



CITY COUNCIL AGENDA REPORT

Meeting Date: 5/06/2021

From: Stuart Schillinger, Assistant City Manager

Subject: Mid-Year Budget Report and Adoption of Resolution 2021-32

Community Goal/Result

Fiscal Stability

Purpose

Provide funding for current approved programs and services and set funding aside for long-term liabilities.

Recommendation

City Council adopt resolution 2021-32 to amend the FY 2020/21 Budget

Background

On June 4, 2020, City Council adopted the FY 2020/21 budget. The budget projected General Fund Revenues at \$19,041,128 including transfers in. General Fund expenditures were projected at \$21,951,162 including transfers out. The beginning fund balance was estimated at \$8,550,000 and ending fund balance of \$6,470,625

Our actual General Fund non-committed Fund Balance as of July 1, 2020 was \$10,432,475 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 2020/21 was about \$1,882,475 higher than anticipated.

Discussion

Attached is a spreadsheet showing the FY 2019/20 budget compared to actuals as well as the 2020/21 adopted budget compared to the midyear re-projection, and our first re-projection for FY 2021/22 for the General Fund. Staff is anticipating approximately \$2,710,000 in additional revenues for the year and \$456,000 in additional expenditures. There were a few areas where revenues exceeded expectations; Property Tax, Sales Tax, Business License Tax and Building and Plan Check Fees. The major change in expenditures was the cost for replying to the State's High Speed Rail Environmental Report.

Property Tax – Staff did not project any increase in Property Tax due to the uncertainty of COVID. The City received a modest increase in its secured property tax of 3.6%. The amount the City received in Excess ERAF (Education Relief Augmentation Fund) was \$200,000 higher

than anticipated. The City received about \$700,000 more from the former RDA area than anticipated as well. This increase is a direct result of the construction that has been taking place on Sierra Point. Staff anticipates that some additional new revenue will be generated as the BioTech campus project finishes and other buildings are built.

Sales Tax – Staff estimated a decrease of approximately \$1,000,000 due to the impact of COVID, which would have meant about \$5,000,000 in Sales Tax for the year. Instead, the City saw an increase of about \$700,000. This was caused primarily from one internet-based business in town, which now reports as situs-based due to the Court’s Wayfair decision. The City also became a larger percentage of the overall County Pool since our Sales Tax increased during the year and other cities decreased. Prior to COVID, we were about 3% of the County pool, whereas this year we were about 5% of the pool. These revenues will not continue in the future since the internet-based business has informed the City that they will be leaving next fiscal year and the City expects to return to a more normal percentage of the County pool.

Business License Tax – Staff did not project any revenues from Cannabis businesses but there was growth in this sector.

Building and Plan Check Fees – Staff consistently budgets a minimal amount of fees since there is potential for greater volatility in this area and the bulk of the fees are spent for consultant services. Therefore, as fees go up or down, the contract with our consultant also increases and decreases. We have received about \$500,000 more than anticipated, which is due to the activity on Sierra Point.

Expenditures were most effected by the need to respond to the High Speed Rail Environmental Review. This impacted both the Community Development Department and the City Attorney’s Office. The combined impact was approximately \$434,000. City Council also approved \$65,000 for Environmental Review for the Crocker Trail Project and \$80,000 for the Dog Park resurfacing. Although all of the other departments have slight variations in their budgets, the net impact was a reduction in expenditures.

Ending Fund Balance for FY 2020/21 is anticipated to be higher than originally projected and will be approximately \$9,776,000. Based on the Council adopted reserve policy to set money aside for recessions, unanticipated events and annual fluctuations in the budget the City will have \$1,568,512 in available reserves. The Council has stated they would use these funds for Capital Projects (20% of available reserves), and setting money aside to offset Pension and OPEB (Other Post-Employment Benefits) liabilities (40% each). Staff would recommend setting aside the 20% for Capital Projects (Staff will bring a report to Council in June to review the Capital Project list), but forgo setting aside the 80% for OPEB and Pension liabilities and save it for FY 21/22. The reason for this is the speed of the recovery is unknown. Our Transient Occupancy Tax was approximately \$2.5 million below our pre-COVID experience (we are unsure

how quickly this will rebound), and our Sales Tax will be lower in FY 21/22 than 20/21 due to the expected departure of one large company.

Fiscal Impact

The City will set aside \$300,000 for Capital Projects and will pay for the level of services requested by the Council.

Measure of Success

The City is able to meet the goals and policies adopted by the City Council.

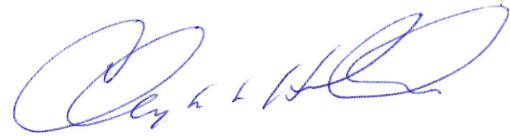
Attachments

Overview of General Fund 2019/20 – 2021/22

Resolution 2021-32

Stuart Schillinger

Stuart Schillinger, Assistant City Manager



Clay Holstine, City Manager

General Fund

	2019/20	2020/21	2021/22
Budgeted Revenues	19,270,860	19,041,128	20,407,042
Budgeted Expenses	20,735,972	21,951,162	22,593,103
Anticipated Surplus(Use of Fund Balance)	(1,465,112)	(2,910,034)	(2,186,061)
Actual/Reprojected Revenues	24,773,823	21,751,470	20,918,084
Actual 19/20 Reprojected 20/21 Budget 21/22 Expenses	23,456,006	22,407,485	24,093,103
Actual/Reprojected Surplus/(Use of Fund Balance)	1,317,817	(656,015)	(3,175,019)
Anticipated 21/22 Expenditures			
Available Beginning Fund Balance	9,767,712	10,432,475	9,776,460
Available Ending Fund Balance	10,432,475	9,776,460	6,601,441
Reserve Policy			
Recession Reserve	2,500,000	2,500,000	2,500,000
Unanticipated Events	3,500,000	3,500,000	3,500,000
Annual Fluctuation (5% of Revenues/ 5% Expenses)	2,411,491	2,207,948	2,250,559
Total Required Reserve	8,411,491	8,207,948	8,250,559
Fund Balance Above Required Reserve	2,020,984	1,568,512	(1,649,118)

RESOLUTION NO. 2021-32

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF BRISBANE
AMENDING THE ANNUAL BUDGET
FOR FISCAL YEAR 2020-21 AND MAKING APPROPRIATIONS FOR THE AMOUNT BUDGETED**

WHEREAS, a proposed annual budget for the City of Brisbane for the Fiscal Year commencing July 1, 2020 and ending June 30, 2021 was adopted by City Council on June 4, 2020; and

WHEREAS, the City Council has reviewed the proposed changes to the FY 2020/21 on May 6, 2021, 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, 2020 and thereby appropriates the amounts budgeted.

PASSED, APPROVED, AND ADOPTED this 6th day of May 2021

Karen Cunningham,
Mayor

I hereby certify that the foregoing **Resolution No. 2021-32** was duly and regularly adopted at a regular meeting of the Brisbane City Council on May 6, 2021 by the following vote:

AYES:
NOES:
ABSENT:

Ingrid Padilla
City Clerk

Revenues – Total adjustments \$2,710,000

Secured Property Tax – From \$2,775,000 to \$2,875,406

Property Tax from Successor Agency – From \$577,140 to \$1,268,000

Excess Education Relief Augmentation Fund – From \$260,000 to \$462,000

Sales Tax – From \$5,000,000 to \$6,700,000

Business License Tax – From \$250,000 to \$480,000

Building Permit Fees – From \$150,000 to \$298,400

Plan Check Fees – From \$115,000 to \$644,000

Transient Occupancy Tax – From \$1,600,000 to \$700,000

Net Other Adjustments - \$9,334

Expenditures – Total adjustments \$456,000

Community Development - From \$1,975,367 to \$2,359,575 – HSR environmental review consultants

City Attorney – From \$450,000 to \$500,000 – HSR legal review

Dog Park Resurfacing = \$80,000

Crocker Trail Environmental Review for Lights - \$65,000

Net Other Adjustments – (\$123,208)