

Gridley City Council – Special City Council Meeting Agenda

Monday, June 25, 2018; 1:00 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

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.*

ITEMS FOR COUNCIL CONSIDERATION

1. Council approval of Fiscal Year 2018-2019 Budget:

- Resolution No. 2018-R-015: A Resolution of the City Council of the City of Gridley Establishing the 2018-2019 Appropriations Limit for the City of Gridley
- Resolution No. 2018-R-016: A Resolution of the City Council of the City of Gridley Adopting a Budget for Fiscal Year 2018-2019

ADJOURNMENT – adjourning to the next regularly scheduled meeting on July 16, 2018

NOTE 1: POSTING OF AGENDA- This agenda was posted on the public bulletin board at City Hall at or before 1:00 p.m., June 22, 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 25, 2018

To: Mayor and City Council

From: Juan Solis, Finance Director

Subject: Approve Resolution No. 2018-R-015: A Resolution Establishing the 2018-2019 Appropriations Limit for the City of Gridley and Resolution 2018-R-016: A Resolution Adopting a Budget for Fiscal Year 2018-2019

X	Regular
	Special
	Closed
	Emergency

Recommendation

Approve Resolution No. 2018-R-015: A Resolution Establishing the 2018-2019 Appropriations Limit for the City of Gridley and Resolution 2018-R-016: A Resolution Adopting a Budget for Fiscal Year 2018-2019.

Background

The budget schedule, as displayed below, previously approved by City Council outlining the overall budget cycle is complete and the major steps done have produced a recommended budget for the new fiscal year.

PROJECT PHASE	STARTING
DETERMINE 18-19 FIXED COSTS (PERSONNEL, ETC.)	3.12.2018
PROJECT 17-18 EXPENDITURES	4.02.2018
PROJECT 17-18 REVENUES	4.09.2018
DETERMINE GENERAL FUND TARGETS	4.16.2018
DEPARTMENTS DEVELOP BUDGETS BASED ON TARGETS	4.23.2018
CITY ADMINISTRATOR/FINANCE DIRECTOR/DEPARTMENT HEAD MEETINGS	5.14.2018
COUNCIL BUDGET MEETINGS	5.28.2018
DEVELOP PROPOSED BUDGET	6.09.2018
ADOPT PROPOSED BUDGET	6.18.2018
DEVELOP ADOPTED BUDGET	6.23.2018

Additionally, City Council and staff engaged in a series of special public budget meetings outlined below in an effort to discuss budget assumption in detail:

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	

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

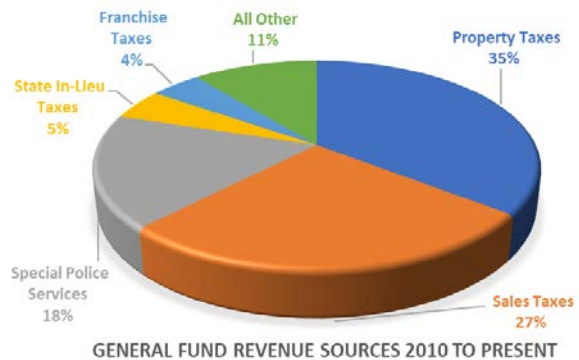
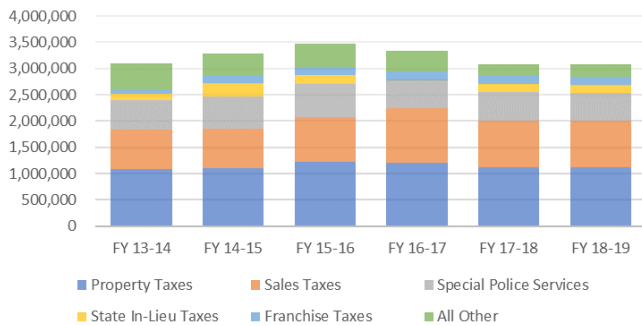
budget process and the proposed changes, additions, and deletions discussed at various budget study sessions and special meetings.

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.

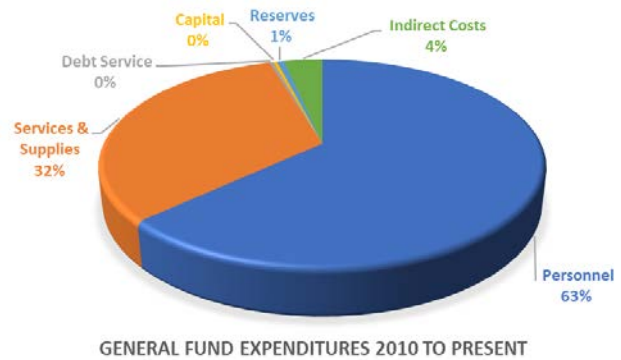
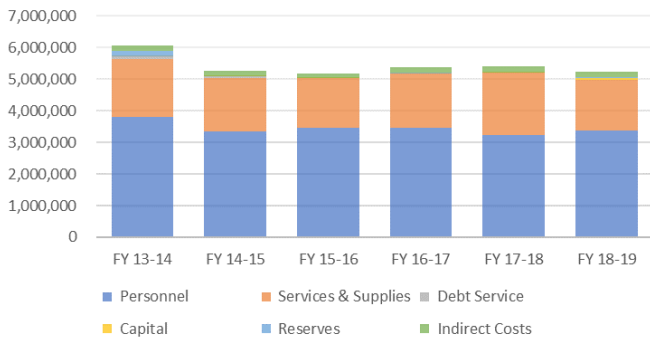
Revenue is expected to remain at current fiscal year levels with a very modest increase in Sales Tax (2%) matching Consumer Price Index projections. Property and Sales Tax contribute over 60% percent of revenue in the General Fund. Police and Animal Control services to the City of Biggs is expected to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

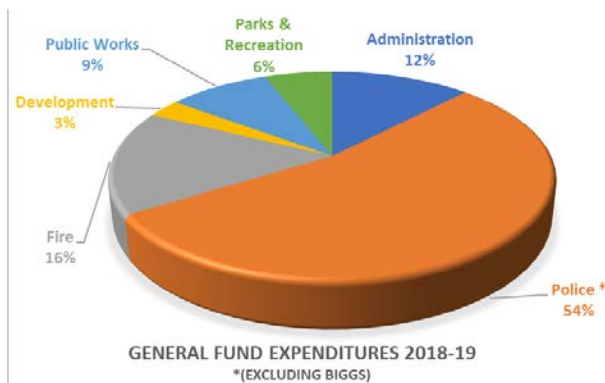
GENERAL FUND REVENUE TREND



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). CalPERS estimates that local government costs could rise from 5 percent of payroll to 9 percent of payroll over the next five years. This is in addition to cost increases experienced thus far. 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

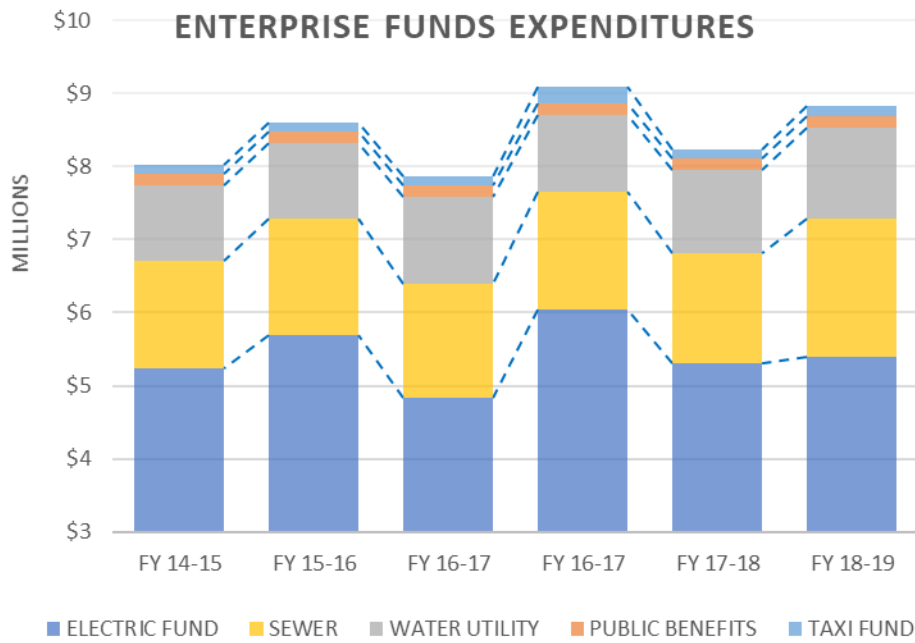
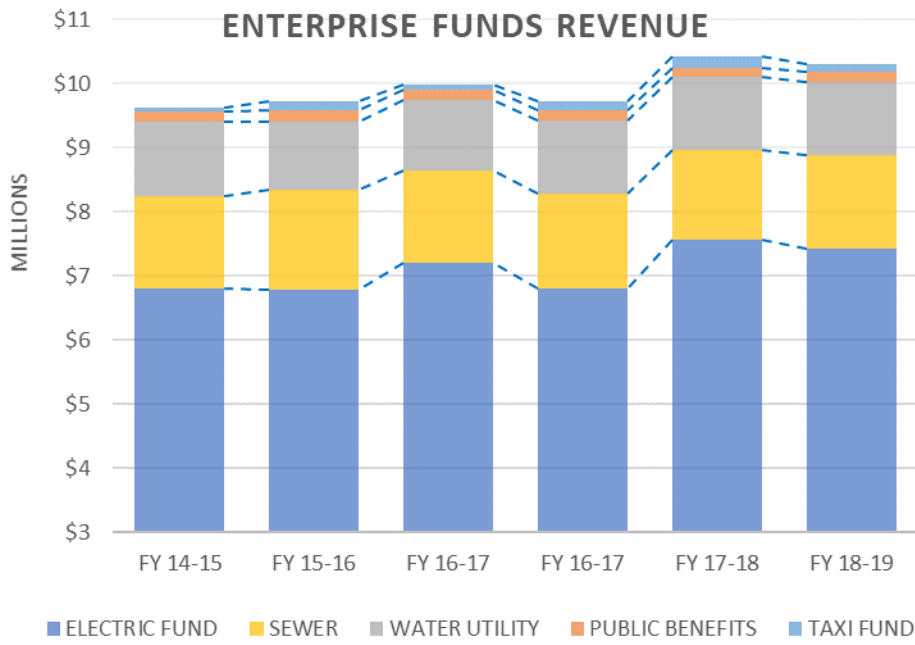
The Special Revenue Funds are expected to fully utilize revenue for their designated purposes. The majority of the increase in anticipated revenue is due to an expected increase in the amount of Successor Agency funds for repayment of redevelopment expenditures. Both Revenue and Expenses reflect such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

Electric Utility Fund:

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.

Water Utility Fund:

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. Operating expenses have remained relatively flat with increases coming primarily from personnel expenses in recent years; the declining deficit has been primarily due to the fact that the rate schedule has not been updated in many years. The fund balance has not yet approached a deficit, but it is dangerously close. 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

Capital Improvement Program

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.

CITY OF GRIDLEY
CAPITAL IMPROVEMENT PROGRAM
FY 18-19 THROUGH FY 27-28

	YEAR 1 FY18-19	YEAR 2 FY19-20	YEAR 3 FY20-21	YEAR 4 FY21-22	YEAR 5 FY22-23	YEARS 6-10 FY 23-24 - FY 27-28
GOVERNMENTAL FUNDS						
ADMINISTRATION						
Replace MOMs software	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Engineering - Site Specific	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -
IT - Replace Switching Fabric	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000
IT - Replace Host	\$ 10,000	\$ -	\$ 10,000	\$ -	\$ 10,000	\$ 10,000
IT - Replace Storage Area Network	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
IT - Replace Network Attached Storage	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Planning - New Residential Projects	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -
CORP YARD						
New Corp Yard	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000	\$ -
PARKS						
Vierra Park Improvements	\$ 7,000	\$ -	\$ -	\$ -	\$ -	\$ -
Purchase table(s) for parks	\$ 15,000	\$ 5,000	\$ -	\$ -	\$ -	\$ -
Misc. Park Improvement	\$ 10,000	\$ -	\$ -	\$ 10,000	\$ -	\$ -
Equipment replacement Mower, trimmer etc.	\$ 10,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Park F/B Truck replacement	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ -	\$ -
Playground equipment purchase	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ -	\$ -
Future Sidewalk on West side of Tennis court	\$ 6,000	\$ 6,000	\$ -	\$ -	\$ -	\$ -
POLICE						
Patrol Vehicle - COPS	\$ -	\$ 51,000	\$ 51,000	\$ 51,000	\$ 51,000	\$ 204,000
Patrol Vehicle - Other Funding	\$ -	\$ 51,000	\$ -	\$ 51,000	\$ 51,000	\$ 102,000
Radio System Replacement	\$ -	\$ 85,000	\$ 85,000	\$ 85,000	\$ -	\$ 50,000
STREETS						
Street Pavement Repair Program	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 125,000
WATER						
Fixed Network Meter Upgrade	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ -
Valve Replacement Program	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 120,000
Well Equipment Replacement Program	\$ 98,000	\$ 98,000	\$ 86,000	\$ 86,000	\$ 206,000	\$ 344,000
Well Backup Generators	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ -
Water System SCADA	\$ -	\$ 300,000	\$ -	\$ -	\$ -	\$ -
Replace Water Service Truck	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ 78,000
Replace 3/4 Ton Pickup Truck 2	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ 78,000
Replace Fluoride Systems (7)	\$ -	\$ 120,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 120,000
Replace Flat Bed Truck	\$ -	\$ -	\$ 78,000	\$ -	\$ -	\$ 78,000
Arsenic Removal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 240,000
New 7 Yard Dump Truck	\$ -	\$ -	\$ -	\$ 120,000	\$ -	\$ -
Storage Tank and Pump Station	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,800,000
Little Ave Well Tank Maintenance (Painting)	\$ -	\$ 24,000	\$ -	\$ -	\$ -	\$ -
Upsize Distribution Mains and Hydrants	\$ -	\$ 6,187,200	\$ -	\$ -	\$ -	\$ -
Eagle Meadows Tank Maintenance (Painting)	\$ -	\$ -	\$ -	\$ 24,000	\$ -	\$ -

**CITY OF GRIDLEY
CAPITAL IMPROVEMENT PROGRAM (Continued)**

FY 18-19 THROUGH FY 27-28

	YEAR 1 FY18-19	YEAR 2 FY19-20	YEAR 3 FY20-21	YEAR 4 FY21-22	YEAR 5 FY22-23	YEARS 6-10 FY 23-24 - FY 27-28
SEWER						
WWTP Fence Repairs	\$ 10,000	\$ 5,000	\$ -	\$ -	\$ -	\$ -
Mower	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -
Back Hoe Replacement	\$ 50,000	\$ 10,000	\$ 10,000	\$ 5,000	\$ 5,000	\$ 20,000
Little Ave Force Main Project	\$ -	\$ 630,000	\$ -	\$ -	\$ -	\$ -
Little Ave Lift Station Controls Improvements and Generator	\$ 240,000	\$ -	\$ -	\$ -	\$ -	\$ -
Alley Sewer Replacement (Between California and Indiana, Peach to Oak)	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ -
Butte View Main Line Replacement/Upsize	\$ 230,000	\$ -	\$ -	\$ -	\$ -	\$ -
WWTP Disposal Basin Repairs (Level Ponds)	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000	\$ -
Backup Generators for up to 2 Lift Stations	\$ 55,000	\$ -	\$ 55,000	\$ -	\$ -	\$ -
Lift Station Upgrade (Convert Pheasant Run to a 2 pump system)	\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ -
Equipment Replacement Program	\$ -	\$ 75,000	\$ -	\$ 75,000	\$ 75,000	\$ -
Replace 3/4 Ton Pickup Truck 1	\$ -	\$ -	\$ -	\$ -	\$ 78,000	\$ -
Rate Study	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
Sludge Removal	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ 200,000
Wastewater System SCADA	\$ -	\$ -	\$ -	\$ 300,000	\$ -	\$ -
Install Flow Meters at Lift Station	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ 15,000
Sewer Line Replacement Program	\$ -	\$ 150,000	\$ -	\$ 150,000	\$ -	\$ 300,000
Manhole Repair, Recoat, Replace Program	\$ 30,000	\$ -	\$ 30,000	\$ -	\$ 300,000	\$ 60,000
Replace 3/4 Ton Pickup Truck 2	\$ -	\$ -	\$ -	\$ 78,000	\$ -	\$ 78,000

ELECTRIC

Truck Replacement	\$ -	\$ 28,000	\$ -	\$ -	\$ 8,000	\$ -
Digger Derrick Truck Replacement	\$ -	\$ 150,000	\$ -	\$ -	\$ 5,000	\$ -
Electric Building Expansion	\$ -	\$ 175,000	\$ -	\$ -	\$ -	\$ -
Tower Truck Replacement	\$ -	\$ -	\$ -	\$ 175,000	\$ 15,000	\$ -
Pole Replacement	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -
Dollar General Loop Feed	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ -
Eagle Meadows Loop Feed	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -
Substation Breaker Replacement	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ -
Substation 60kv Breaker Replacement	\$ -	\$ 90,000	\$ -	\$ -	\$ -	\$ -
Back Hoe Replacement	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ -
LED Street Light Replacement	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ -

Total \$ 1,397,000 \$ 8,950,200 \$ 1,030,000 \$ 1,335,000 \$ 2,434,000 \$ 4,152,000

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. Resolution No. 2018-R-015: A Resolution Establishing the 2018-2019 Appropriations Limit for the City of Gridley
2. Resolution 2018-R-016: A Resolution Adopting a Budget for Fiscal Year 2018-19

**RESOLUTION NO.
2018-R-015**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GRIDLEY
ESTABLISHING THE 2018-2019 APPROPRIATIONS LIMIT FOR THE CITY OF GRIDLEY**

WHEREAS, SB 1352 was enacted by the California State Legislature during the 1980 Session which specifically adds Division 9, Chapter 1205 (commencing with Section 79000) to Title 1 of Government

Code; and

WHEREAS, SB 1352 was enacted to provide for the implementation of voter approved Proposition 4, also known as the “Gann Initiative” whose purpose was to limit governmental appropriations; and

WHEREAS, the voters of California did approve Proposition 111 in June 1990, which, among other provisions, allows for new adjustment formulas for calculating the City’s annual appropriations limit; and

WHEREAS, the appropriations limit has been calculated for the City of Gridley by the City Finance Department in accordance with the Uniform Guidelines for Implementation of the Gann Initiative and Proposition 111, as promulgated by the League of California Cities.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the City Council of the City of Gridley as follows:

- 1) For fiscal year 2018-19, the City Council approved the selection and usage of the “California Per Capita Income” percentage change and the population growth percentage increase for the City of Gridley when calculating that year’s appropriations limit. The 2018-19 appropriations limit may be amended at some future date due to a change in the factor used in this calculation. The choice of factors to be used for the 2018-19 calculation was limited to use of the California Per Capita Income change due to the unavailability of the “percentage change in the local assessment roll from the preceding year due to the addition of local nonresidential construction in the City”. (The County of Butte, Assessor’s Office reports this factor has not been determined.) Therefore, when the factor depicting the percentage change in the local assessment roll from the preceding year due to the addition of local non-residential construction in the City is available, should it be greater than the California Per capita Income factor, the 2018-19 Appropriations Limit could be recalculated to reflect the higher factor.
- 2) The Appropriations Limit is hereby established for the City in the amount of \$21,082,361 for fiscal year 2018-2019 in conformance with the attached Exhibit A and Article XIIB of the Constitution as amended.

I HEREBY CERTIFY that the foregoing resolution was duly introduced and passed at a regular meeting of the City Council of the City of Gridley held on the 25th day of June 2018, by the following vote:

AYES: COUNCILMEMBERS
NOES: COUNCILMEMBERS
ABSTAIN: COUNCILMEMBERS
ABSENT: COUNCILMEMBERS

ATTEST:

APPROVED:

Paul Eckert, City Clerk

Frank Hall, Mayor

EXHIBIT A - Gann Initiative - Appropriation Limit Calculation
For the Fiscal Year ended June 30, 2019

2018-2019 Appropriation Limit Calculation

Price factor information:

Prior year amount	3.69
Current year amount	3.67

Population information:

Prior year population	6,930
Current year population	6,937

Per Capita Change: 3.67

Population Change: 0.10

Per Capita converted to a ratio: $\frac{3.67 + 100}{100} = 1.036700$

Population converted to a ratio: $\frac{.10 + 100}{100} = 1.001010$

Calculation of factor for FY 2018-2019: $1.036700 \times 1.001010 = 1.037747$

2018-2019 Appropriation Limit:

2017-2018 Appropriation Limit	\$20,315,508
Multiplied by Factor	<u>1.037747</u>
2018-2019 Appropriation Limit	<u>\$21,082,361</u>

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GRIDLEY
ADOPTING A BUDGET FOR FISCAL YEAR 2018-2019**

WHEREAS, a proposed 18-19 budget was presented to the City Council of the City of Gridley on June 18th; and

WHEREAS, the Council desires to incorporate the proposed changes, additions, and deletions discussed at various budget study sessions and special council meetings into the proposed 2018-2019 budget as detailed in the minutes of the pertinent meetings; and

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the City Council of the City of Gridley does hereby adopt the budget for the City for 2018-2019, as described above and shown below (and as shown in Exhibit A):

SUMMARY OF 17-18 BUDGET

FUND	FY 18-19 EXPENDITURES	TRANSFERS OUT	TOTAL FY 18-19 APPROPRIATION AUTHORITY
GENERAL FUND			
ADMINISTRATION			
CITY COUNCIL	\$83,317		\$83,317
CODE ENFORCEMENT	21,315		21,315
CLERK/ADMINISTRATION	200,640		200,640
CITY ATTORNEY	17,871		17,871
CITY HALL MAINTENANCE	40,797		40,797
FINANCE	210,892		210,892
PUBLIC SAFETY			
POLICE DEPARTMENT	2,945,487		2,945,487
BINTF	0		0
PD MAINTENANCE	10,529		10,529
ANIMAL CONTROL	113,686		113,686
FIRE DEPARTMENT	763,473		763,473
DEVELOPMENT			
ENGINEERING	25,000		25,000
BUILDING INSPECTION	10,000		10,000
PLANNING	101,901		101,901
PUBLIC WORKS			
STREET MAINTENANCE	232,787		232,787
CORP YARD	185,552		185,552
PARKS & RECREATION			
PARKS	190,884		190,884
RECREATION	88,896		88,896
TOTAL GENERAL FUND	\$5,243,025	\$0	\$5,243,025

FUND	FY 18-19 EXPENDITURES	TRANSFERS OUT	TOTAL FY 18-19 APPROPRIATION AUTHORITY
SPECIAL REVENUE FUNDS			
2008 SERIES A - FUND 204	208,200		208,200
2008 SERIES B - FUND 206	88,250		88,250
SUCCESSOR AGENCY - FUND 215	24,126		24,126
GAS TAX 2105 - FUND 390	252,422		252,422
GAS TAX 2103 - FUND 395	42,658		42,658
GAS TAX 2106 - FUND 400	23,969		23,969
GAS TAX 2107 - FUND 410	71,418		71,418
SB 325 - FUND 430	102,847		102,847
TRAFFIC SAFETY - FUND 440	25,576		25,576
BOAT RAMP - FUND 480	4,127		4,127
ECON DEVEL CDBG REHAB - FUND 511	6,950		6,950
HOUSING REHAB RLF - FUND 513	11,950		11,950
FLOOD MAINT. # 1 (RICHINS) - FUND 580	3,459		3,459
FLOOD MAINT. # 2 (EAGLE MEADOWS) - FUND 581	71,796		71,796
FLOOD MAINT. # 3 (HERON LANDING) - FUND 582	69,145		69,145
FLOOD MAINT. # 6 (SCROGGINS) - FUND 583	191		191
COPS GRANTS FUND - FUND 672	100,000	100,000	200,000
TOTAL SPECIAL REVENUE FUNDS	\$1,107,084	\$100,000	\$1,207,084
ENTERPRISE FUNDS			
ELECTRIC FUND - FUND 600			
ELECTRIC - PROGRAM 4600	5,365,761	1,400,000	6,765,761
STREET TREE MAINT. - PROGRAM 4601	10,000		10,000
CAPITAL IMPROVEMENTS - PROGRAM 4608	15,000		15,000
PUBLIC BENEFITS - FUND 610	219,013		219,013
WATER UTILITY FUND - FUND 630			
WATER - PROGRAM 4630	1,175,110		1,175,110
SEWER UTILITY FUND - FUND 650			
SEWER OPERATING - PROGRAM 4650	586,425		586,425
SEWER PLANT - PROGRAM 4651	822,126		822,126
SEWER TOWN - PROGRAM 4652	488,787		488,787
SEWER BCHA - PROGRAM 4653	259		259
SEPTAGE HAULERS - PROGRAM 4658	1,553		1,553
SB 325 TAXI FUND - FUND 700	145,780		145,780
TOTAL ENTERPRISE FUNDS	\$8,829,814	\$1,400,000	\$10,229,814
TOTAL RESERVE FUNDS			
CITY HALL RESERVE - FUND 050	100,000		100,000
EQUIPMENT RESERVE - FUND 060	50,000		50,000
ELECTRIC CAPITAL FUND - FUND 620	60,000		60,000
WATER CAPITAL FUND - FUND 640	203,000		203,000
SEWER CAPITAL FUND - FUND 660	560,000		560,000
TOTAL RESERVE FUNDS	\$973,000	\$0	\$973,000
TOTAL	\$16,152,923	\$1,500,000	\$17,652,923

I **HEREBY CERTIFY** that the foregoing resolution was duly introduced and passed at a special meeting of the City Council of the City of Gridley held on the 25th day of June 2018, by the following vote:

AYES: COUNCILMEMBERS

NOES: COUNCILMEMBERS

ABSENT: COUNCILMEMBERS

ABSTAIN: COUNCILMEMBERS

ATTEST:

APPROVE:

Paul Eckert, City Clerk

Frank Hall, Mayor