

## RESOLUTION 2018-003

### RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO ESTABLISHING ALLOCATIONS FOR THE GENERAL FUND DESIGNATED RESERVES AT \$9,525,937 FOR FISCAL YEAR 2017/18 (MID-YEAR) PER ADOPTED FISCAL RESILIENCY RESERVE POLICY

WHEREAS, *Budget Spending Controls* and *General Fund Reserves Protection / Fund Balance* are adopted policy items under the FY 2018-21 Council Priority Workplan, effective November 1, 2017;

WHEREAS, this is not a project as defined by CEQA as a budget or financing mechanism pursuant to 14 Cal. Code of Regulations section 15378(b);

WHEREAS, In order to protect the fiscal solvency of the City and to achieve greater fiscal resiliency, the City Council took the important step of establishing the *Fiscal Resiliency Reserve Policy* on October 21, 2013 (Resolution 2013-159), which policy established new reserves and determined to fund each by formula (the Catastrophic Reserve, Budget Stabilization Reserve, and City Manager's Contingency Account) or by a set amount within the General Fund Designated Reserve and Future Capital Projects Reserve (collectively the "GFDR" or Designated Reserves);

WHEREAS, the purpose of the reserves was to protect against natural disasters or manmade economic calamities and to set aside funding for other future known, but as of yet, unbudgeted one-time expenses;

WHEREAS, on June 20, 2016, City Council strengthened the Fiscal Resiliency Reserve Policy with the addition of the Casino Revenue Sustainability Reserve, allowing City Council to set aside up to 50% of annual audited fund balance (Resolution 2016-218);

WHEREAS, On January 17, 2017, City Council approved the FY 2016/17 Designated Reserves at \$18,855,163, and since then, City Council has appropriated \$11,706,724 and \$622,502 has been expended from the GFDR (total of \$12,329,226), leaving a remaining balance of \$6,525,937;

WHEREAS, the 2017 Comprehensive Annual Financial Report (CAFR), identified an increase in audited fund balance of \$3,000,000, which is now available for assignment within the FY 2017/18 Designated Reserves, as follows:

• FY 2016/17 GFDR Begin Balance	\$ 18,855,163
• Expenditures & Appropriations since 1/17/17	<u>(\$ 12,329,226 )</u>
• Year to Date Fund Balance (12/31/17)	\$ 6,525,937
• Year-end Audited Fund Balance Available (6/30/17)	<u>\$ 3,000,000</u>
• <b>FY 2016/17 GFDR Available Balance</b>	<b>\$ 9,525,937</b>

WHEREAS, on January 10, 2018, the Budget, Fiscal & Legislative Standing Committee (Valdez/Kinney) reviewed the year-to-date appropriations and expenditures through December 31, 2017 from the FY 2017/18 General Fund Designated Reserves, as

well as the audited fund balance figure from the 2017 CAFR available for assignment to the GFDR and took action to recommend approval by the City Council as proposed in the table below;

WHEREAS, this action does not involve the actual expenditure of funds or the creation of new budgets, but merely designates earmarked funds from the current FY 2017/18 fund balance for potential future appropriation by the City Council to an approved capital improvement project or departmental expenditure account, thus demonstrating the City's continued commitment to prudent financial management and will assist the City in planning for expected costs in the future.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of San Pablo does hereby approve the FY 2017/18 Mid-year General Fund Designated Reserves in the amount of \$9,525,937 with the line-item allocations detailed in the following table:

<b>FY 2017-18 YEAR END MID-YEAR ADJUSTMENT</b>	
<i>Proposed for January 2018 City Council Approval</i>	<b>FY 2017/18</b>
<b><u>Major Operating Contingencies (Revised)</u></b>	
Compensated Employee Absences	\$0
CalPERS Method 5 Policy Smoothing Impacts (2017-19)	\$0
City Facility Maintenance & One-Time Improvements	\$0
SPEDC Operating (FY16/17) & Measure Q (FY17/18) Subsidy	\$650,000
IT Systems Maintenance, Replacement, CAD/RMS, Surveillance Cameras	\$625,000
Vehicle and Large Equipment Replacement	\$200,000
Succession Planning & HR Legal Issues	\$50,000
<b><u>Sub-Total</u></b>	<b><u>\$1,525,000</u></b>
<b><u>Future Capital Projects &amp; Professional Services Reserves</u></b>	
ADA Compliance & Improvement Projects (City-wide)	\$50,000
City-wide Annexation, Economic Development, Telecom & TOD Projects	\$25,000
City-wide Park Improvement Projects	\$0
Drainage & NPDES MRP Compliance Facilities Improvements	\$100,000
Fire/EMS Services FS#70 Project with CCCFPD	\$4,500,000
Hillside Stabilization & Geo-Tech Studies/Improvements	\$100,000
Plaza San Pablo & Civic and Infrastructure Projects *	\$3,225,937
Casino Revenue Sustainability Reserve	\$0
<b><u>Sub-Total</u></b>	<b><u>\$8,000,937</u></b>
<b>Total Allocations Available</b>	<b>\$9,525,937</b>

\* \* \* \* \*

Adopted this 16<sup>th</sup> day of January, 2018, by the following vote:

AYES:	COUNCILMEMBERS:	Valdez, Morris and Calloway
NOES:	COUNCILMEMBERS:	None
ABSENT:	COUNCILMEMBERS:	Cruz, Kinney
ABSTAIN:	COUNCILMEMBERS:	None

ATTEST:

APPROVED:

/s/ Elizabeth Pabon-Alvarado  
Elizabeth Pabon-Alvarado, City Clerk

/s/ Genoveva Garcia Calloway  
Genoveva Garcia Calloway, Mayor