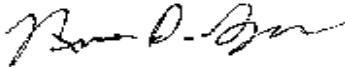


City of Calistoga

Staff Report

TO: Honorable Mayor and City Council
FROM: Richard Spitler, City Manager
 Gloria Leon, Administrative Services Director
DATE: June 17, 2014
SUBJECT: Adoption of the City of Calistoga Fiscal Year 2014-15 Budget

APPROVAL FOR FORWARDING:



Richard D. Spitler, City Manager

ISSUE: To present the City of Calistoga Fiscal Year 2014-15 Budget for adoption.

RECOMMENDATION: Adopt the attached resolution to adopt the City of Calistoga Fiscal Year 2014-15 Operating and Capital Budget.

BACKGROUND: The City Council held two budget workshops; one May 15, 2014 and one on May 27, 2014 to review all of the proposed departmental, capital, enterprise and special fund budgets. The Council then gave direction to staff to prepare a public hearing draft.

On June 17, 2014 a public hearing was held to receive formal public testimony on the proposed draft budget. At this hearing an overview of the Fiscal Year 2014-15 budget was presented and public input was received. After the hearing the Council gave staff its final direction on the preparation of the final budget. The Council item for this evening is to present and formally adopt the budget recommendation. However, if the Council needs more time to review the proposed budget, adoption can be continued to a Tuesday, June 24th meeting.

DISCUSSION:

For a detailed discussion on each of the Major Funds please refer to the Public Hearing Staff report dated June 17, 2014. The following is a summary of each major fund balances and potential capital projects that are included in the Fiscal Year 2014-15 budget.

26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68

General Fund

Based on staff recommendations and Council input to date, the City will end Fiscal Year 2014-15 with a fund balance of \$2,749,912 which is 34.0% of total operating expenditures.

This includes a \$500,000 be set aside for unanticipated general liability claims, potential loss of enterprise funds revenues (due to the drought) and unforeseen expenditures in the enterprise funds.

General Fund Capital Projects

Projects in the amount of \$1,601,000 to be undertaken for the Fiscal Year 2014-15 include Pavement Maintenance, culvert repairs at Grant Street and at the Napa River, GIS Survey, repair to the road to Feige Tank, Monhoff and recreation improvements, roof repairs at the Community Center and the Sharpsteen Museum, facility improvements at the Police Station, a City Hall fire system, and sidewalk improvements throughout the City. The General Fund will cover \$824,500; Gas Tax Fund \$100,000; Public Safety fees \$30,000; Measure A \$392,500 and \$254,000 will come from proceeds from the 2007 lease financing.

Water Operations

The Water Operations Enterprise Revenue Fund is anticipating an ending working capital balance of approximately \$576,212 as of June 30, 2014. Based on activity during the fiscal year, it is anticipated that the Water Fund balance will end with a working capital balance of \$837,823 by June 30, 2015.

Water Capital

The Water Capital Fund is expected to end Fiscal Year 2013-14 with a surplus balance of \$336,599. The City anticipates water connection fees in the amount of \$1,287,948. Measure A will provide funds of \$1,476,700 and from the Safe Drinking Water State Revolving Fund (SDWSRF) in the amount of \$850,000 if the City is successful in obtaining the grant and/or loan from SDWSRF. The Fiscal Year 2014-15 budget shows an ending surplus balance of \$664,147 which will be used to cover any unexpected capital improvements.

Projects in the amount of \$2,527,700 to be undertaken for the Fiscal Year 2014-15 include the Pipeline Myrtle/Grant/Kimball, NBA Pump Station, Water Sampling Stations, Water Valve Replacement, Bypass Structure, GIS survey, NBA Cathodic Protection and Riverlea Pathway Water Line Relocation. The Pipeline Myrtle/Grant/Kimball and the

69 Bypass Structure will be funded through Measure A funds. The NBA Pump Station
70 project will be funded through SDWSRF.

71

72 **Wastewater Operations**

73

74 The Wastewater Operations Fund is expected to end Fiscal Year 2013-14 with a surplus
75 balance of approximately \$518,871. The Fiscal Year 2014-15 budget shows an ending
76 surplus balance of \$862,799.

77

78 **Wastewater Capital**

79

80 The Wastewater Capital Fund is expected to end Fiscal Year 2013-14 with a surplus
81 balance of \$1,067,854. The City anticipates wastewater connection fees in the amount of
82 \$2,355,976. The Wastewater Capital Fund is expected to end Fiscal Year 2014-15 with a
83 surplus balance of \$923,767 which will be used to cover any unexpected capital
84 improvements.

85

86 Projects in the amount of \$1,784,000 will be undertaken by the Public Works Department.
87 They include GIS survey, Pine Street Lift Station, Sewer System Assessment and Master
88 Study, Sewer Lateral Replacement, Inflow and Infiltration Improvements, East
89 Washington Sewer Trunk Line, Palisades Lift Station Coating, Secondary Effluent
90 Pumps, Grit Removal Unit, New Effluent Storage Pond, Repairs to the Laboratory Roof
91 and an upgrade to the High School reclaimed water system.

92

93 **Special Revenue Funds**

94

95 These are separate funds which segregate revenues and expenditures restricted for
96 specific purposes such as a specific grant program, restrictions by City Council
97 ordinances, special property assessments or just the need for separate budgeting and
98 accounting of revenues for a specific purpose. The City will end the Fiscal Year 2014-15
99 with a combined fund balance of \$3,052,820, an increase of \$1,401,958 from Fiscal Year
100 2013-14.

101

102 **Equipment Replacement Fund**

103

104 This fund accounts for all of the operating and maintenance costs related to the City's
105 computer network, workstation system, maintenance and purchase of vehicles, as well as
106 fixed and maintenance costs related to information technology that benefit all other City
107 funds and programs.

108

109 This fund will have a fund balance of \$384,597 at the end of Fiscal Year 2014-15 for
110 unanticipated expenditures and reserves.

111

112 **Capital Projects**

113
114 Departments were asked to provide input on what they saw as needed projects to
115 undertake in Fiscal Year 2014-15. Staff further refined the list with Council direction and
116 is recommending \$6,591,088 in capital projects and \$312,984 in equipment and
117 information technology projects be approved for Fiscal Year 2014-15.

118
119 **Community Funding Requests**

120
121 City staff and Councilmembers received requests from various people and organizations
122 for consideration at the May 27, 2014 budget workshop. The Community funding
123 requests which have been included in the Proposed FY 2014-15 Budget total \$145,000.
124 For a detailed listing of requests please refer to the Public Hearing Staff report dated
125 June 17, 2014.

126
127 **Conclusion:**

128
129 This proposed budget continues to maintain the existing level of service and reliability to
130 the community through our infrastructure systems and facilities. However, there are many
131 facilities that are not receiving maintenance and replacement as they should.

132
133 It should be noted that while the General Fund reserve is increasing, it is largely due to
134 one-time development fee payments (although TOT revenues have shown a marked
135 increase). This has made funds available for community projects, as directed by the
136 Council desire it. However, the one-time development fees together, with the highly
137 uncertain demands for capital improvement projects and other emergencies, means that
138 a cautious spending approach should be taken over the next fiscal year.

139
140 **ATTACHMENTS**

- 141 1. Resolution to adopt the FY 2014-15 Budget
142 2. Proposed FY 2014-15 Budget (see Public Hearing I8-Attach 2 for copy)
143 3. Development Impact Fees Anticipated FY 14-154.
144 4. Major Capital Projects
145 5. Equipment and Information Technology Projects
146 6. Debt Schedule

147

RESOLUTION 2014-XXX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA, COUNTY OF NAPA, STATE OF CALIFORNIA, ADOPTING THE OPERATING AND CAPITAL BUDGETS FOR ALL FUNDS FOR FISCAL YEAR 2014/2015

1 **WHEREAS**, the Calistoga Municipal Code requires the City Manager to prepare and
2 submit an Annual Budget to the City Council for its approval; and
3

4 **WHEREAS**, it is good management practice to have comprehensive Operating and
5 Capital Improvement Budgets to implement the various policies, programs and projects of the
6 City Council, and the City Council has established a policy to review, adopt, and provide
7 multiple updates to Fiscal Year (FY) Budgets; and
8

9 **WHEREAS**, the City Council reviewed preliminary FY 2014/2015 revenue, expenditure
10 and capital budgets at two City Council workshops on May 15 and May 27, 2014 and provided
11 direction; and
12

13 **WHEREAS**, the City Council held a public hearing on the proposed budget on June 17,
14 2014 and received public comment and provided direction.
15

16 **NOW, THEREFORE BE IT RESOLVED** that the City Council of the City of Calistoga
17 does hereby adopt Operating and Capital Budgets for all funds for Fiscal Year 2014/2015 as
18 set forth in Exhibit A attached hereto.
19

20 **NOW THEREFORE BE IT FURTHER RESOLVED** that,

- 21 1. Funds are appropriated from various accounts for total expenditures by Department
22 as summarized in Exhibit A, attached hereto.
- 23 2. Transfers between funds are authorized and reserve amounts are established as
24 shown in Exhibit A, attached hereto.
- 25 3. The City Manager is authorized to approve budget changes between accounts
26 within each Department and that any budget changes in the total budget of the
27 Department, Capital Project or Fund requires City Council approval.
28

29 **PASSED, APPROVED, AND ADOPTED** by the City Council of the City of Calistoga at
30 a regular meeting held this 17th day of June, by the following vote:
31

32 **AYES:**

33 **NOES:**

34 **ABSTAIN:**

35 **ABSENT:**
36

37 _____
38 **CHRIS CANNING, Mayor**

38 **ATTEST:**

39 _____
40 **KATHY FLAMSON, Deputy City Clerk**