully assess the impact of the new rates. A modest 5% growth projection is helping mitigate the impact of losing the major commercial account and the continued impact of solar energy encroachment. The forecast should improve as we approach FY 2019-20 due to the addition of a new major gas station and other recent commercial developments.



Enterprise Fund Expenditures are expected to increase 8%, primarily driven by increases in Sewer Capital Improvements and increased costs of power purchases. Sludge removal, backup generators, disposal basin repairs, backhoe replacement, mower, and fence repairs account for \$231,000 of the increases. The Electric Fund includes \$75,000 of budget expenses in capital improvements for LED street light and pole replacements. Both should yield savings in the long run as efficiencies are realized.

CITY OF GRIDLEY PROPOSED FY 2018-2019 BUDGET ELECTRIC FUND	PROJ. FY 17-18	ADOPTED FY 17-18	PROPOSED FY 18-19
ELECTRIC FUND REVENUE	\$ 7,556,291	\$ 6,897,651	\$ 7,429,460
PROGRAM EXPENSES			
METER READING - PROGRAM 4181	-	-	-
ELECTRIC - PROGRAM 4600	5,291,099	5,233,938	5,365,761
STREET TREE MAINTENANCE - PROGRAM 4601	228	10,037	10,000
CAPITAL IMPROVEMENTS - PROGRAM 4608	20,870	297,000	15,000
TOTAL PROGRAM EXPENSES	5,312,197	5,540,975	5,390,761
TRANSFERS IN	622,000	622,000	
TRANSFERS OUT	1,500,000	1,500,000	1,400,000
FINAL ELECTRIC FUND IMPACT	\$ 1,366,094	\$ 478,676	\$ 638,699

The proposed budget reflects a positive impact on the Electric Fund of \$638,699. This positive margin is needed to properly fund reserve accounts that have not been adequately funded due to fund limitations. As mentioned in the revenue introduction, volatility is expected in FY 2018-19 due to the new rates and loss of major electric accounts and the impact of increasing power purchase costs.

CITY OF GRIDLEY PROPOSED FY 2018-2019 BUDGET WATER FUND	PROJ. FY 17-18	ADOPTED FY 17-18	PROPOSED FY 18-19
WATER FUND REVENUE	\$ 1,142,128	\$ 1,140,526	\$ 1,133,929
PROGRAM EXPENSES			
METER READING - PROGRAM 4181	-	-	-
STREET TREE MAINTENANCE - PROGRAM 4601	-	-	-
CAPITAL IMPROVEMENTS - PROGRAM 4608	-	-	-
WATER - PROGRAM 4630	1,144,714	1,188,804	1,175,110
TOTAL PROGRAM EXPENSES	1,144,714	1,188,804	1,175,110
TRANSFERS IN			
TRANSFERS OUT			
FINAL WATER FUND IMPACT	\$ (2,586)	\$ (48,277)	\$ (41,181)

As discussed in prior budget sessions, the Water Fund is reaching alarmingly low fund levels. The proposed budget has already made reductions and postponements of much needed projects due to the low fund balance and unavailable funds. While a water rate study was started prior fiscal year, it is crucial to complete the study and assess the accuracy of our water rates for long term viability.

Overall, Enterprise Funds are expected to improve their overall state by \$82,000 with the proposed budget. The unknown impact of higher rates, solar encroachment, changes in commercial accounts, and seasonality will add pressure to the already low fund balances in Electric and Water funds. However, the conservative revenue projections are set in place to try to mitigate the volatility risk as much as possible as well as reductions in expenses through deferment of projects and efficiencies added as a safety measure.

**CITY OF GRIDLEY
PROPOSED FY 2018-2019 BUDGET
ENTERPRISE FUNDS**

	PROJ. FY 17-18	ADOPTED FY 17-18	PROPOSED FY 18-19
ENTERPRISE FUND REVENUES	\$ 10,432,346	\$ 9,747,437	\$ 10,312,388
PROGRAM EXPENSES			
ELECTRIC FUND	5,312,197	5,540,975	5,390,761
PUBLIC BENEFITS	123,069	156,192	219,013
WATER UTILITY	1,144,714	1,188,804	1,175,110
SEWER	1,502,875	1,896,068	1,899,150
TAXI FUND	126,275	157,849	145,780
TOTAL ENTERPRISE FUND EXPENSES	8,209,129	8,939,887	8,829,814
ENTERPRISE FUND BEFORE TRANSFERS	2,223,217	807,550	1,482,574
TRANSFERS IN	622,000	622,000	
TRANSFERS OUT	1,500,000	1,500,000	1,400,000
FINAL ENTERPRISE FUND IMPACT	\$ 1,345,217	\$ (70,450)	\$ 82,574

Following a practice reinstated in the prior year budget, the Capital Improvements Program (CIP) was updated. For the CIP master plan, departments forecasted every vehicle, equipment, project, and improvement that meets internal capital criteria and planned the expenditures over 10 years in a methodical financial viability infrastructure plan. Throughout the budget process, staff vetted the importance of all requested CIP items against the available reserves and City priorities.

Conclusion

In conclusion, following the remarkable improvement in financial position in the last three years, the proposed budget adds discipline in expenditure reduction in all funds. This will be particularly important in the General Fund as it strives to meet fund policy funding criteria and long-term viability. While the overall state of the Enterprise Funds is improving with the proposed budget, it will be also as important to address the low balance of the Water fund where the need for a rate study and assessment should be a top priority. Additionally, staff recommends review and implementation of adequate reserve fund policies to ensure the safety of City operations across all funds. From a budgetary perspective, determining sustainable solutions to these threats will be the number one priority of staff in FY 2018-19.

Fiscal Impact

The proposed FY 2018-19 budget is staff's comprehensive effort to present a policy document which preserves fiscal stability and at the same time enables staff to accomplish crucial projects and services. Adopting a proposed budget which enables a City to sustainably and efficiently provide services is one of the most important duties a City Council can participate in.

Compliance with City Council Strategic Plan or Budget Goals

The City Council and City staff are committed to provide the best possible financial practices and the highest possible transparency regarding all financial transactions.

Attachments

- 1.

