

RESOLUTION 2018-032

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO ESTABLISHING AN AMENDMENT #2 TO EXISTING ALLOCATIONS FOR THE GENERAL FUND DESIGNATED RESERVES AT \$8,650,000 FOR FISCAL YEAR 2017/18 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; and

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); and

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); and

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; and

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); and

WHEREAS, on January 16, 2018, City Council approved the FY 2017/18 General Fund Designated Reserves (GFDR) allocations with a balance of \$9,525,937 via Resolution #2018-003. Since then, City Council has appropriated and expended a total of \$3,875,937 from the FY 2017/18 GFDR leaving a remaining balance of \$5,650,000 to date; and

WHEREAS, on February 5, 2018, the City Council adopted Resolution 2018-018 to postpone temporarily the implementation of the City's Municipal Broadband Project. As result of this decision, a total of \$3 million (\$3M) in 2015 Taxable Bond Proceeds is now available for redirection and reprogramming to other major capital projects as initially discussed in the agenda report under Fiscal Impact;

WHEREAS, the City Manager proposes that the City Council redirect the \$3M in 2015 Taxable Bond Proceeds to the FY 2017/18 GFDR under a proposed Amendment #2 for future allocation to the active County Fire Station #70 project. In doing so, this will release General Fund fund balance previously allocated on June 19, 2017 in the amount of \$4.5 million presently contained in the FY 2017/18 GFDR per the adopted MOU with Contra Costa Fire Protection District (CCCFPD); and

WHEREAS, the City Manager proposes to transfer said \$3M in new audited fund balance (GF) funding which is now available for allocation into new priority projects, and is being presented as an Amendment #2 to the FY 2017/18 GFDR which increases the balance available for future Council appropriation to \$8,650,000. This amount includes \$1,925,000 in Major Operating Contingencies and \$6,725,000 in Future Capital Projects & Professional Services Reserves; and

WHEREAS, this action does not involve the 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 assisting the City in planning for expected costs in the future; and

WHEREAS, the Budget, Fiscal & Standing Committee (Calloway/Kinney) have reviewed the proposed FY 2017/18 GFDR Amendment #2 as proposed by the City Manager and the Summary List of Priority Projects for future funding allocation at their meeting on February 27, 2018, and recommend its full consideration and approval by the City Council.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of San Pablo does hereby approve the FY 2017/18 GFDR Amendment #2 with the following line-item allocations detailed in the following table:

| FY 2017-18 GFDR AMENDMENT #2 ADJUSTMENT | |
|--|---------------------------|
| <i>Proposed for March 5, 2018 City Council Approval</i> | FY 2017/18 |
| <u>Major Operating Contingencies (Revised)</u> | |
| Compensated Employee Absences | \$0 |
| CalPERS Method 5 Policy Smoothing Impacts (2017-19) | \$0 |
| City Facility Maintenance & One-Time Improvements | \$50,000 |
| SPEDC Operating (FY16/17) & Measure Q (FY17/18) Subsidy | \$0 |
| IT Systems Maintenance, Replacement, CAD/RMS, Surveillance Cameras | \$1,025,000 |
| Vehicle and Large Equipment Replacement | \$500,000 |
| Succession Planning & HR Legal Issues | \$50,000 |
| FY 2018/19 GF Budget Supplemental Revenue (New) | \$300,000 |
| <u>Sub-Total</u> | <u>\$1,925,000</u> |
| <u>Future Capital Projects & Professional Services Reserves</u> | |
| ADA Compliance & Improvement Projects (City-wide) | \$1,050,000 |
| 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 | \$0 |
| Casino Revenue Sustainability Reserve | \$0 |
| PW Streetlight Photovoltaic Master Plan Project (Phase I) New | \$950,000 |
| <u>Sub-Total</u> | <u>\$6,725,000</u> |
| Total Allocations Available | \$8,650,000 |

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Adopted this 5th day of March, 2018, by the following vote:

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

ATTEST:

APPROVED:

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

/s/ Genoveva Garcia Calloway
Genoveva Garcia Calloway, Mayor