

# *City of Brisbane*

## *Agenda Report*

To: City Council via City Manager

From: Stuart Schillinger, Administrative Services Director

Subject: Resolution 2018-08 approving changes to the budget for the General Fund

Date: March 15, 2018

### **Purpose:**

Provide for the long-term financial stability of Brisbane.

### **Recommendation:**

Adopt Resolution 2018-08 to amend the FY 2017/18 Budget.

### **Background:**

On June 30, 2015 City Council adopted the Fiscal Year 2017/18 budget. The budget projected General Fund Revenues at \$16,766,261. General Fund expenditures were projected at \$18,287,379. There was an anticipated use of fund balance of \$1,521,108. The beginning fund balance was estimated at \$9,065,892 and ending fund balance of 7,765,000.

The City is in the midst of completing its 2016/17 audit. The audit provides the actual starting fund balance for FY 2017/18. Our actual General Fund balance as of July 1, 2017 was \$11,295,785. Not all of this is in cash as there are loans and advances to other funds included in this amount. This means beginning fund balance for FY 2017/18 was about \$2,230,000 higher than anticipated.

### **Discussion:**

Attached are proposed changes to the FY 2017/18 budget.

Overall revenues are expected to be \$511,000 higher than originally projected. The major increases in revenue are;

- Property Tax \$95,500 higher than projected.
- Education Relief Augmentation Fund \$99,000 higher than projected. Staff has been projecting a decreasing amount in this fund since it is based on excess revenues in the County ERAF pool. These excess revenues can decrease if the school districts in the County have a decrease in their property tax revenues. This has not happened in the recent past but prudent budgeting would suggest not relying on this revenue for on-going expenditures if possible.
- Property Tax from VLF \$17,000 higher than projected.
- Property Tax from former RDA \$41,000 higher than projected

- Sales Tax \$1,032,000 higher than projected. As stated last year during the mid-year budget, Sales Tax has recovered nicely in Brisbane as new businesses have moved in and existing businesses have increased their sales.
- Franchise fees \$39,000 higher than projected
- Liquid Storage Fees \$100,000 higher than anticipated. This is based on the lawsuit settlement with Kinder Morgan.
- Building Permits and Plan Check Fees \$191,000 higher than projected. This is due to increase in building within the City.
- Recreation Classes \$11,000 higher than projected
- Miscellaneous Revenues \$129,000 higher than projected. The majority of this is a check from PG&E for the Ice House Hill project. Staff projects this as zero at the time of the budget so revenues taken in can be used to reimburse unanticipated expenditures or one-time projects.
- These increases are offset in decreases in three items
  - Business Licenses \$65,000 lower than projected although it is in line with what the City has actually received in the past couple of years.
  - Recycling Business License \$650,000 lower than projected. The City waited until the ballot measure passed in November before it increased its rate for this revenue source. The increase will occur in 2018/19 fiscal year.
  - Truck Haul Fees \$595,000 lower than projected. The Brisbane Soils Recycling operation is no longer importing soil and therefore there is no nexus for this business license.

Overall expenditures are expected to be about \$708,000 above budget. The major changes to budget are:

- Hired a full-time Analyst for Open Space and Sustainability \$20,000 higher than projected. This is offset with some savings from our full-time Emergency Services employee being filled with a part-time position.
- Baylands Public Relations Firm \$50,000.
- Plan Reviews \$180,000 higher than projected. As stated above this is offset by an increase in Building Permit and Plan Check revenues
- Police Patrol \$200,000 higher than projected
  - Overtime \$100,000 some will be offset with reimbursements from Sonoma and Napa County Fire.
  - Health Insurance \$50,000 higher than projected. This is due to previous year's contracts where health insurance payments increased but salaries did not.
  - LifeMoves \$30,000 reimbursed to the City.
  - Travel and Training \$20,000 higher than projected. Partially this is offset with reimbursements from POST and partially due to the hiring of the new Code Enforcement Officer.
- Fire Overtime about \$250,000 higher than anticipated. This is partially due to the Northern California Wild fires (\$55,000 will be reimbursed) and partially due to two employees being off due to Workers Compensation. There will be some savings in salaries due to this which has not been projected.
- Public Works \$19,000 for a Slurry Seal Project which was carried over from previous years.
- Parks and Recreation \$40,000 higher than anticipated
  - Sierra Point Owners Association and Sierra Point Environmental Management Association \$30,000. This is for the parcel returned to the City from OPUS.
  - Hanging and purchasing street banners \$6,000
  - Shower repairs and the pool \$4,000
- Network support \$20,000.

The City originally anticipated ending FY 2017/18 with a Fund Balance of \$7,765,000. The reprojected ending fund balance is \$9,798,000.

There are a few other clean-up changes to the General Fund which include transferring funds from one account to another. Some of this is due to the change in our budgeting and accounting system from a Department/Division method to a Department/Division/Program method. The other change is to show the transfer from the General Fund to the OPEB and Pension Trusts as well as the Facility Maintenance Fund which Council approved with the budget but did not make it into the final version due to staff oversight. The amount of these transfers are \$450,000.

Since the budget is adopted by resolution, changes to the budget also need to be adopted by resolution. Resolution 2018-08 would implement the changes in the attached mid-year reprojected.

**Fiscal Impact:**


The fiscal impact of the mid-year reprojected was described in the discussion section of the report. It is anticipated that revenues will be at a minimum \$511,000 higher than projected and expenditure will be about \$708,000 higher than expected.

**Measure of Success**

The City is able to maintain long-term fiscal stability.

**Attachments:**

Resolution 2018-08  
Mid-year reprojected.



Stuart Schillinger  
Administrative Services Director



Clay Holstine  
City Manager

**RESOLUTION NO. 2018-08**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF BRISBANE  
AMENDING THE ANNUAL BUDGET  
FOR FISCAL YEAR 2017-18 AND MAKING APPROPRIATIONS FOR THE AMOUNT BUDGETED**

**WHEREAS**, a proposed annual budget for the City of Brisbane for the Fiscal Year commencing July 1, 2017 and ending June 30, 2018 was adopted by City Council on June 30, 2016; and

**WHEREAS**, the City Council has reviewed the proposed changes to the FY 2017/18 on March 15, 2018, attached to the Resolution.

**NOW THEREFORE, THE CITY COUNCIL DOES RESOLVE**, that the amended budget, as submitted, is adopted as the annual budget for the Fiscal Year commencing July 1, 2017 and thereby appropriates the amounts budgeted.

**PASSED, APPROVED, AND ADOPTED** this 15<sup>th</sup> day of March 2018

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W. Clarke Conway,  
Mayor

I hereby certify that the foregoing **Resolution No. 2018-08** was duly and regularly adopted at a regular meeting of the Brisbane City Council on March 15, 2018 by the following vote:

AYES:

NOES:

ABSENT:

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Ingrid Padilla  
City Clerk

**Mid Year Budget Review  
FY 2017/18**

**Revenues: amounts in parenthesis are under budget**

**Expenditures: amounts in parenthesis are over budget**

<b>Revenues</b>	<b>Budget</b>	<b>Mid-year reprojection</b>	<b>Difference Over/(Under)</b>
Property Taxes - Secured	2,228,000	2,300,000	72,000
Property Taxes - Unsecured	50,000	52,000	2,000
Property Taxes - Supplemental	78,000	100,000	22,000
ERAF	210,000	309,000	99,000
Property Tax former RDA	309,000	350,000	41,000
Property Tax from VLF	293,000	310,000	17,000
Sales Tax - General	3,267,160	4,300,000	1,032,840
Franchise Fee P.G.&E	109,000	120,000	11,000
Franchise Tax Garbage Co.	222,000	250,000	28,000
Business Licenses	415,000	350,000	(65,000)
Business License - Recycling	2,750,000	2,100,000	(650,000)
Business License - Liquid Storage	200,000	300,000	100,000
Truck Haul Fees	795,000	200,000	(595,000)
Building Permits	94,000	200,000	106,000
Measure M	-	83,500	83,500
Plan Check Fees	115,000	200,000	85,000
Recreation Classes	29,000	40,000	11,000
Facility Rentals	108,000	65,000	(43,000)
Miscellaneous Revenues	-	129,000	129,000
All Other Revenues	5,810,486	5,836,033	25,547
<b>Total</b>			<b>511,887</b>

<b>Expenditures</b>	<b>Budget</b>	<b>Mid-year reprojection</b>	<b>Difference (Over)/Under</b>
Open Space			
Salaries	49,468	66,000	(16,532)
Benefits	6,095	9,563	(3,468)
Legal Services			
Professional Services	291,748	341,748	(50,000)
Community Development			
Professional Services	189,000	369,000	(180,000)
Police Patrol			
Overtime	107,000	200,000	(93,000)
Flexible Benefits - Health	347,080	400,000	(52,920)
Professional Services	125,975	155,975	(30,000)
Travel/Training	20,920	40,000	(19,080)
Fire Department			
Overtime	254,616	500,000	(245,384)
Public Works			
Streets - Improvements	-	19,000	(19,000)
Parks and Recreation			
Facilities - Professional Services	39,022	44,000	(4,978)
Facilities - Special Department Exp.	-	30,000	(30,000)
Aquatics - Maintenance	26,009	30,000	(3,991)
Central Services			
Professional Services	126,300	160,000	(33,700)
All other Expenditures	16,964,687	16,891,193	73,494
<b>Total</b>			<b>(708,559)</b>

**Items approved June 30, 2016 budget approval but not in final budget**

Transfer to OPEB	100,000
Transfer to Pension Liability	100,000
Transfer to Facility Maintenance	250,000
<b>Total</b>	<b>450,000</b>