

STAFF REPORT

City Council Business Item

DATE: June 5, 2023

TO: Honorable Mayor and Council Members

FROM: Aaron Felmlee, Finance Director

THROUGH: Merritt Perry, City Manager

SUBJECT: **Adoption of FY 2023-24 Budget**

STAFF RECOMMENDATION:

1. Conduct a Public Hearing to consider the Fiscal Year 2023-24 Proposed Annual Operating Budget.
2. Adopt the City of Fortuna's Annual Operating Budget for Fiscal Year 2023-24 through the adoption of Resolution 2023-18.

EXECUTIVE SUMMARY:

Staff is pleased to present a balanced budget for Fiscal Year 2023-24. Staff prepared the budget with the intent of providing the maximum amount of services to the community while still presenting a balanced budget. Staff prepared the budget primarily focusing on the following principles:

- Current services will be preserved at existing levels to the highest degree possible.
- The budget will comply with State Constitution, City Charter and Municipal Code provisions.
- Working Capital balances will be examined to ensure balances are healthy enough to protect the City from any future uncertainties.
- Staff will strive to balance recurring expenditures with recurring revenues.
- Department budgets will be developed to reflect the best estimates possible for the true cost of operations.

The City Council held (2) two public special budget workshops on the proposed fiscal year 2023-24 Operating Budget. The first workshop was held on April 24 where staff presented the Proposed Budget and reviewed General Fund revenues and expenditures in depth with the City Council. The second workshop, held on May 8, focused on answering outstanding questions from the first workshop as well as reviewing in depth the City's enterprise funds. An enterprise fund is a self-supporting governmental fund that sells goods and services to the public for a fee. Monies generated from these funds cannot be used for General Fund purposes. These funds rely more heavily on service charges and less on tax and license revenue resulting in less volatility than the General Fund. The City's enterprise funds consist of the Water Fund, Wastewater Fund, and Transit Fund.

The changes and adjustments discussed with the City Council at both special budget workshop have been incorporated into the Annual Operating Budget that can be found as attachment 'B'. All changes made during these workshops are displayed in the below Chart.

Summary of line item Changes from Proposed Budget Presented to Council 04-24-23 & 05-08-23	Related Account #	Amount
Wastewater Fund (550):		
Increased Capital Outlay for Gas Leak Detectors	550-8000-6600	\$ 10,000
Total:		\$ 10,000

In summary, the General Fund has a net surplus of \$205 after one-time ARPA COVID monies that are going towards the Police Operations Division facility upgrade project are taken out. The General Fund and Measure E Fund have combined total operating uses of \$12,568,668. \$924,400 of those uses are project rollovers, meaning the projects were budgeted in last fiscal year's budget but have not yet been completed so they have been included in this year's budget once again. The projects that are being rolled over are for the Storm Drain Infrastructure Vulnerability Assessment project, the LID 12th Street project, Storm Drain Maintenance Projects, General Park and Improvement monies, RCRPD Benefit Assessment project support, Newburg Park improvements, and the Rohner Park Basketball Court Enhancement project.

Measure E, the Cities ¾ cent transaction and use tax, monies will continue to fund 2 Police Officer Detectives, 1 Community Services Officer, 1 Part-time Code Compliance Officer, 1 Police Records Clerk, 1 Recreation Program Supervisor and 1 Parks and Recreation Director. New for this year, Measure E will fund a full-time School Resources Officer. In addition to these positions, Measure E monies will fund the K-9 program, abatement program, encampment outreach and cleanup services, storm drain maintenance projects, streets maintenance projects, transit assistance for seniors, Newburg Park Improvements, Police Operations Division facility upgrade project, and support to the Fortuna Senior Center for additional senior programs.

Additional information on the Cities fiscal year 2023-24 budget can be found in the attached budget document.

RECOMMENDED CITY COUNCIL ACTIONS:

1. Receive staff presentation and review Council questions with staff
2. Open the public hearing
3. Close the public hearing
4. Motion to adopt Resolution 2023-18; read by title only. Roll call vote.

ATTACHMENTS:

- A. Resolution 2023-18; *A Resolution Of The City Council Of The City Of Fortuna Adopting The City of Fortuna's Annual Operating Budget for Fiscal Year 2023-24*
- B. 2023-24 Fiscal Year Budget Document