

Legislation Details (With Text)

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Title: RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO APPROVING 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

Sponsors:

Indexes:

Code sections:

Attachments: 1. RESO 2018-032 GFDR Amendment #2 FY2017-18, 2. FY 2017-18 GFDR Proposed Mid-Year Adjustment Jan 2018 CC Approved, 3. Resolution 2018-003 Allocation for General Fund Designated Reserves, 4. Exhibit A - FY 2017-18 Summary Proposed Allocations (Amendment #2), 5. FY 2017-18 GFDR Amendment #2 CC 030518

Date	Ver.	Action By	Action	Result
3/6/2018	1	City Council	adopted	Pass
3/5/2018	1	City Council		

PREPARED BY: MATT RODRIGUEZ

DATE OF MEETING: 03/05/18

SUBJECT:

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO APPROVING 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

CITY MANAGER RECOMMENDATION

Adopt Resolution

COMPLIANCE STATEMENTS

FY 2018-2021 Council Priority Workplan Compliance Statement

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.

CEQA Compliance Statement

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).

BACKGROUND

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). This 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). 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. 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).

FY 2017/18 GFDR Allocation Approved

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.

2015 Taxable Bond Proceeds Re-Allocation

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

Therefore, staff proposes that the City Council redirect the \$3 million 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). This action if approved by the City Council will enable \$3 million in GF fund balance to be redirected for allocation to new priority projects as recommended by the City Manager.

City Manager Recommended Projects for New \$3M GFDR Allocation

The City Manager has proposed a number of priority projects being recommended for the new \$3 million in GFDR allocation under the proposed Amendment #2 which is summarized under Exhibit A (see Attachment).

FY 2017/18 GFDR Amendment #2 Proposed

The additional \$3 million in new funding is being presented as 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, as follows:

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Vehicle and Large Equipment Replacement	\$500,000	
Succession Planning & HR	\$50,000	
Legal Issues		
FY 2018/19 GF Budget Supplemental Revenue (New)	\$300,000	
Sub-Total	\$1,925,000	
<u>Future Capital Projects & Professional Services Reserves</u>		
ADA Compliance & Improvement Projects (City-wide)	\$1,050,000	

City-wide Annex ation, Econo mic Devel opme nt, Telec om & TOD Projec ts	\$25,000	
City-wide Park Impro veme nt Projec ts	\$0	
Drain age & NPDE S MRP Comp liance Facili ties Impro veme nts	\$100,000	
Fire/E MS Servic es FS#70 Projec t with CCCF PD	\$4,500,000	
Hillsid e Stabili zation & Geo- Tech Studi es/Im prove ments	\$100,000	

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Sub-Total	\$6,725,000
Total Allo	\$8,650,000

Therefore, the following GFDR Allocation Summary is provided including the FY 2017/18 GFDR Amendment #2 as proposed to the City Council for approval, as follows:

- FY 2017/18 GFDR Begin Balance (01/16/18) \$ 9,525,937
- Expenditures & Appropriations (since 01/16/18) (\$ 3,225,937)
- FY 2017/18 Balance Remaining: \$ 5,650,000
- \$3M Additional Available Funding(03/05/18) \$ 3,000,000
- **FY 2017/18 GFDR Available Balance \$ 8,650,000**

Budget, Fiscal & Legislative Standing Committee Review

On February 27, 2018, the Budget, Fiscal & Legislative Standing Committee (Calloway/Kinney) reviewed the proposed Amendment #2 to the FY 2017/18 GFDR as proposed by the City Manager to fund priority projects. The Standing Committee took action to recommend approval by the City Council as proposed in the above table.

FISCAL IMPACT

This action sets the FY 2017/18 GFDR Amendment #2 allocations at \$8,650,000. The action, however, does not involve the expenditure of funds or the creation of new budgets; hence, there is no associated fiscal impact. Approval of these designations merely earmarks funds in the current FY 2017/18 budget for potential future appropriation by the City Council to an approved capital improvement project or departmental expenditure account. This action demonstrates the City's continued commitment to prudent financial management and will assist the City in planning for expected costs in the future.

Attachments:

- (1) FY 2017/18 GFDR Allocation (CC Approved on 01/16/18)
- (2) Resolution 2018-003
- (3) Exhibit A - Summary List of City Manager recommended Priority Projects
- (4) Proposed FY 2017/18 GFDR Allocation (Proposed Amendment #2)