

RESOLUTION NO. 2019-66
RESOLUTION NO. 2019-02 (S/A MRA)
RESOLUTION NO. 2019-02 (NPC)
RESOLUTION NO. 2019-02 (PPSC - NPC)
RESOLUTION NO. 2019-02 (MAC)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA, SUCCESSOR AGENCY TO THE MARINA REDEVELOPMENT AGENCY BOARD, ABRAMS B NPC BOARD, PRESTON PARK SUSTAINABLE COMMUNITY NPC BOARD AND AIRPORT COMMISSION ADOPTING THE FISCAL YEAR 2019-20 AND FISCAL YEAR 2020-21 BUDGETS, ESTABLISHING PROCEDURES FOR AMENDING THE BUDGET, AND AUTHORIZING THE FINANCE DIRECTOR TO MAKE ALL NECESSARY ACCOUNTING AND BUDGETARY ENTRIES

WHEREAS, the City and Agency budget is an estimation of resources, revenues and expenditures for a fiscal year period, which is July 1st through June 30th; and,

WHEREAS, the City Council held multiple public meetings to discuss the proposed FY2019-20 and FY2020-21 budget in May and June 2018; and,

WHEREAS, the City Council and Successor Agency to the Marina Redevelopment Agency Board are receiving the Successor Agency Fund budget schedules as provided hereto; and,

WHEREAS, the City Council held a public hearing on June 4, 2019 to receive public input on the City's FY2019-20 and FY2020-21 budget; and,

WHEREAS, Staff made presentations and addressed questions, and Council provided direction; and,

WHEREAS, the Council approved the draft FY 2019/20 and FY 2020/21 budget on June 18, 2019 but directed staff to bring back the budget on July 2, 2019 for further consideration

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Marina, Successor Agency of the Marina Redevelopment Agency Board, Corporation Boards and Commission Board amends the budget by the following:

- 1) as to Flower Circles that we proceed with designating at least \$120,000 to be used for the purpose of improving that street without modifying the existing projects or reducing them in any manner;
- 2) as (p) on page 3 of the staff report for Preston Park General Fund , we would defer that until we bring the budget for Preston and Abrams to the City Council with the understanding that we would be addressing what portion of those revenues would be going into or maintained for the purpose of assuring us that the existing loan is able to be refinanced instead of placing it all into the general fund; and
- 3) (r) on page 3 of the staff report, that we have the City Manager come back to us in November with an update as to being able to hire an assistant to the Airport Services Manager either internally with existing staff or from a third person unknown at this time; and
- 4) That the rest of the list on page 3 of the staff report come back on November 12th; and

Resolution No. 2019-66

Resolution No. 2019-02 (S/A MRA)

Resolution No. 2019-02 (NPC)

Resolution No. 2019-02 (PPSC - NPC)

Resolution No. 2019-02 (MAC)

Page Two

- 5) That if it could be confirmed that the state may act and take away our local discretion on Single-Use Plastics Ban that we would move sooner so that we could develop our own; and
- 6) That we place on a future agenda for discussion and consideration rent stabilization after receiving Council Member Berkley's report on rent stabilization.

PASSED AND ADOPTED by the City Council of the City of Marina, Successor Agency to the Redevelopment Agency Board, Abrams B NPC Board, Preston Park Sustainable Community NPC Board, and Airport Commission at a regular meeting duly held on the 2th day of July 2019, by the following vote:

AYES: COUNCIL/AGENCY/CORPORATIONS/COMMISSION MEMBERS: Berkley, Urrutia, O'Connell, Morton, Delgado

NOES: COUNCIL/AGENCY/CORPORATIONS/COMMISSION MEMBERS: None

ABSENT: COUNCIL/AGENCY/CORPORATIONS/COMMISSION MEMBERS: None

ABSTAIN: COUNCIL/AGENCY/CORPORATIONS/COMMISSION MEMBERS: None

ATTEST:

Bruce C. Delgado, Mayor/Chair

Anita Sharp, Deputy City Clerk

June 21, 2019

Item No. **11a**

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of July 2, 2019

**CITY COUNCIL TO CONSIDER ADOPTING RESOLUTION NO. 2019-
APPROVING THE FY 2019/20 AND FY 2020/21 BUDGET AND MAKING
ADJUSTMENTS AS APPROPRIATE**

REQUEST:

The City Council at its June 18, 2019 Council Meeting reviewed the FY 2019/20 and FY 2020/21 budget and adopted the budget as proposed with the direction that the budget be brought back to them at the July 2, 2019 meeting for potential modifications. Staff was instructed to postpone discretionary budget actions until at least July 2, 2019 Council review.

The purpose of this item is to allow Council to consider further changes, if appropriate, in the City's budget and to provide additional direction to Council as appropriate.

The Council may wish to discuss the budget further and make further modifications. After the Council has addressed whatever changes they wish to make, if any, the Council should then consider adopting the budget for the next two fiscal years, understanding that the Council may revise the budget at any regularly scheduled meeting.

BACKGROUND:

At the City Council meeting on June 18, 2019, the City Council reviewed the proposed two-year budget after conducting a number of other meetings in the past on the budget. One item staff did not have fully discussed at the last meeting was the proposed changes in the Airport Capital Improvement program from the June 4 to the June 18, 2019 meeting. Table I, Revised Airport Capital Projects, shows which capital projects were revised in the drafts, essentially showing that the first year of the budget, recommended capital projects were reduced by \$129,000 while Airport Capital project requests increased by \$154,000 in second year of the capital plan, for a next increase of \$25,000 over the two-year period.

Although, the Council appears largely satisfied with the budget, the Council wanted to bring back the document at its July 2, 2019 meeting in order to potentially make some additional changes at the beginning of the budget cycle. Although the Council may make changes at any regularly scheduled Council meeting, the Mid-year review in February or March and the Mid-cycle review in June of next year will be a time to deeply focus on the budget.

The Council has developed a 58-point priority list which came out of the Council's March 1 and 2 Council Workshop. Those priorities are largely addressed in the budget and staff has responsibility to periodically bring back the priority list for Council review and update.

As the Council reviewed the budget, it became clear that the Council had other issues beyond the 58 priorities it wished to address. However, in an effort to assure that staff focuses on the current priorities assigned to staff, Council directed staff to return latter to discuss the emerging issues raised by Council.

Table I
Revised Airport Capital Projects

		Resources		
		4-Jun-19	19-Jun-19	Changed
<u>Fiscal Year 19/20</u>				
2003 Pavement Maintenance		\$ 78,000	\$ 128,000	\$ 50,000
2006 Building 524 Improvement		\$ 30,000	\$ 55,000	\$ 25,000
2007 Trash Enclosures/ Medians/ Parking Lots		\$ 50,000	\$ -	\$ (50,000)
480 Fuel Tank Replacement		\$ 154,000	\$ -	\$ (154,000)
Subtotal		\$ 312,000	\$ 183,000	\$ (129,000)
<u>Fiscal Year 20/21</u>				
2003 Pavement Maintenance		\$ 111,000	\$ 146,000	\$ 35,000
2006 Building 524 Improvement		\$ -	\$ -	\$ -
2007 Trash Enclosures/ Medians/ Parking Lots		\$ 35,000	\$ -	\$ (35,000)
480 Fuel Tank Replacement		\$ -	\$ 154,000	\$ 154,000
		\$ 146,000	\$ 300,000	\$ 154,000
			Change	\$ 25,000

The City Manager has committed to Council to discuss these issues at a special work session on November 12, 2019 as well as updating Council on the status of the Council's priorities.

Longer-term issues. Earlier in the Council's budget deliberations, the Council called out the following items for further discussion:

1. Items staff will bring back to Council for discussion as follows:
 - a) Available Fund Balance. The Council has available fund balance to work on some projects. What, if any, projects should the City consider?
 - b) Preston Park. How can the City position itself to pay off the debt it owes on the par?
 - c) Parks Workers. Does the City have enough park workers or contractors to adequately take care of the City's parks?
 - d) Restrooms and Drinking Fountains. Should restrooms and repair drinking fountains be added to parks?
 - e) Very Poor Streets. Is there a way to address some of the very worst streets in Marina rather than waiting for the 20-year plan to solve the problem?
 - f) Civic Center. What can be done about having a better City Hall?
 - g) Traffic Calming Efforts. What will it take to address traffic calming efforts?

Staff proposes to have that discussion as a work session on Nov. 12, 2019. The date is an off-Council meeting dates and will allow staff to potentially complete some of the Council's priorities before new priorities are given to staff.

2. Councilwoman Berkley is gathering information about rent stabilization and plans to present that information to the Council in the fall.
3. A periodic review of Council priorities and the presentation of a priorities' dashboard needs to be done.

In addition, the staff heard that Council wished to also discuss the following items:

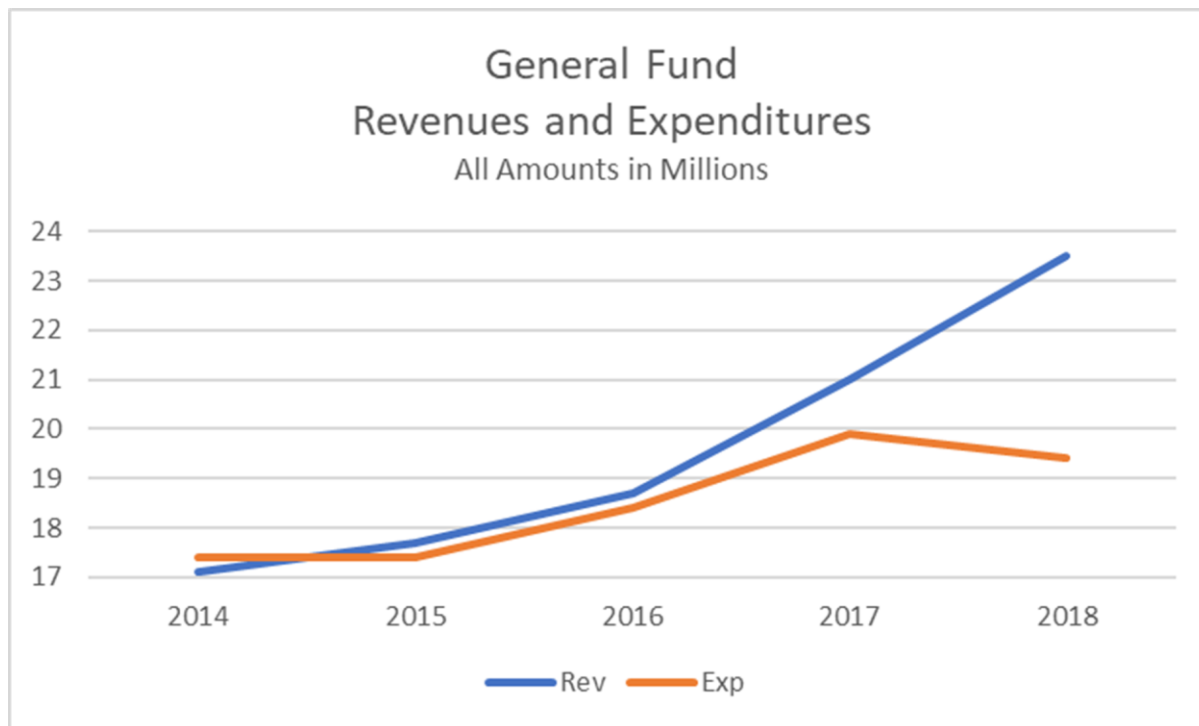
- h) What options does the Council have if it wants to fund the repair of Flower Circle now? (Staff suggested that the project would not affect the proposed program if new money was added to the program, about \$120,000. Reordering when projects were done would reduce the efficiency of the proposed street improvement program.)***
- i) Should single use plastics be addressed now, or should the City simply accept what is being proposed at the State level? (Assembly Bill 1080 would outlaw single-use plastics by 2030. The lag is proposed to allow businesses to find alternatives business practices.)***
- j) Should the Council have a process to set-aside a certain amount of money to fund or contribute to non-profits? (Specifically, United Way 211 asked for support)
- k) How can the City address the aesthetics of street medians?
- l) There is a concern about the buildings surrounding the high school which need to be demolished. How can these be addressed?
- m) The street program after 20 years achieves a pavement management index of 70 but leaves 38% of the City's collector streets in poor condition. Is this acceptable?
- n) No money is available for Fort Ord Recreational Trails and Greenways (FORTAG). Is this acceptable?
- o) Although Councilmember Berkely will bring back some concepts on rent stabilization, should we do more because this is an issue affecting many of the families in Marina?
- p) Should the transfer from Preston Park to the General Fund be reduced back to \$1.75 million from \$1.81 million to help that fund prepare to refinance its' debt in 2026?
- q) Will Abrams Park, which appears to be close to break-even situation now, be viable after the proposed Below Market Rent program is fully implemented in that fund? If not, what should the City do?
- r) In the past, Council has asked if the staffing at the Airport was sufficient. What, if anything, should be done?

To the extent items h-r are not addressed, they will be brought back in November. However, the sheer list of these 19 additional items, added to the Council's 58 priorities, shows how difficult it is to address all the needs of the community.

Analysis

The proposed budget is significant because it represents the culmination of a sustained effort by the City Council to set in order the City of Marina's fiscal house. As recently as FY 2013/14, the City had a deficit budget, as shown in Chart I, General Fund Revenues and Expenditures.

Chart I
General Fund Revenues and Expenditures



In 2012, the City adopted a balanced budget amendment which required the City Manager to submit a budget that was balanced. Resolution 2012-46 states that total revenues must be more than total expenditures, except that non-recurring transfers may be deducted from balanced budget calculation.

This year's budget meets those requirements for the General Fund as shown in Table I, Balanced Budget Calculation. After the proposed budget's operations for two years, Table IIa, General Fund Balanced Budget Calculation and Table IIb, Distribution of General Fund Balance, 6/30/21, shows that the proposed budget meets the requirements of Resolution 2012-46 and what the General Fund's fund balance will be as of that date. The forecast shows that approximately \$5 million will remain. Council has directed that staff schedule a work session to discuss this available balance and other matters raised as part of the budget process.

Table I

City of Marina
Two Year Budget, FY 19/20 and 20/21
All Amounts in Thousands

	Beg. Bal. 7/1/2019	Resources	Uses	Change	Balance, 6/30/2020	Resources	Uses	Change	Balance 6/30/2021
General Fund									
Operating	12,056	26,238	(27,650)	(1,413)	10,643	26,059	(28,411)	(2,352)	8,291
Reserves	3,475	1,462	(557)	905	4,380	1,355	(845)	511	4,891
Total GF	15,531	27,700	(28,207)	(508)	15,023	27,414	(29,256)	(1,842)	13,182
Special Revenues									
Special Revenues	14,456	19,094	(17,977)	1,117	15,573	2,658	(2,677)	(19)	15,554
Assessment Dist.	687	215	(68)	147	834	219	(48)	171	1,005
Debt Service	884	1,181	(1,221)	(40)	844	1,201	(1,250)	(49)	795
Capital Projects	8,969	46,652	(46,717)	(64)	8,904	9,380	(11,501)	(2,121)	6,783
Enterprises	10,280	11,777	(12,804)	(1,027)	9,253	12,011	(11,638)	373	9,626
City Total	50,807	106,619	(106,994)	(375)	50,432	52,883	(56,369)	(3,487)	46,945
Successor Agency	2,918	3,867	(3,373)	494	3,412	4,030	(3,637)	393	3,805
Total	53,726	110,486	(110,367)	119	53,844	56,913	(60,006)	(3,094)	50,750

NOTE:

Resources include both revenues and transfers in

Uses include both expenditures and transfers out

Table IIa

General Fund Balance Budget Calculation				
		<u>FY 19/20</u>		<u>FY 20/21</u>
	Revenues	26,237,667		26,059,217
	Expenditures	(27,400,387)		(28,411,407)
	Revenues Over/(Under)			
	Expenditures	(1,162,720)		(2,352,190)
	Add Back One-time Transfers:			
	Capital	2,160,300		2,735,000
	Vehicles	507,000		580,000
	Amount Exceeding			
	Balanced Budget	1,504,580		962,810

Table IIb
Forecasted Distribution of General Fund Balance

Fund Balance 6/30/2021	13,181,773
Less:	
Emergency Reserves @ 20% of Revenues	(4,736,003)
Vehicle Replacement Fund	(2,470,500)
GASB 45 - OPEB Obligation	(200,000)
Pension Stabilization - 2025 Horizon	(2,050,000)
Library Maintenance	(170,143)
	3,555,127
Available Gneral Fund Balance	3,555,127

As the Council has controlled expenses, the community showed confidence in their local government and have approved a number of revenue measures as shown in Table III, Voter Approved Ballot Measures.

Table III

<u>Voter Approved Revenue Measures:</u>		
• Measure U (2016),		
Business Tax Measure		\$1.2mm
• Measure N (2018), District		
Sales Tax		\$1.5 mm
• Measure P (2018),		
Increased TOT		<u>\$0.6 mm</u>
• Total		\$ 3.3 mm

The budget significantly addresses issues by:

- 1) Programming \$43.3 million in road projects over the next two years designed to improve circulation and maintain the City's streets at a Pavement Management Index of 70. The largest project is the Imjin Parkway Widening budgeted at \$35 million.
- 2) Some \$4.8 million in Airport projects are anticipated in this budget with another \$8.9 million in capital projects to improve public facilities and plans.
- 3) \$600,000 a year more in order to increase Fire protection and suppression.
- 4) \$300,000 a year to improve a variety of city services ranging from code enforcement, to special recreational events to police records.

Although no planning effort is perfect, this year's budget addresses the Council's priorities while maintaining fiscal discipline, living within the City's resources. There is much work to be done in this budget. As this work is completed, Marina will have much to be proud of.

FISCAL IMPACT: None to receive this report.

CONCLUSION:

This request is submitted for City Council consideration and possible action.

Respectfully submitted,

Eric Frost
Finance Director
City of Marina

REVIEWED/CONCUR:

Layne P. Long
City Manager
City of Marina