

AGENDA
MEETING OF THE
KING CITY BUDGET ADVISORY COMMITTEE

MONDAY, MAY 17, 2021
4:00 P.M.

Council Chambers, City Hall
212 S. Vanderhurst Avenue, King City, CA

**Teleconference and Conference call services will be available for the meeting.*

To join the meeting, select ONE of the options below:

- 1) *Copy and paste the full link highlighted below into your internet browser to
Join Zoom Meeting*

<https://us02web.zoom.us/j/88051032473?pwd=S2lMVEhrN2U2KzNVNXNSUG5LekZXUT09>

- 2)-OR- **Call the following number +16699009128**
Meeting ID: 880 5103 2473
and put in Passcode: 780224

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in a City meeting, Please contact the City Clerk's Office (831-386-5925) at least 48 hours prior to the Meeting to ensure that reasonable arrangements can be made to provide accessibility to the meeting.

** Please submit all correspondence for City Council PRIOR to the meeting with a copy to the City Clerk.*

1. CALL TO ORDER

2. PUBLIC COMMENT

Any member of the public may address the Council for a period not to exceed *three minutes'* total on any item of interest within the jurisdiction of this Council that is not on the agenda. The Council will listen to all communications; however, in compliance with the Brown Act, the Council cannot act on items not on the agenda. Comments should be directed to the Council as a whole and not to any individual Council Member. Slanderous, profane or personal remarks against any Council Member, staff member or member of the audience is not permitted.

- 3. ROLL CALL:** Committee Members: Peter Anderson, Oscar Avalos, Edward Kleber,
Suzanne Krause and Alex Gourley

4. REGULAR BUSINESS

1. Consideration of Recommended FY 2021-22/ FY 2022-23 Biennial Budget
Recommendation: Recommend City Council approve the proposed FY 2021-22/
FY 2022-23 Biennial Budget.

5. ADJOURNMENT



Item No. 4 (1.)

REPORT TO THE BUDGET ADVISORY COMMITTEE

DATE: MAY 17, 2021

TO: BUDGET ADVISORY COMMITTEE

FROM: STEVEN ADAMS, CITY MANAGER

RE: CONSIDERATION OF RECOMMENDED FY 2021-22/FY 2022-23 BIENNIAL BUDGET

RECOMMENDATION:

It is recommended the Budget Advisory Committee recommend the City Council approve the proposed FY 2021-22/FY 2022-23 Biennial Budget.

BACKGROUND:

Staff are pleased to present the Recommended Biennial Budget for FY 2021-22/ FY 2022-23 for the Committee's consideration. Once the Budget Advisory Committee has completed its review of the draft budget, recommendations of the staff and Committee will be presented to the City Council at the Budget Workshop scheduled on May 26th.

The budget document is attached, which includes a budget message, overview information, summary of General Fund accounts, summary of enterprise funds, summary of special funds, the Capital Improvement Program (CIP), the Long Range Financial Plan, and the account detail. Please review the budget message for a more detailed discussion of the contents and analysis of the proposed budget.

DISCUSSION:

All recommended budgets are balanced and make progress toward accomplishing each of the major budget goals/priorities that were approved by the City Council in the first step of the budget process.

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The major goals that were established for the budget include the following:

- Pay off remaining debt in the General Fund.
- Maintain and expand implementation of measures in the Comprehensive Plan to End Youth Violence.
- Expand maintenance and upgrade of the City's streets, sidewalks, wastewater system, and parks.
- Attract new businesses and construct the Downtown Plaza project and other improvements designed to revitalize the downtown area.
- Add multi-family market rate, affordable and seasonal employee housing units to address housing needs.
- Continue efforts to pursue grants to fund high priority projects and programs designed to improve overall quality of life in the community and to meet community needs.
- Continue efforts to improve City processes to increase efficiency and customer service.

The most exciting feature of this budget is that it is projected to repay the remainder of the negative fund balance in the General Fund. The last time the City had a positive General Fund balance was in 2005. Therefore, this represents a major accomplishment in fiscal management for the City.

When the pandemic began, the City reacted quickly to adjust the budget to plan for anticipated financial impacts. Reductions in revenues have been significant, but less than anticipated. As a result, the City is now able to return many of the items previously eliminated and address some minimal amount of other needs.

The most significant changes in the General Fund expenditures include the following:

- Addition of a full-time Public Works Director position
- Addition of one full-time Public Works Maintenance Worker position
- Funding to contract maintenance of specialized landscaped areas
- Increase in funding for Public Works and Parks repairs
- Consultant services for redesign of the City's website
- Increased internet costs for new fiberoptic service
- Geographic information system (GIS) software
- Increase in property and liability insurance costs
- Fire Station equipment purchases

Funding constraints limit the amount of expenditures in the General Fund available for capital improvements. However, due primarily to an intensified

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effort to pursue grants, the budget includes an extensive list of major projects funded from grants and other funding sources. Major items include increased funding for the annual Street Improvement Program, construction of the Citywide Sidewalk Improvement Project, design and planning for the Multimodal Transportation Center, paving of the taxiway at Mesa Del Rey Airport, sewer line replacements on Lynn Street and Pearl Street, Phase I expansion of corner bulbouts in the downtown area, and installation of solar streetlights on Jayne Street.

One of the most important components of the Biennial Budget is the Long Range Financial Plan. In this budget, two scenarios are presented. Scenario I is the Base Plan, which provides a 10-year projection of existing revenues and expenditures. This plan demonstrates that the recommended expenditures can be sustained over the next 10-year period. The model also projects the City will be able to feasibly accumulate a reserve up to 12% of the General Fund.

Scenario II is being referred to as the Deferred Maintenance Plan. Despite the City's success in paying off its debt and addressing major priorities, there are significant unfunded needs remaining. The majority of these needs involve important maintenance items that have been deferred. Scenario II identifies the highest priority unfunded needs and estimates the cost impact over the 10-year period to address them. Consideration of an additional ½ cent sales measure is identified as a strategy to address the projected revenues needed. The amount of revenue that would be generated is programmed in the model and discussed in more detail in the budget message. The forecast demonstrates revenue could be generated to address each of the priority items identified while building a 15% General Fund reserve. Background information on deferred maintenance items and a sales tax comparison with other cities is attached.

COST ANALYSIS:

The total proposed City budget is \$24,087,756 in FY 2021-22 and \$18,538,906 in FY 2022-23. Of these amounts, the total proposed General Fund is \$8,766,374 in FY 2021-22 and \$9,099,482 in FY 2022-23.

ALTERNATIVES:

The following alternatives are provided for City Council consideration:

1. Recommend the City Council adopt the proposed Biennial Budget as presented by staff;
2. Recommend the City Council adopt the proposed Biennial Budget with identified changes;

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3. Recommend the proposed revenues and expenditures, but not the Long Range Financial Plan proposals;
4. Do not recommend approval of staff's budget recommendations; or
5. Provide staff other direction.

Exhibits:

1. City Facility Deferred Maintenance Assessment
2. Sales Tax Survey
3. Draft FY 2021-22/ FY 2022-23 Biennial Budget

Prepared and Approved by: _____
Steven Adams, City Manager