CITY OF SUSANVILLE
66 N. Lassen Street • Susanville CA
Quincy McCourt, Mayor
Thomas Herrera, Mayor pro tem
Russ Brown • Mendy Schuster • Kevin Stafford

Susanville City Council

Special Council Meeting • City Council Chambers

Wednesday, June 7, 2023 – 3:00 PM

CALL THE MEETING TO ORDER
ROLL CALL

1. **APPROVAL OF AGENDA**: ***(Additions and/or Deletions)***

2. **PUBLIC COMMENT REGARDING CLOSED SESSION ITEMS** **(if any):** ***Any person may address the Council at this time upon any subject for discussion during Closed Session.***

3. **CLOSED SESSION:** **No business.**

4. **RETURN TO OPEN SESSION:** **(recess if necessary)**
   - *Reconvene in open session*
   - *Pledge of allegiance*
   - *Invocation*
   - *Report any changes to agenda*
   - *Report any action out of Closed Session*

5. **BUSINESS FROM THE FLOOR:** *Any person may address the Council at this time upon any subject on the agenda or not on the agenda within the jurisdiction of the City Council. However, comments on items on the agenda may be reserved until the item is discussed and any matter not on the agenda that requires action will be referred to staff for a report and action at a subsequent meeting.*
   Presentations are subject to a five-minute limit.

6. **CONSENT CALENDAR:** **No business.** *All matters listed under the Consent Calendar are considered to be routine by the City Council. There will be no separate discussion on these items. Any member of the public or the City Council may request removal of an item from the Consent Calendar to be considered separately.*

7. **PUBLIC HEARINGS:** **No business.**

8. **COUNCIL DISCUSSION/ANNOUNCEMENTS:**

9. **NEW BUSINESS:**

   9.A 2022/2023 Budget Presentation / Workshop

10. **CONTINUING BUSINESS:** **No business.**

11. **CITY ADMINISTRATOR REPORTS:**

12. **FUTURE COUNCIL ITEMS:**

13. **ADJOURNMENT:** *I, Heidi Whitlock, City Clerk of the city of Susanville, do hereby certify that an*

original of the NOTICE OF CALL OF SPECIAL MEETING, June 7, 2023, at 3:00 p.m. was delivered to each and every person set forth on the list contained herein on the 5th day of June, 2023. A copy of said Notice is attached hereto.
I declare under penalty of perjury that the foregoing is true and correct.
Dated at Susanville, California this 5th day of June, 2023.

AGENDA ITEM NO. 9.A
Discussion Item

SUSANVILLE CITY COUNCIL AGENDA ITEM

Submitted By:	Heidi Whitlock, Administrative Services
Action Date:	June 7, 2023
SUBJECT:	2022/2023 Budget Presentation / Workshop
PRESENTED BY:	Dan Newton, City Administrator & Chandra Jabbs, Finance Manager

SUMMARY:

The FY 23/24 budget process began in February 2023, when we began engaging with City staff to identify needs within each department. These first steps in the budget process include an assessment of revenue projections, expenditure projections, and schedule preparation. Members of Finance Committee, which includes the Fire Chief, Police Chief, Public Works Director, Finance Manager, Assistant to the City Administrator, and City Administrator developed revenue estimates and expenditure requests for each of their respective departments. These meetings allowed us to prepare the initial draft of the FY 23/24 budget, which was presented to City Council on April 19, 2023.

Following the initial presentation of the budget, a public comment period was opened to engage the public in the budget development process. Department heads provided summary videos to provide transparency to the public regarding their budget requests. The budget and associated documents were published on our website to encourage public participation in the process.

This presentation of the FY 23/24 budget incorporates any changes that were made following the initial presentation in April. These changes include items such employee negations that were ratified during this period, debt calculations, and grant forecasts. These items will be discussed in more detail during the presentation. Additionally, the draft budget policy will be discussed at the meeting.

FISCAL IMPACT: TBD

ACTION REQUESTED: Receive information, provide direction to staff.

ATTACHMENTS:

Exhibit A 6.5.23.pdf

DRAFT-Budget-Process-and-Policies 6.5.23.pdf

DRAFT Exhibit A City of Susanville Budget 2023-2024

		Revenue	Expense	Transfer In	Transfer Out
1000	GENERAL FUND	$8,223,859	$2,080,719	($1,410,151)	$7,051,356
1002	GF-ECONOMIC DEVELOPMENT	$2			
1004	GF-PANCERA	$10			
1005	GF-RESERVE ACCOUNT	$2,000			
1006	POLICE FACILITIES & EQUIP FUND	$50	$0		
1007	FIRE FACILITIES & EQUIP FUND	$500	$0		
1008	ADMIN SVCS FACILITIES & EQUIP	$20	$0		
1009	PUBLIC SAFETY POLICE	$202,600	$3,923,035	($4,000,587)	$280,152
1010	PUBLIC SAFETY FIRE	$558,147	$2,413,840	($1,988,524)	$132,831
1011	PW GENERAL FUND	$431,004	$1,211,125	($943,950)	$163,829
2002	STATE COPS	$149,892	$108,044		
2004	AMERICAN RESCUE PLAN ACT		$0		
2005	ROAD MAINT AND REHAB SB-1	$398,243	$284,911		
2006	SNOW REMOVAL	$48,464	$54,456		
2007	STREETS & HIGHWAYS	$532,127	$499,076	($129,488)	$337,314
2010	STREET MITIGATION	$1,000			
2011	POLICE MITIGATION	$3,000			
2012	FIRE MITIGATION	$3,000			
2013	PARK DEDICATION FUND	$500	$0		
2016	CDBG REVOLVING LOAN FUND	$3,000			
2018	HOME REVOLVING FUND	$3,000	$0		
2030	TRAFFIC SAFETY	$3,000			
2035	TRAFFIC SIGNALS FUND	$200			
2037	SKYLINE BICYCLE LANE	$200			
2043	HCD LEAP GRANT	$65,000	$57,027		
2045	STATE OF CA 2021 OTS STEP GRANT	$39,560	$39,560		
2046	2022 CDBG CV2/3	$394,241	$387,471		
2047	HCD SB2 GRANT	$139,601	$24,565		
2048	PER CAPITA PARKS GRANT	$177,952	$89,109		
3010	SIERRA ROAD DOG PARK		$0		
4003	CITY HALL		$136,389	($136,388)	
4005	COMMUNITY POOL DEBT SERVICE		$101,176	($101,176)	
7110	WATER SYSTEM	$2,318,000	$2,008,965		$839,124
7112	JOHNSTONVILLE WATER SYSTEM	$17,578	$13,195		
7114	WATER CAPITAL IMPROVEMENTS	$655,395	$0		
7201	AIRPORT	$131,200	$227,811	($15,000)	$53,373
7202	AIRPORT CIP FUND		$0		$15,000
7301	GEOTHERMAL UTILITY	$90,000	$60,459		$63,459
7401	NATURAL GAS	$5,002,060	$4,165,586	($171,415)	$966,099
7530	GOLF COURSE	$343,000	$196,033		$45,172
7620	PW ADMIN & ENGINEERING FUND	$12,500	$1,310,654	($1,314,229)	$3,536
7630	RISK MANAGEMENT FUND	$1,141,793	$1,171,321		
8402	LAFCO	$61,480	$82,094		
8404	AIR POLLUTION	$1,779,796	$1,447,447		$259,665
8405	AIR POLLUTION-CARL MOYER	$225,000	$225,000		
8406	REGIONAL WATER MANAGEMENT GROUP		$0		
	Grand Total	23,157,973	22,319,067	(10,210,909)	10,210,909

EXHIBIT B

DRAFT

CITY OF SUSANVILLE
BUDGET PROCESS AND POLICIES
Amending Prior Policies Adopted By Resolution 22-XXXX

<u>Budget Process</u>

The Fiscal Year 23/24 Budget process began in February 2023. There are two major components to the budget process: forecasting revenues and projecting expenditures. This budget policy is presented with the budget for adoption and will serve as a guidance document when monitoring and working with the budget. As in previous years, a Finance Committee comprised of City Fire Chief, Police Chief, Public Works Director, Finance Manager, Assistant to CA, and City Administrator has developed revenue estimates and expenditure requests. Due to inflationary effects raising the prices of taxable goods and services in addition to Measure P revenues, city sales tax revenues are projected to be higher than the previous year.

In an effort to increase transparency and maintain consistency with the 2022/23 fiscal year budget and to more accurately forecast end-of-year financial position, the 2023/24 Budget is prepared with expenditure decreases to account for vacancy rates. However, city vacancy rates are significantly lower than in previous years. In addition, department budgets have not been inflated to account for all foreseeable costs.

As part of the budget process, the Council also adopts by resolution the City's Gann appropriations limit in conformance with California Constitution Article XIIIB.

Sales Tax Oversight Board

The Susanville Sales Tax Oversight Board (STOB) has been established. This independent advisory board will review the proposed expenditure of funds collected pursuant to Measure P. A report will be provided to the city council from the STOB indicating how Measure P funds are proposed to be expended. To simplify this process, a Measure P distribution plan is provided in this budget policy.

<u>Budget Amendment Process</u>

The adopted budget can be amended at any regular Council Meeting by four-fifths vote of the council.

Based on our budgeting practices, it is anticipated that during the course of the fiscal year, there may be occasions when the budget will need additional funds for a specific department or for a project (grant projects, etc.) that were unforeseen when the budget was prepared. The City Administrator must submit a request for a budget amendment to the City Council before the Finance Division can amend the budget and authorize additional expenditures.

In addition to specific departmental requested changes, the City Administrator and the Finance Manager normally review the budget at mid-year and ask Council to approve a revised mid-year budget. At mid-year, after review by the City Council, the amended budget is adopted in its entirety by resolution.

Even though only the City Council can adopt a budget and increase total appropriations, Department Heads are given some discretion to move budget amounts among line items, as long as the changes do not increase the total budget approved for a specific fund. Department Heads send, in writing, their budget changes to the Finance Manager for approval. These budget changes will only be allowed for certain operating expenses but not for salaries, benefits and other fixed expenses. As necessary, the City Administrator has discretion to move budget between line items and fund level budget departments within Funds including salaries and benefits.

Current Budget Policies

- Endeavor to adopt a balanced budget by June 30 of each year for the following fiscal year.
- Endeavor to approve operating expenditures not to exceed operating revenues/fund transfers.
- Approve and adopt the budget at the fund level, as opposed to line-item budget.
- Review all fees and charges annually.
- Whenever possible, fees and charges are set for each utility at a level that fully supports direct and indirect costs.
- All city-managed Governmental and Proprietary funds, with the exception of Fiduciary funds (LAFCO, LCAPCD, etc.), are included in the budget.
- Fund balances, in excess of the reserve requirement, may be used as a source of funds for non-recurring expenditures (one-time).
- Endeavor to provide for adequate maintenance and replacement of equipment and buildings.
- Establish vehicle/equipment replacement and facility maintenance fund.
- Establish a sales tax oversight board to oversee the revenues and expenditures generated by Measure P.
- Establish processes for receipt of Measure P funds to track separately from other General Fund revenues.
- Mid-year or more frequent reviews shall be done to take action to bring the budget into balance if adjustments are needed in the course of a fiscal period.
- Create and maintain reserves for all major funds (Natural Gas, Water, Streets).
- The City will strive to maintain a General Fund “Cash Flow” reserve equal to twenty percent (20%) of annual operating revenues.
- A cash amount equivalent to the “Cash Flow” reserve will be kept in a separate fund and use of this reserve will require City Council approval.
- Public Safety Police Fund: Funds Transferred from Fund 1000 (General Fund) to fund 1009 Public Safety Police Fund will remain in the Public Safety Police Fund even if there is a budget surplus at the end of the fiscal year.
- Public Safety Fire Fund: Funds Transferred from Fund 1000 (General Fund) to fund 1010 will remain in the Public Safety Fire Fund even if there is a budget surplus at the end of the fiscal year.
- Community Dev/Svs Fund: Funds Transferred from Fund 1000 (General Fund) to fund 1011 will remain in the Community Dev/Svs Fund even if there is a budget surplus at the end of the year.

- At fiscal year-end, a review of the enterprise funds (Golf Course and Airport) will be performed and a budget amendment brought to the City Council to authorize a transfer of cash from the General Fund to remove any negative cash balances before the year is closed out.
- Maintain fiscal solvency (address cash flow concerns).
- City Administrator has the discretion to move budget between budget departments within the General Fund (Fund 1000).
- Department Heads may move budget among line items within a specific fund/ budget department with City Administrator approval required specifically for moving funding from salaries and benefits lines to other operational line items.

Capital Improvement Budget

The capital improvement budget is approved and adopted at the beginning of a project for the length of the project and not for the fiscal year. Projects may have one or more funding sources. The Finance Manager will carry forward the budget available (original adopted budget less expenditures for the year) year after year, until the project is completed. It is not necessary to resubmit the budget request each fiscal year to the City Council because the project (resources and uses) has already been approved in its entirety. However, if there is a need for change orders (i.e. expenditure budget increase), departments must submit a request for a budget increase to the City Administrator who will prepare a budget amendment for City Council approval before the change orders are issued and commitments are made with vendors and contractors with the exception for projects where the City Administrator or Department Head has been given signing authority for change orders not to exceed an amount that will not require a budget increase. Department employees are also required to follow purchasing procedures established for the City. Ongoing maintenance is considered an operating item (not capital improvement).

Primary Responsibilities

- City Council is responsible for approving and adopting an operating and capital improvements budget at the Fund Level.
- Department Heads or their designees are responsible for approving expenditures within their respective fund allocations.
- Department Heads including the City Administrator are responsible for operating their respective departments within their approved budgets, to monitor and forecast revenue and expenses, and to request and justify increases prior to authorizing expenditures that will result in exceeding budget authority at the fund level.
- The Finance Division is responsible for collecting revenues and making payments for expenditures according to the adopted budget. The Finance Manager may not allow a Department Head, including the City Administrator to overspend their allocated expenditure budgets at the fund level.
- Finance staff monitors and controls expenditures through the use of the computerized accounting system.
- Department Heads have the responsibility for ascertaining the sufficiency of budgeted funds prior to making a purchase or entering into a contract or agreement.
- All contracts must be reviewed and approved by the City Attorney prior to execution.
- All contracts must be signed by the Mayor (Government Code Section 40602). Unless the local agency adopts an ordinance/resolution authorizing others to sign contracts.

EXHIBIT B

- Contracts cannot be signed until they are approved by the City Council. Unless otherwise delegated by City Council.

EXHIBIT B

Measure P Distribution Plan

Estimated Measure P revenue for FY 2023/24: $2,510,000

1) Transfer to Streets for MOE, leverages over $400,000 from SB1	$ 60,000
2) Retain in GF 1000 for Economic Development	$230,000
3) Remaining to be Transferred to Public Safety Police & Public Safety Fire Based on Formula Split - TBD	$2,220,000

Proposed in Draft Form 4/20/2023