



# STAFF REPORT – CITY COUNCIL MEETING

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June 12, 2024

**TO:** Honorable Mayor and City Council Members

**FROM:** Tabatha Miller, Finance Director

**PREPARER:** Tabatha Miller, Finance Director

**DATE:** June 03, 2024

**TITLE:** **Public Hearing on Fiscal Year (FY) 2024-25 Appropriation Limit, Consider Adopting Resolution No. 234-61 Adopting the Appropriation Limit for FY 2024-25, Public Hearing on FY 2024-25 Proposed Budget, and Consider Adoption of Resolution No. 234-62 Adopting the City Budget for FY 2024-25.**

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## **RECOMMENDATION:**

It is recommended that the Council:

- 1) Open the public hearing regarding the Appropriations Limit for Fiscal Year 2024-25;
- 2) Receive staff report on the Appropriations Limit for Fiscal Year 2024-25;
- 3) Invite members of the public to make public comment on the Appropriations Limit for Fiscal Year 2024-25;
- 4) Adopt Resolution No. 234-61, A Resolution of the City Council of the City of Arcata Adopting the FY 2024-25 Appropriations Limit under Article XIII B of the California Constitution and establishing the period for contesting such limit;
- 5) Close public hearing on the Appropriations Limit for Fiscal Year 2024-25;
- 6) Open the public hearing regarding the Proposed FY 2024-25 Budget;
- 7) Receive staff report on the Proposed FY 2024-25 Budget;
- 8) Invite members of the public to make public comment on the Proposed FY 2024-25 Budget;
- 9) Adopt Resolution No. 234-62, A Resolution of the City Council of the City of Arcata Adopting the FY 2024-25; and
- 10) Close public hearing on the Proposed FY 2024-25 Budget.

## **INTRODUCTION:**

Adoption of the annual budget includes the City Council Goals and Priority Projects, the projected revenue and expenditure estimates, the City's Capital Improvement Program (CIP) projects, and the City's Budget Process and Policies.

## **BACKGROUND:**

Section 2305 of the Arcata Municipal Code requires that a current annual operating budget be adopted by the City on or before the first day of July of each year.

Additionally, each year, the governing body of the state and each local governmental agency must establish and is subject to an Appropriations Limit, also referred to as the “Gann Limit”. The Appropriations Limit for any year is the Appropriations Limit from the previous year adjusted by inflation and population changes. Government Code §7910 requires that 15 days prior to adopting its annual Appropriations Limit, the documentation used to determine the Appropriations Limit is made available to the public. The documentation was available in the Finance Department for review on May 29th and is published as part of this agenda item as Attachment B.

Public notice of these two public hearings was published in the Mad River Union on May 29, 2024, and posted at City Hall the same day, to ensure that interested members of the public were notified of the opportunity to review the Appropriations Limit documentation and to provide public comment on adoption of both the FY 2024-25 Budget and Appropriations Limit.

**DISCUSSION:**

The following schedule summarizes the City Manager recommended appropriations for FY 2024-25, including \$39.8 million for Capital Improvement Projects. Additional details on the budget can be found in the attached FY 2024-25 Proposed Budget Document and the online version is posted here:

[City of Arcata FY 2024-25 Proposed Budget \(opengov.com\)](https://www.opengov.com)

**City of Arcata**  
**Fiscal Year 2024-25 Proposed Appropriations**  
**Comparison to Prior Year Adopted Budget**

	<b>Proposed Budget</b>	<b>Adopted Budget</b>	<b>\$ Difference</b>	<b>% Difference</b>
	<b>FY 2024-25</b>	<b>FY 2023-24</b>		
Legislative	\$ 638,467	\$ 596,808	\$ 41,659	7.0%
Executive	1,277,703.00	1,080,739	196,964	18.2%
Legal	371,000.00	325,600	45,400	13.9%
Finance	1,062,756.00	987,026	75,730	7.7%
Police	8,525,444.00	7,934,741	590,703	7.4%
Public Works	4,495,101.00	2,672,275	1,822,826	68.2%
Parks & Recreation	3,857,758.00	4,561,675	(703,917)	-15.4%
Planning & Development	1,780,138.00	2,322,043	(541,905)	-23.3%
Non-Departmental	2,333,600.00	3,763,737	(1,430,137)	-38.0%
Debt Service	74,539.00	74,395	144	0.2%
Total General Fund	<u>\$ 24,416,506</u>	<u>\$ 24,319,039</u>	<u>\$ 97,467</u>	<u>0.4%</u>
Legislative	\$ 20,000	\$ 105,000	\$ (85,000)	-81.0%
Police	519,233.00	491,834	27,399	5.6%
Public Works	9,742,059.00	9,579,963	162,096	1.7%
Parks & Recreation	1,213,475.00	1,997,895	(784,420)	-39.3%
Planning & Development	4,023,266.00	2,049,469	1,973,797	96.3%
Enterprise Funds:				
Water	11,120,608.00	11,287,471	(166,863)	-1.5%
Wastewater	28,718,392.00	27,792,116	926,276	3.3%
Solid Waste	656,754.00	568,741	88,013	15.5%
Transportation	1,566,203.00	1,416,998	149,205	10.5%
Stormwater	1,049,170.00	798,963	250,207	31.3%
Internal Service Funds:				
Central Garage	3,252,839.00	2,048,243	1,204,596	58.8%
IT Services & Maintenance	660,025.00	559,520	100,505	18.0%
Non-Departmental	648,230.00	2,820,779	(2,172,549)	-77.0%
Total Other Funds	<u>\$ 63,190,254</u>	<u>\$ 61,516,992</u>	<u>\$ 1,673,262</u>	<u>2.7%</u>
Total City Funds	<u><u>\$ 87,606,760</u></u>	<u><u>\$ 85,836,031</u></u>	<u><u>\$ 1,770,729</u></u>	<u><u>2.1%</u></u>

The FY 2024-25 Proposed Budget Document attached starts with the Budget Memorandum, which provides a good summary of the budget and highlights challenges, opportunities, priority programs and changes presented for this next year.

Adoption of FY 2024-25 Budget through adoption of Resolution No. 62, includes adoption of the City's Budget Process and Policies. The Pension Funding Policy adopted by the City Council in August 2023 has been included in the Budget Document.

**BUDGET/FISCAL IMPACT:**

The City Manager's Proposed Budget establishes the framework for all City activities for FY 2024-25. Those amounts are summarized above and provided in detail in the attached FY 2024-25 Proposed Budget Document. The City's FY 2024-25 appropriations are within the required

Appropriations Limit, proposed for adoption at \$21,675,854, which is well below the Revenues subject to the limitation of \$14,477,106.

**ATTACHMENTS:**

- A. Resolution No 234-61 FY 2024-25 Appropriations Limit(DOCX)
- B. Resolution No. 234-62 FY 2024-25 Budget (DOCX)
- C. FY 2024-25 Appropriations Limit Calculation (PDF)
- D. City of Arcata FY 2024-25 Proposed Budget (PDF)
- E. FY 2024-25 Budget Account Listing (PDF)