



CITY COUNCIL AGENDA REPORT

MEETING DATE: June 7, 2021

TO: City Council Members

FROM: Mary Rose Rutikanga, City Administrator
Chris Gorsky, Administrative Services Director

SUBJECT: FY 2021/2022 Proposed Operating and Capital Improvement Budget

RECOMMENDATION

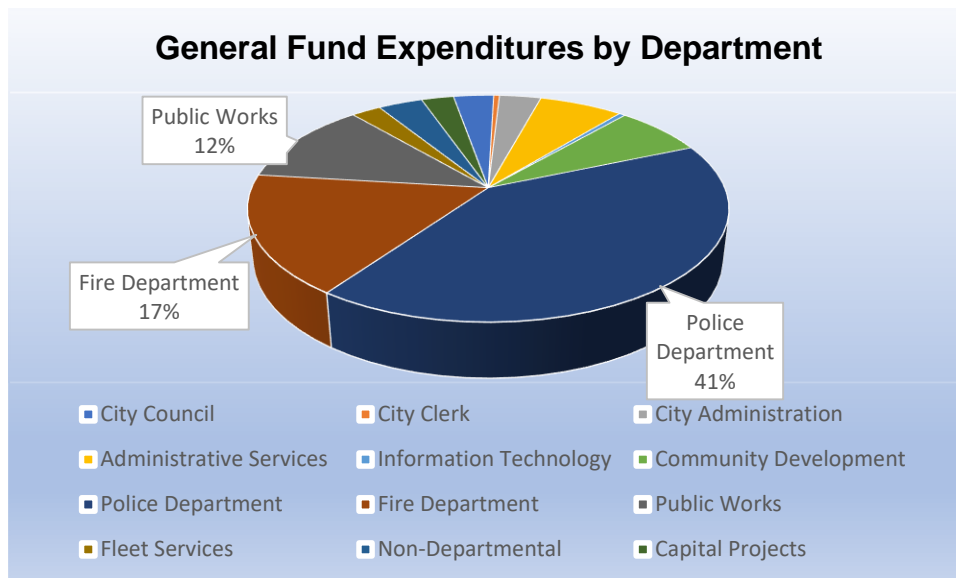
Consideration to approve the FY 2021/2022 Proposed Operating and Capital Improvement Budgets as presented.

DISCUSSION

The City Administrator and Administrative Services Director is pleased to present the Fiscal Year (FY) 2021/22 Proposed Operating and Capital Improvement Budget for the City of Sonora. The budget for FY 2021/22 reflects total City Expenditures of \$15.1 million, an increase of \$3.8 million or 34% when compared to the FY 2020/21 budget. This increase is primarily attributed to the planned capital Improvement projects. The City's proposed total General Fund expenditures are \$8.7 million, an increase of 9.6% when compared to the FY 2020/1 pandemic affected budget. This increase is the result of a new position in the Community Development Department, a City Planner I/II, higher personnel costs related to negotiated increases, higher benefit rates and CalPERS increases. The General Fund revenues are budgeted at \$8.9 million an increase of 8.6% increase over FY 2020/21 budgeted revenues, which includes funding the City anticipates receiving from the American Rescue Plan, which will provide revenue backfill for lost City revenues related to the COVID-19 pandemic in FY20/21, FY21/22 and FY22/23.

General Fund

The General Fund pays for core services such as public safety, community development, public works, fire protection, and other services. The revenue used to pay for these services comes primarily from local taxes such as property tax, sales tax, transient occupancy tax, franchise fees, licenses and permits, City services, fines and forfeitures and a variety of other sources. As illustrated in the chart below, the majority of General Fund revenue supports funding for Police, Public Works, and Fire Protection services.



CAPITAL IMPROVEMENTS

The FY 2021/22 Budget includes several Capital Projects including:

- The Stockton Washing Transit Project
- The Washington Elkin Red Church Project
- The Farmer’s March Stewart Street Restroom Project
- The PSPS City Generator Project
- Several Road Improvement Projects

KEY BUDGET ASSUMPTIONS

Revenues

The FY 2021/22 Budget assumes continued economic recovery post pandemic, with the General Fund Sales and Use Tax revenues expecting to rebound to pre-pandemic levels. Revenue projections for each category were based upon estimates provided to the City from the City’s sales tax consultant and careful examination of revenue trends and patterns. These operating revenues increases are mostly due to forecasted increases in revenues such as Sales Tax, Property Tax, (VLF) backfill property tax, and Transient Occupancy Tax.

Non-Personnel Operating Expenditures

Non-Personnel expenditure budgets were developed based on actual expenditures in prior years, adjusted for FY 2021/22 funding needs. In light of limited available resources, the FY 2021/22 Proposed non-personnel expenditures are status quo levels, with additions primarily limited to non-discretionary, contractually obligated, or mandated and one-time increases.

CONCLUSION

In March 2020, the onset of the novel coronavirus (COVID-19) pandemic came with a lockdown of the economy that resulted in a drop in revenues, specifically in Transient Occupancy Tax revenues that made up nearly 10% of the City’s General Fund. The City of Sonora had been prudent in the years leading up to the pandemic which allowed the City to weather the worse of the pandemic and begin to look forward as the emergency ends and the recovery begins.