



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of June 11, 2019

TO: Honorable Mayor and Members of the City Council

SUBMITTED BY: David Biggs, City Manager
Edwin Gato, Director of Finance

SUBJECT: Public Hearing on Proposed FY 2019-20 City of Hercules Budget Plan including the First Year of the Five Year 2019 – 2024 Capital Improvement Budget

RECOMMENDED ACTION:

Open the Public Hearing, Receive A Staff Report, Take Public Testimony, and Continue the Public Hearing to June 25, 2019.

COMMISSION/SUBCOMMITTEE ACTION AND RECOMMENDATION: The Finance Commission conducted a preliminary review of the FY 2019-20 Proposed Budget on May 21, 2018. The Finance Commission will be undertaking a further review of the FY 2019-20 Proposed Budget and any revision to the City's Master Fee Schedule at its special meeting scheduled for June 17, 2019.

FISCAL IMPACT OF RECOMMENDATION:

If adopted as proposed, the General Fund Operating Budget will be \$15,917,500. This is before any Decision Packages or Budget Referrals are incorporated into the Budget by final action of the City Council. On this basis, there is an operating deficit in the General Fund of about \$480,000. After recommended Decision Packages, the operating deficit will increase to \$688,000. Available one-time monies would be applied to a variety of one-time purposes including capital investments and meeting other critical expenditure or reserve needs of a one-time nature.

DISCUSSION:

The proposed FY 2019-20 Budget was introduced to the City Council at the May 28, 2019, City Council meeting. Based on the review as part of that introduction, the City Council asked a number of questions which were responded to at that time. Several additional corrections have been made to the FY 2019-20 Proposed Budget based on the initial review by the Council and these corrections will be incorporated into the revised proposed FY 2019-20 Budget to be adopted by the

Council on June 25, 2019. Changes to the budget since it was presented to the Council on May 28, 2019 include:

General Fund changes

1. Move \$65,000 of new development revenues from one-time to on-going.
2. Add \$9,300 of cost for File Server with Drives and paid for by cable franchise PEG (public, educational, and government programming) fee revenue.

Other Funds

1. The budget for the Landscape and Lighting Maintenance District (LLAD) is updated to match the Engineer's report.
2. The Capital Projects section is updated with current estimated costs developed by Public Works.

The proposed FY 2019-20 Budget is a living document which is subject to change until it is finalized and adopted on June 25, 2019.

The entirety of the revised proposed FY 2019-20 Budget including the City Manager's Budget Message is available on-line on the City's website (www.ci.hercules.ca.us) and through the following link: <https://www.ci.hercules.ca.us/Home/ShowDocument?id=12956>. A Budget Balancing Worksheet is utilized to modify the proposed base budget through the inclusion of recommended Decision Packages of both an on-going and of a one-time nature.

This evening's public hearing was noticed in the local newspaper on June 1, 2019. The purpose of the public hearing is to provide a formal opportunity for community input. In addition, additional changes requested by the City Council will be incorporated into Budget Referrals and brought back for the Continued Public Hearing on June 25, 2019. At the City Council meeting on June 25, 2019, there will be an opportunity for additional public input, and it is anticipated that the City Council will at that meeting adopt a final budget by approving a series of Decision Packages and Budget Referrals added into the Base Budget.

At the Continued Public Hearing, the City Council will consider a resolution approving the FY 2019-20 Budget and taking other budgetary actions.

ATTACHMENTS:

1. Updated General Fund Available Balance
2. Updated FY 2019-20 Budget Balancing Spreadsheet
3. Updated Long-Term Operating Financial Forecast for General Fund