

STAFF REPORT

City Council Consent Item

DATE: March 20, 2023

TO: Honorable Mayor and Council Members

FROM: Aaron Felmlee, Finance Director

THROUGH: Merritt Perry, City Manager

SUBJECT: Finance Department Monthly Report

STAFF RECOMMENDATION:

Receive report as an informational item.

EXECUTIVE SUMMARY:

Fiscal Year 2023-24 Budget:

Staff presented the mid-year budget review at the February 6 Council Meeting. Conducting this review is the first step in preparing the FY 2023-24 budget. The next steps include staff compiling preliminary revenue estimates and soliciting each departments FY 2023-24 budget requests. Staff continues to work diligently on compiling the information and data necessary to put together a comprehensive budget for the Council to review at a special budget workshop. Staff anticipates conducting the first special budget workshop in late April.

Sales Tax Update:

Finance staff continue to closely monitor the City's sales tax revenue streams. Sales tax revenue is the largest General Fund revenue source for the City and as such fluctuations in sales tax have the largest effect on the City's finances.

For sales tax receipts between July and September 2022 the City of Fortuna actual receipts, excluding reporting aberrations, were down 6.6% as compared to July to September 2021. For comparison the County realized a 6.9% decrease and the State of California realized an 8.0% increase. The reason the state far outpaced the City was because the state had much larger decreases at the onset of the pandemic as compared to the City and the County which did not realize significant decreases last July to September 2021. Restaurants was the only segment which realized increases quarter over quarter, all other segments realized loses quarter over quarter.

Additional information about how the City's sales tax performed during the months of July to September 2022 can be found in attachment 'B'. Staff will be meeting with our Sales Tax consultant again in early April and will make final adjustments to the FY 2023-24 proposed budget based on data received at that meeting.

Measure E Update:

The Measure E committee's next regularly scheduled meeting is set for March 21, 2023 at 5:30pm. The primary purpose of this meeting will be for the committee to receive funding proposals from City Departments.

The committee will then have a follow up meeting on April 4, 2023 at 5:30pm. The primary purpose of this meeting will be for the committee to approve a list of recommended projects to be funded by Measure E. The complete list will then be presented to the City Council at a special budget workshop in late April or early May.

List of Measure E items funded this month:

- (2) Police Detective Positions
- Police Community Services Officer Position
- Police Records Clerk Position
- Parks and Recreation Director Position
- Recreation Program Supervisor Position
- Transit Trips to Eureka for Seniors
- PT Code Compliance Officer Position
- K-9 Program
- Storm Drain Infrastructure Vulnerability Assessment Project
- Prop 1 LID 12th St Project
- Rohner Park Basketball Expansion Project
- Monday Club Sponsorship for the Senior Jam

An activity log displaying important Finance data is attached for informational purposes.

RECOMMENDED COUNCIL ACTION:

Receive Finance Department Monthly Report. Consent agenda vote.

ATTACHMENTS:

- Finance Staff Activity Log for February 2023
- Q3 2022 City of Fortuna Sales Tax Newsletter