

City Council Agenda Item #2 (Supplemental Information)
Staff Report

Date: June 1, 2020
To: Mayor and City Council
From: Paul Eckert, City Administrator
Subject: Supplemental FY 2020-21 Annual Budget Public Presentation #1

<input checked="" type="checkbox"/>	Regular
<input type="checkbox"/>	Special
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<input type="checkbox"/>	Emergency

Recommendation

City staff respectfully recommends that the City Council allow staff to provide detailed descriptions of the Proposed FY 2020-21 Annual Operating Budget and begin the Departmental budget presentations. No action is required at this time. It's expected that the City Council will provide input and suggested budget priorities.

Background

During the June 1st Regular City Council meeting, the Council will review the Budget and CIP overview and will receive the Police Department Presentation. The Electric, Public Works, and Fire Departments will be presented on June 10th. Recreation, Finance, City Council, and Administration will be presented on June 15th.

IMPORTANT COUNCIL MEETING DATES:	
Budget Introduction Police Department Presentation	6.01.2019
Revenues & Expenditures and Capital Plan Electric, Fire, and Public Works Presentations	6.10.2020
Recreation and Admin Budgets Budget Adoption	6.15.2020
Additional Date if Required	6.24.2020

Staff will present an overview of the critical issues facing Citywide fiscal solvency. Staff will also present an overview of the budget process and the proposed changes, additions, and deletions discussed at various Council sessions and special meetings.

Unique FY 20-21 Proposed Budget Process Challenges

Development of the budget has been challenging due to additional staff changes and corresponding new audit processes that have added significant delays in obtaining the financial data necessary to develop the City Council's Proposed Budget. Additionally, we've spent significant time preparing for the transition of the City's financial software previously approved by the City Council. COVID19 also created unique challenges working consultants and obtaining necessary information for various governmental agencies.

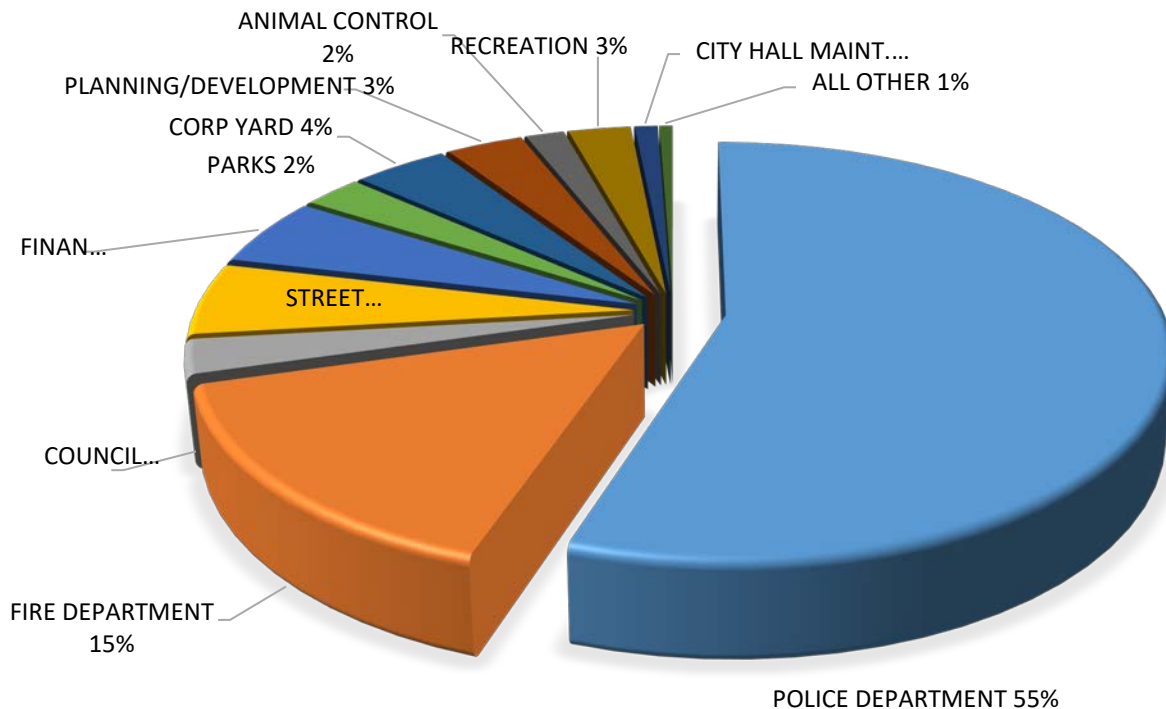
Quarterly Reports

We are confident that the new Tyler Systems software will allow for staff to finally present the new quarterly financial reports expected by the City Council in the third quarter (January 2021)

General Fund

The General Fund has maintained a positive fund balance for the past five 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 be at an all-time high due to the short-term lease revenues from the Gridley Camp Fire FEMA Community. In typical years, Property and Sales Tax contribute over 60% percent of revenue in the General Fund. It's essential to keep in mind that the FEMA revenues are for a period not to exceed two years.

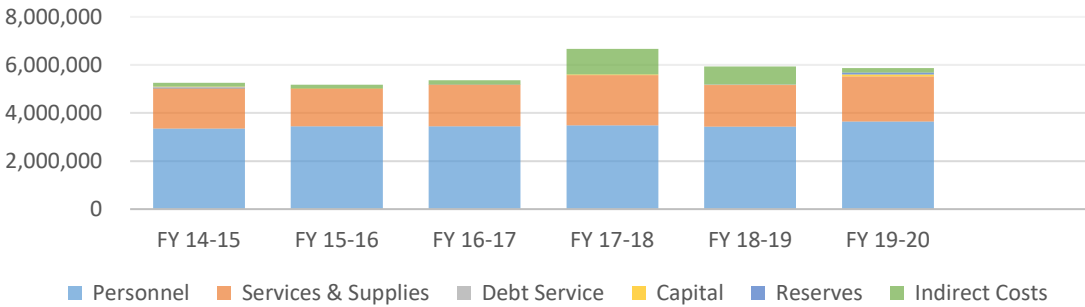


GENERAL FUND EXPENDITURES 2020-21

Expenses in the General Fund are primarily flat. Last year the Council approved the addition of two Community Service Officers (CSO's) and the addition of one Firefighter for last year and this year due to the temporary FEMA community. However, we only added one CSO. Additionally, last year the City Council approved increases to Recreation Division budget.

The proposed budget includes reduction of two Police Officers due to the police contract concluding with Biggs. The proposed budget includes an additional Public Works Maintenance Worker position. Overall personnel expenses are projected to increase due to scheduled salary increases and increases to Health Premiums and PERS Retirement. 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. When all tallied, Police and Fire 70% of the General Fund budget.

GENERAL FUND EXPENDITURES TREND



Overall, the proposed FY 2020-2021 budget improves the General Fund balance. After factoring in the required reserve balance level of 15%, the net General Fund balance is estimated to be just shy of \$1M.

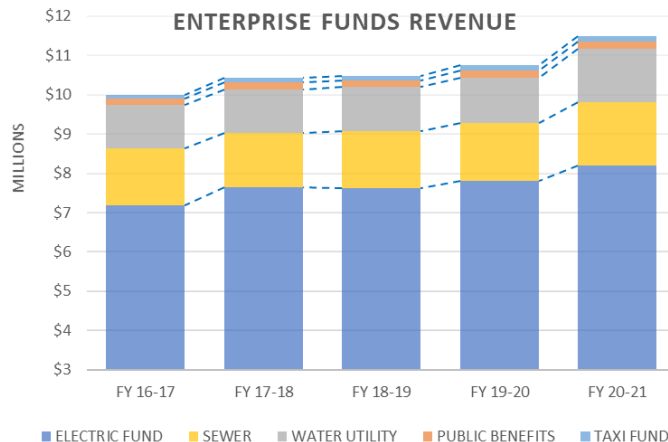
Special Revenue Funds

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.

Enterprise Funds

Enterprise Funds Revenue is expected to increase due to several factors. Water, Sewer, and Electric revenues will increase temporarily by approximately 8% primarily due to the additional population of users due to the Gridley Camp Fire FEMA Community. Electric Fund revenues are generally improving due to the 2018 rate adjustment. The Water Fund includes an 18% projected revenue increase and the Sewer Fund includes an 10% projected increase. Both revenue increases are due to rate adjustments that are critically required to avoid negative balances and drastic cuts.

Enterprise Fund Expenditures are expected to modestly increase, primarily driven by increases to employee contracts. The Electric Fund continues to experience increased costs of power purchases and transmission costs. The Electric Fund transfer to the General Fund is proposed to be \$1,300,000 in FY 2020-21 budget year.



Significant Concerns

As discussed in the prior year budget sessions, the Water Fund and Sewer Fund have reached alarmingly low fund levels.

The proposed budget includes reductions and postponements of much needed water and sewer projects due to the low fund balances and overall unavailable funds. Water and Sewer operating expenses have remained relatively flat with increases coming primarily from personnel expenses in recent years. The past deficit has been primarily due to the fact that the rate schedules have not been

updated in many years. The fund balances are barely above deficit level, but are dangerously close. The proposed rate adjustments should allow for steady improvement over the next three years, assuming continue expenditure discipline and continued successful efforts with federal and state grants for water and sewer projects.

Capital Improvement Program

Following a practice reinstated two years ago, 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.

Annual Approval of the Master Fee Schedule

Working closely with our Auditors and financial consultants, we've enhanced and added policies and processes associated with the budget process. New this year is the annual review and adoption of the City's Master Fee Schedule. The proposed Master Fee Schedule has been added to our City Website, posted public ally, and residents have been notified of its online location.

Conclusion

In conclusion, following the remarkable improvement in financial position in the last four years, the proposed budget adds discipline in expenditure reduction throughout all funds. This will be particularly important in the General Fund as we strive to meet reserve fund policy criteria and overall long-term viability. While the overall state of the Enterprise Funds is improving with the proposed budget, it's imperative that we closely monitor the critically low balance of the Water Fund and Sewer Funds. Additionally, staff recommends continued review and implementation of adequate reserve fund policies to ensure the safety of City operations across all funds.

Fiscal Impact

The proposed FY 2020-21 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 – None



**City of Gridley
Budget Session #1
Fiscal Year 2020-2021**

IMPORTANT COUNCIL MEETING DATES:

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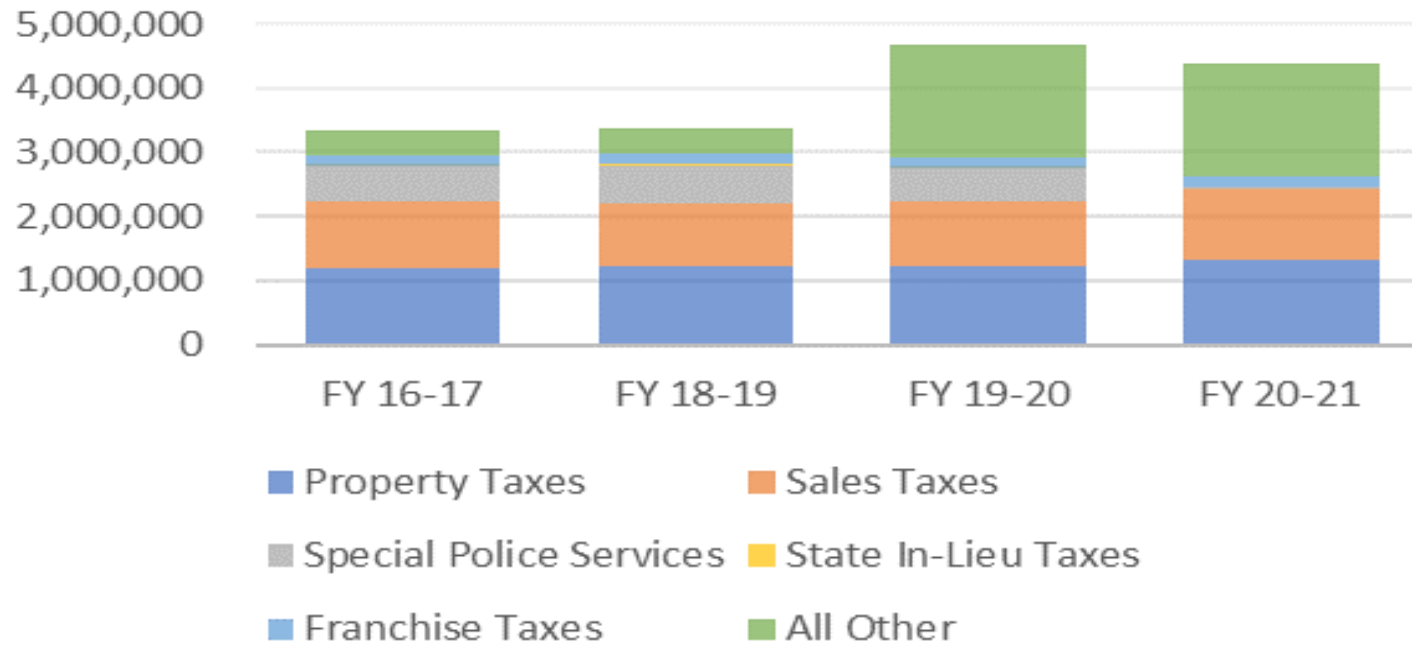
PROJECT PHASE	STARTING	ENDING
DETERMINE 20-21 FIXED COSTS (PERSONNEL, ETC.)	5.4.2020	6.1.2020
PROJECT 20-21 EXPENDITURES	5.4.2020	6.10.2020
PROJECT 19-20 REVENUES	5.18.2020	6.10.2020
DETERMINE GENERAL FUND TARGETS	5.4.2020	6.10.2020
DEPARTMENTS DEVELOP BUDGETS BASED ON TARGETS	4.27.2020	6.10.2020

PROJECT PHASE	STARTING	ENDING
CITY ADMINISTRATOR/FINANCE STAFF/DEPARTMENT HEAD MEETINGS	5.18.2020	5.29.2020
COUNCIL BUDGET MEETINGS	6.01.2020	6.15.2020
DEVELOP PROPOSED BUDGET	5.18.2020	6.15.2020
ADOPT PROPOSED BUDGET	6.15.2020	6.15.2020
STAFF DEVELOP ADOPTED BUDGET	6.15.2020	6.26.2020
UPLOAD BUDGET INTO SOFTWARE	6.26.2020	

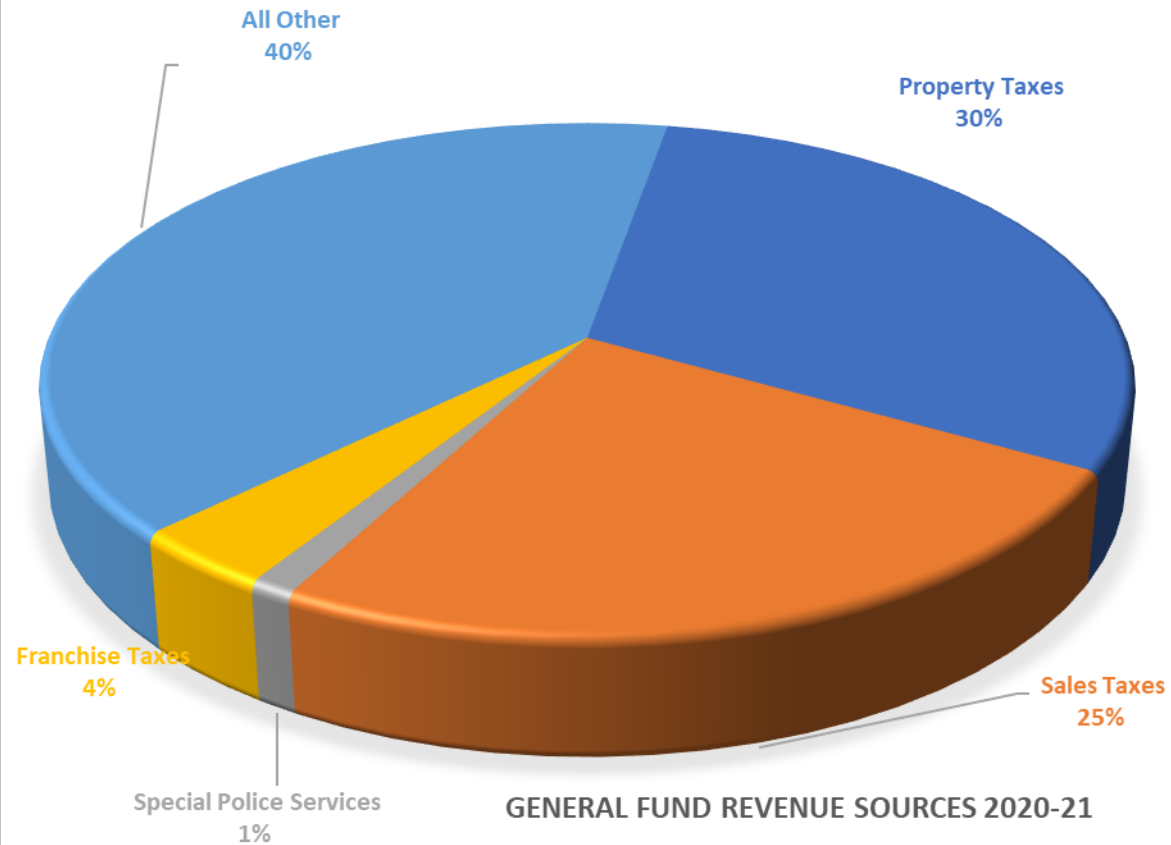
Budget Process Challenges: COVID19 Impacts to other Governmental Agencies; Staffing Changes; Audit Expansion and Delays; Chart of Accounts Changes; and new Software Implementation.

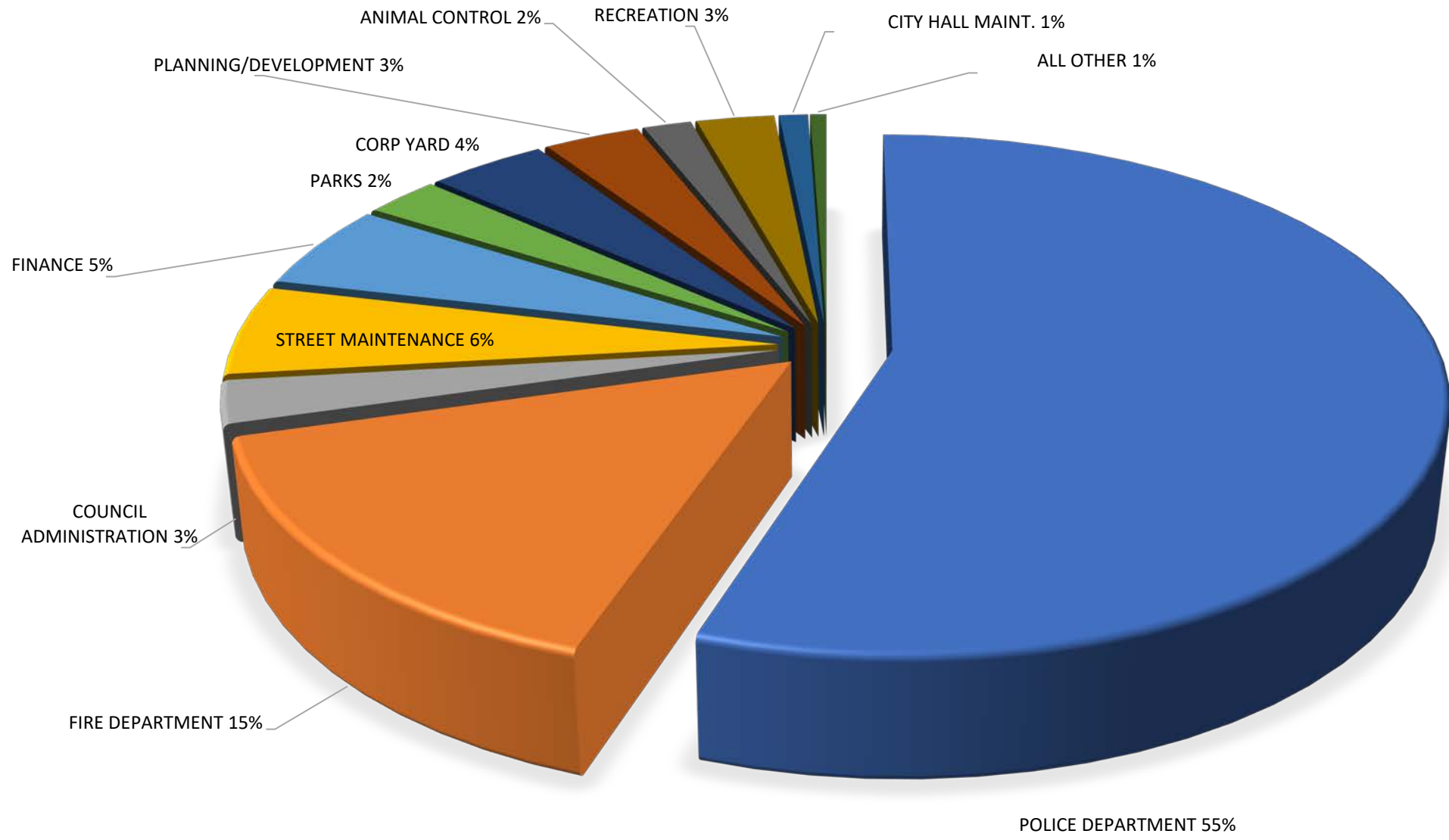
Proposed G.F. Revenues

GENERAL FUND REVENUE TREND



General Fund Revenue Sources

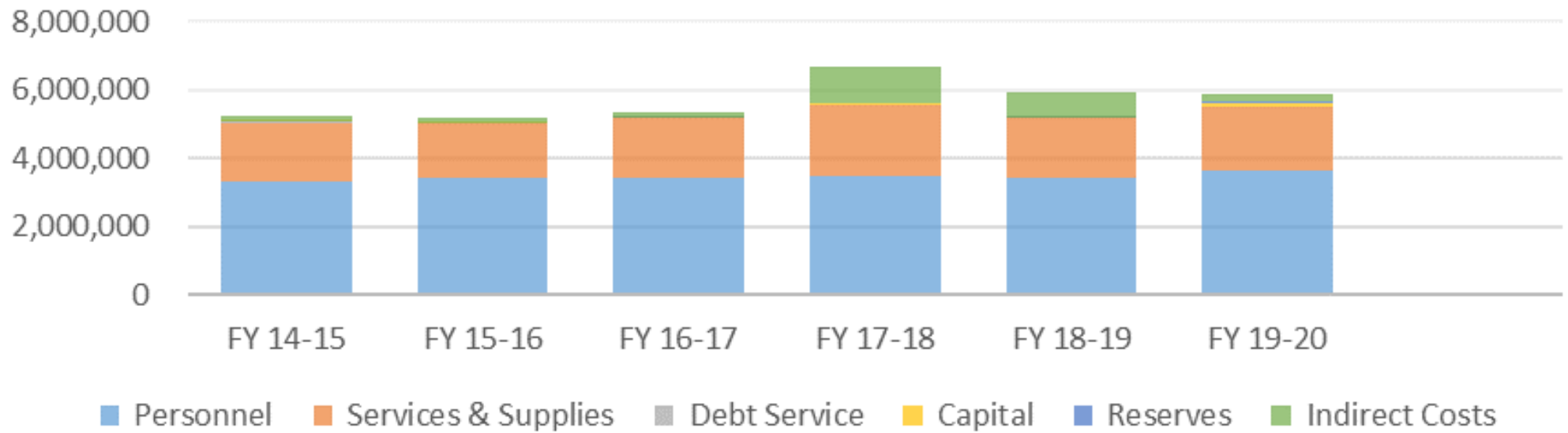




GENERAL FUND EXPENDITURES 2020-21

Proposed G.F. Expenditures

GENERAL FUND EXPENDITURES TREND



Initial Budget Assumptions

Revenue

- 3% Sales Tax Growth
- 5% Property Tax
- New SB1 Revenue \$110,000
- Sewer and Water Increases
- Electric Transfer to \$1.4 M (PD Increases)

Expenses

- Increase in Health Premiums (4%-6%)
- Increase in PERS (8%)
- GF Net Police Increase \$200,000

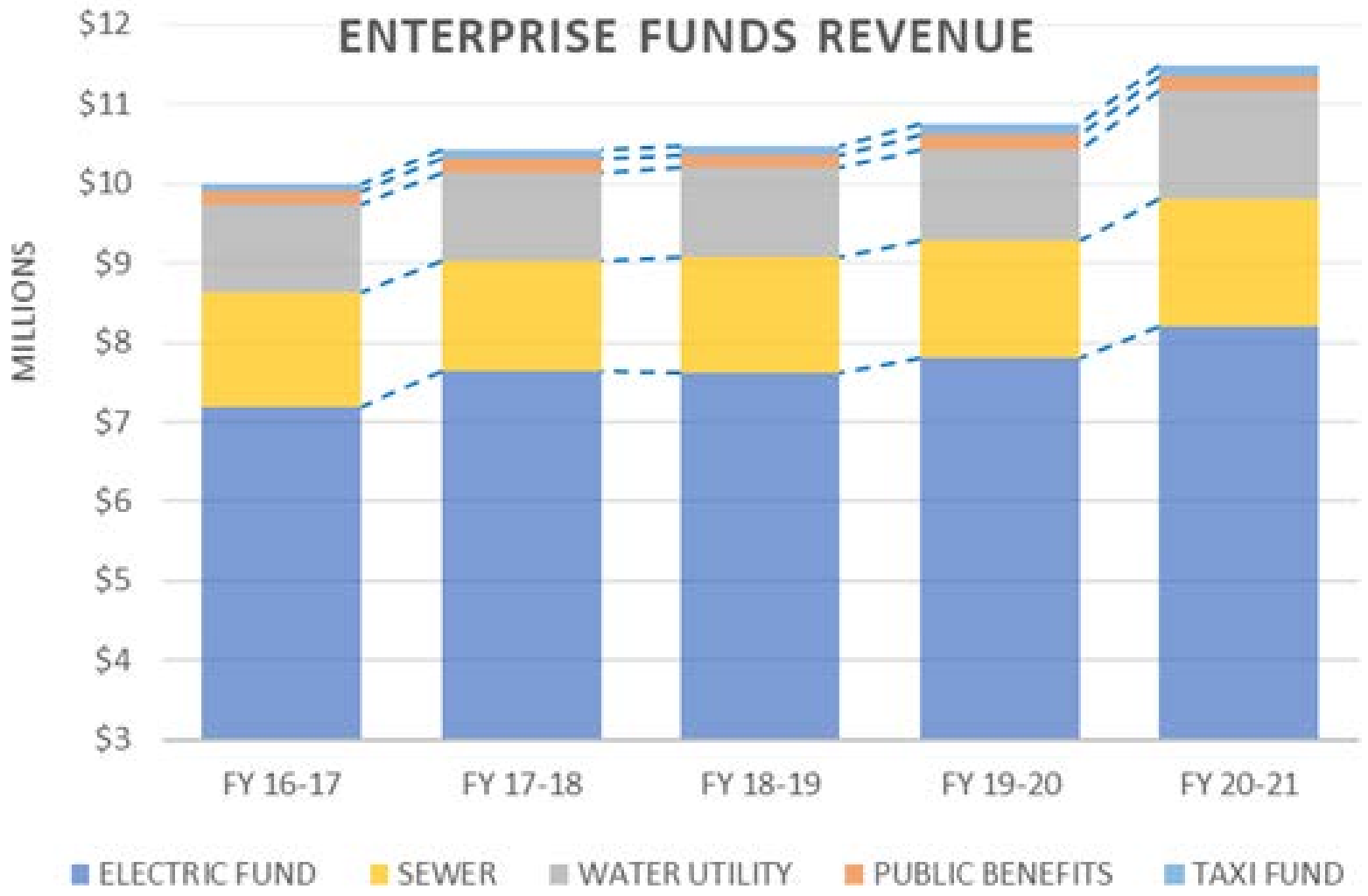
Proposed Program Changes

- Mostly Static Budget
- Add 1 Public Works Maintenance Worker
- Reduce 2 Police Officers
- 1 Firefighter (FEMA) & Add 2 new CSO's (FEMA)

G.F. Reserve Requirements

2020/21 Target Reserve Example

General Fund Budget	\$5,935,594
	<u>x 15%</u> (2024 Reserve Level is 20%)
	= \$890,339
Remaining Available Balance	\$867,282



End of Presentation

Next up Police

Feedback from Council is very helpful



City of Gridley Police Department Budget Fiscal Year 2020-2021

GRIDLEY POLICE DEPARTMENT



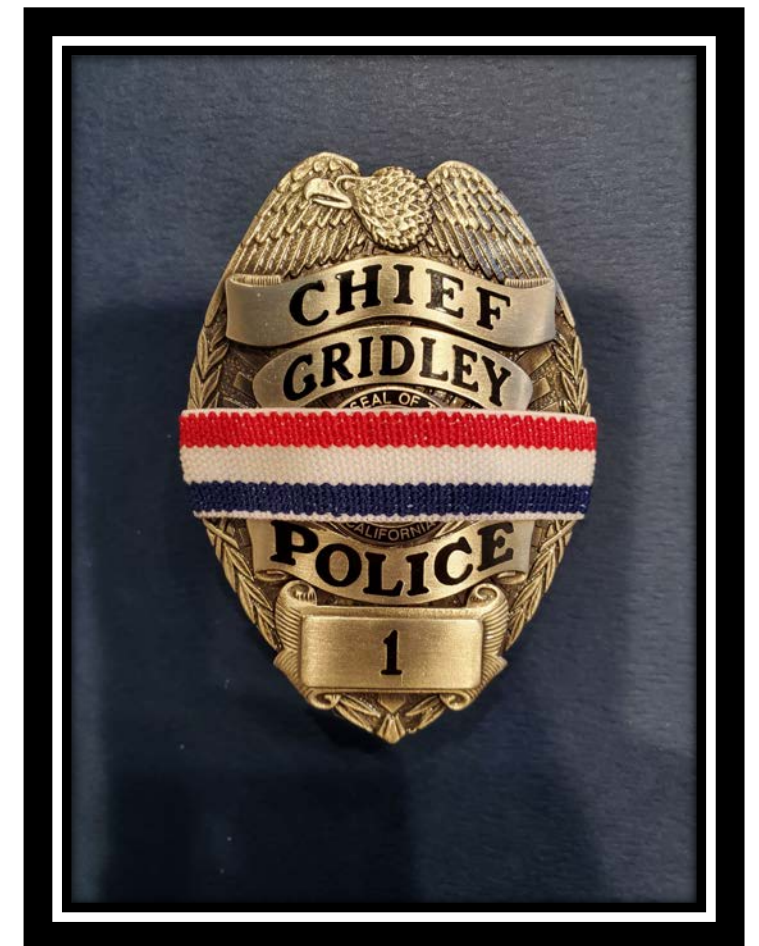
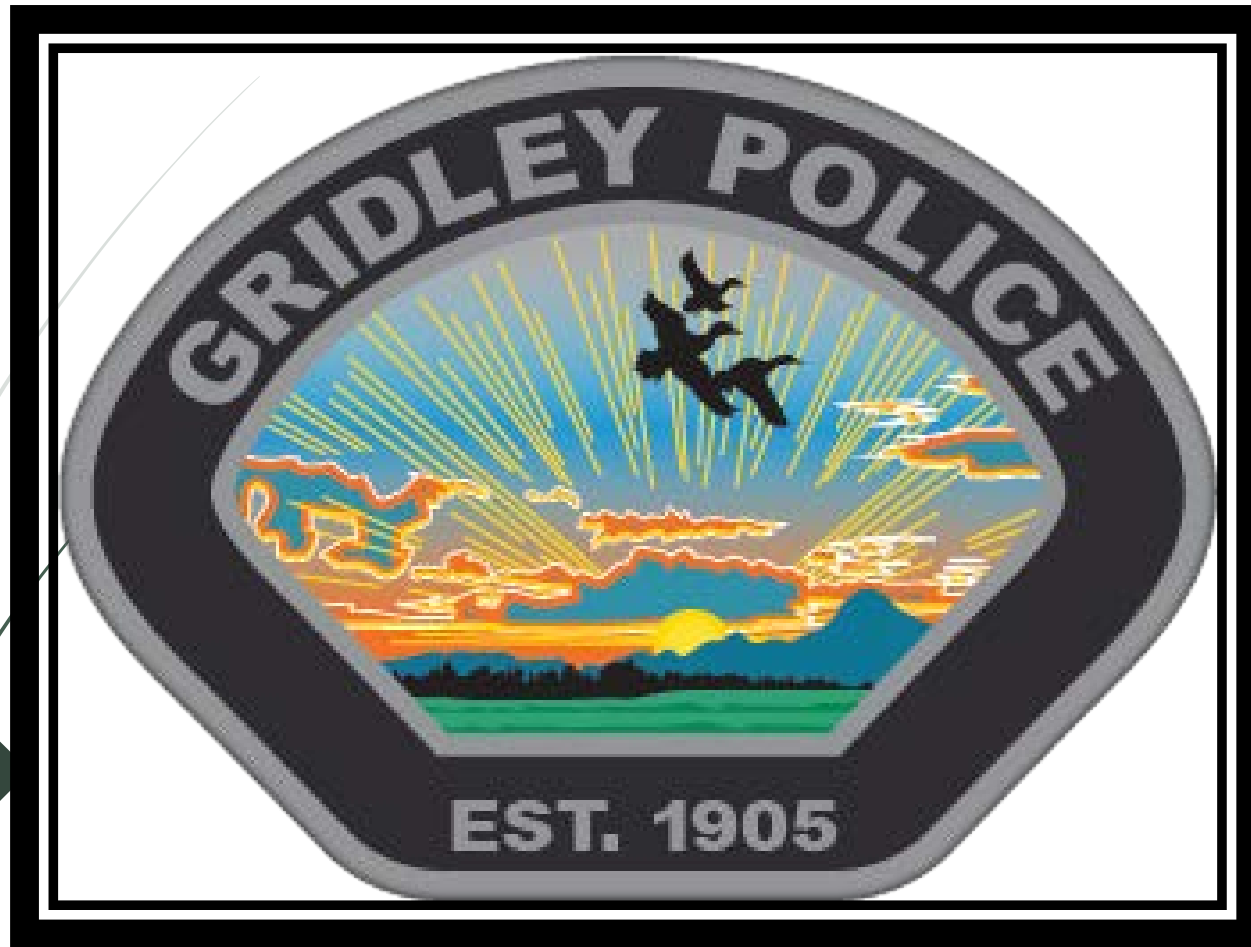
Changes for 2020

- We **ARE** the **Gridley Police Department**
- New Mission Statement to reflect the Current and Future values of the Gridley Police Department
- Shoulder Patch and Badge Design change to reflect the Gridley Police Department and its community
- Commitment to efficiency and cost savings

Mission Statement

It is the mission of the Gridley Police Department to work in partnership with the community, to serve with Integrity, Honor and Professionalism, to protect lives and property, to preserve the peace and order, to create a working environment in which we recruit, train and develop an exceptional team, and above all, to protect the Constitutional Rights of each individual in the community we serve

GRIDLEY POLICE DEPARTMENT



Patrol Statistics

2018 Summary

➤ Total Incidents	17432
➤ Calls for Service	10413
➤ Traffic Stops	2286
➤ Citations	912
➤ Traffic Accidents	92
➤ Reports Taken	1554
➤ Arrests Made	722



2019 Summary

➤ Total Incidents	15846
➤ Calls for Service	10551
➤ Traffic Stops	1806
➤ Citations	789
➤ Traffic Accidents	102
➤ Reports Taken	1360
➤ Arrests Made	683

State of the Art Dispatch Center

Modified Dispatch Contract with Oroville Police Department

- ▶ Reduction in Costs due to shared payroll and benefits expenses
- ▶ Upgraded 9-1-1 System 2020
- ▶ Better service to our Residents
- ▶ Reduction in Overtime

Paperless Integration

- ▶ Reduced printing expenses
- ▶ One source lookup on cases

Records

- ▶ Cleanup of data base in RIMS system
- ▶ Meeting compliance with 290 registrants and notices for non-DA filings
- ▶ Formal complaint process now in compliance



Full Time Staffing

- 1 - Chief Of Police
- 1 - Lieutenant
- 2 – Sergeants
- 1- Detective (2 days inhouse 2 days BINTF)
- 8 - Patrol Officers (2 currently vacant)
- 4 – Dispatchers/Records Technician
- 1 – Animal Control Officer
- 2 – Community Service Officers (1 currently vacant)

* New Chief of Police appointed April 2020

K-9 Program

100% Self Funded

- Funded by Grants and Community Service Groups
- Funding pays for
 - All Training
 - Overtime for Care
 - Veterinarian Expenses



Currently have raised approximately \$25,000 which will sustain the program for two years. Continued support through donations and fund raisers



Animal Control

- Supplemental Grant Funding from Pet Co Foundation as well as Individual and Community Service Group Donations
- Funding pays for
 - Expenses related to T-N-R Program
 - Veterinarian Care for Sheltered Animals

Currently staff have raised approximately \$9,000 to date. Continued funding through donations and grant applications for continued services

Community



Community Events

24

- National Night Out
- School Presentations
- Teddy Bear Clinic
- Red Suspenders Day
- Coffee with COP
- SARB Board
- Eddie Eagle Program
- Butte County Fair



Social Media

25

- Post frequently on Facebook
- Access adding a Police Department Twitter account
- Enhanced Public Engagement
- Become the **accurate** information source



Gridley - Biggs Police Department

May 22 at 8:49 AM · ⚙️



Gridley Police Department is looking for the public's assistance in identifying the individual in this video. If you have any information regarding this individual, please contact our Department at 530-846-5670.

Volunteer Program

- Eliminate senior requirement
- Recruit new members
- Expand duties
- Provide additional training

Proposed FY 20-21 Budget

FY 19-20 Budget

\$3,119,052

FY 20-21 Budget

\$

Short-term Increase of \$173,525 funded by Gridley Camp Fire Community

* Anticipated increase in PERS and insurance premiums

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**Our Police Team Greatly
Appreciates the Council's
Support!**