

RESOLUTION NO. 2015-92  
RESOLUTION NO. 2015-04 (S/A MRA)  
RESOLUTION NO. 2015- 04 (NPC)  
RESOLUTION NO. 2015- 03 (MAC)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA,  
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY BOARD,  
ABRAMS B NON-PROFIT CORPORATION BOARD AND AIRPORT COMMISSION  
AUTHORIZING THE FINANCE DIRECTOR TO MAKE CERTAIN POST-YEAR-END  
ACCOUNTING ADJUSTMENTS TO THE FY 2014-2015 AND FY 2015-16 BUDGETS

WHEREAS, in adopting the 2015-16 fiscal year budget, actual 2014-15 revenues, expenditures, encumbrances, fund balances, existing (continuing) contracts and other carry-overs are necessarily unknown; and

WHEREAS, after the 2014-15 fiscal year-end, various audit and accounting accruals, deferrals and other adjustments must be made based on information not available at year end; and

WHEREAS, routine, required post year-end adjustments could cause inadvertent budget variances that could be avoided except that such adjustments cannot be known in advance; and

WHEREAS, inadvertent budget variances might result in unnecessary adverse audit comments.

NOW, THEREFORE, BE IT RESOLVED that after the 2014-2015 fiscal year has been closed and year-end adjustments recorded to reflect actual amount(s) of carryover balances, revenues, expenditures, encumbrances and continuing contracts for authorized programs and activities, the City of Marina Finance Director shall record such budget adjustments and realignments for the 2014-2015 and 2015-2016 fiscal year(s) budget(s) necessary to reflect carry-forward items and avoid inadvertent variances.

PASSED AND ADOPTED by the City Council of the City of Marina, Successor Agency to the Redevelopment Agency Board, Abrams B Non-Profit Corporation Board and Airport Commission at a regular meeting duly held on the 30<sup>th</sup> day of June 2015, by the following vote:

AYES: COUNCIL/AGENCY/CORPORATION/COMMISSION MEMBERS: Amadeo, Brown, Morton, O'Connell, Delgado

NOES: COUNCIL/AGENCY/CORPORATION/COMMISSION MEMBERS: None

ABSENT: COUNCIL/AGENCY/CORPORATION/COMMISSION MEMBERS: None

ABSTAIN: COUNCIL/AGENCY/CORPORATION/COMMISSION MEMBERS: None

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Bruce C. Delgado, Mayor/Chair

ATTEST:

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Anita Flanagan, Deputy City Clerk

July 17, 2015

Item No. **11a**

Honorable Mayor and Members  
of the Marina City Council

Special City Council Meeting  
of July 21, 2015

Honorable Chairperson and Members  
of the Successor Agency to Marina Redevelopment Agency

Special Successor Agency Meeting  
of July 21, 2015

Chair and Board Members of  
Abrams B Non-Profit Corporation

Special Corporation Meeting  
of July 21, 2015

Chair and Board Members of  
Airport Commission

Special Commission Meeting  
of July 21, 2015

**CITY COUNCIL, SUCCESSOR AGENCY TO THE MARINA REDEVELOPMENT AGENCY, ABRAMS B NON PROFIT CORPORATION BOARD AND AIRPORT COMMISSION CONSIDER ADOPTING RESOLUTION NO. 2015- , 2015- (S/A MRA), 2015- (NPC), AND 2015- (MAC) ADOPTING FISCAL YEAR 2015-16 BUDGET, ESTABLISHING PROCEDURES FOR AMENDING BUDGET, AND AUTHORIZING THE FINANCE DIRECTOR TO MAKE NECESSARY ACCOUNTING AND BUDGETARY ENTRIES; AND CONSIDER ADOPTING RESOLUTION NO. 2015-, 2015- (S/A MRA), 2015- (NPC) AND 2015- (MAC), AUTHORIZING FINANCE DIRECTOR TO MAKE CERTAIN POST YEAR-END ACCOUNTING ADJUSTMENTS TO FY 2014-15 AND FY 2015-16 BUDGETS**

**REQUEST:**

It is requested that the City Council, Successor Agency to Marina Redevelopment Agency Board, Abrams B Non-Profit Corporation Board and Airport Commission:

1. Consider adopting Resolution No. 2015-, 2015- (S/A MRA), 2015- (NPC) and 2015- (MAC) adopting Fiscal Year 2015-16 Budget, establishing procedures for amending budget, and authorizing the Finance Director to make necessary accounting and budgetary entries; and
2. Consider adopting Resolution No. 2015-, 2015- (S/A MRA), 2015- (NPC) and 2015- (MAC) authorizing Finance Director to make certain post year-end accounting adjustments to FY 2014-15 and FY 2015-16 Budgets.

**BACKGROUND:**

The City and Agency budget is an estimation of resources, revenues and expenditures for a fiscal year period, which is July 1st through June 30th. The budgets outline the resources available and to be used to provide City services and programs.

In 2012, the City Council adopted Resolution No. 2012-46 defining a balanced budget as the anticipated annual fiscal expenditures not exceeding the annual fiscal revenues, requiring the proposed budget to be balance and calling for program/service reduction(s) as needed to balance the budget. Balancing the budget and preserving an adequate level of fund balance are both important in the long-term fiscal sustainability of the City.

The City Council, Successor Agency to the Marina Redevelopment Agency Board, Corporation Board and Airport Commission held public meetings to discuss current and prospective fiscal matters on June 8<sup>th</sup>, 16<sup>th</sup> and 30<sup>th</sup>, and July 21, 2015.

There are year-end budgetary adjustments that are made in the usual course of municipal accounting year-end close. This is an annual process and absent a formal fiscal policy, the annual process is to request the City Council and Agency Board to authorize staff to post year-end budget adjustments. On June 17, 2014, the City Council and Agency Board adopted a similar resolution for the FY 2014-15 Budget.

**ANALYSIS:**

**General Fund:** -- Summary Discussions of updates since June 16<sup>th</sup>.

<b>FY15-16 ADOPTED BUDGET</b>				
<b>General Fund</b>				
<b>FY15-16 Budget</b>	<b>Total</b>	<b>On-Going</b>	<b>vs.</b>	<b>One-Time</b>
Beginning Fund Balance	\$ 7,562,025			
Revenues	\$ 18,034,509	\$ 17,284,509		\$ 750,000
Less - Expenditures *	\$ 17,773,588	\$ 17,039,588		\$ 734,000
Revenues Over/(Under) Expenditures	\$ 260,921	\$ 244,921		\$ 16,000
Ending Fund Balance	\$ 7,822,946	1.4%		
<b>Development Activity Fund</b>				
<b>FY15-16 Budget</b>	<b>Total</b>			
Beginning Fund Balance	\$ (1,605,047)			
Revenues	\$ -			
Less - Expenditures *	\$ -			
Revenues Over/(Under) Expenditures	\$ -			
Ending Fund Balance	\$ (1,605,047)			
<b>Estimated Combined Fund Balance</b>				
General Fund	\$ 7,822,946			
Development Activity Fund 50	\$ (1,605,047)			
<b>General Fund, net of fund 50</b>	<b>\$ 6,217,898</b>			
<b>On-going Revenues vs. Expenditures</b>	<b>\$ 244,921</b>			

One-time  
 Revenue: Land Sale (\$750k)  
 Expenditures: HVAC (\$20k), Fee Study (\$40k), Hsg Element (\$25k), Security Cam (\$15k), Recr Sys (\$30k), PW Truck (\$35k); PD Veh (\$289k); Fire Lexipol Sys (\$5k); Cinemark Agr (\$275k)

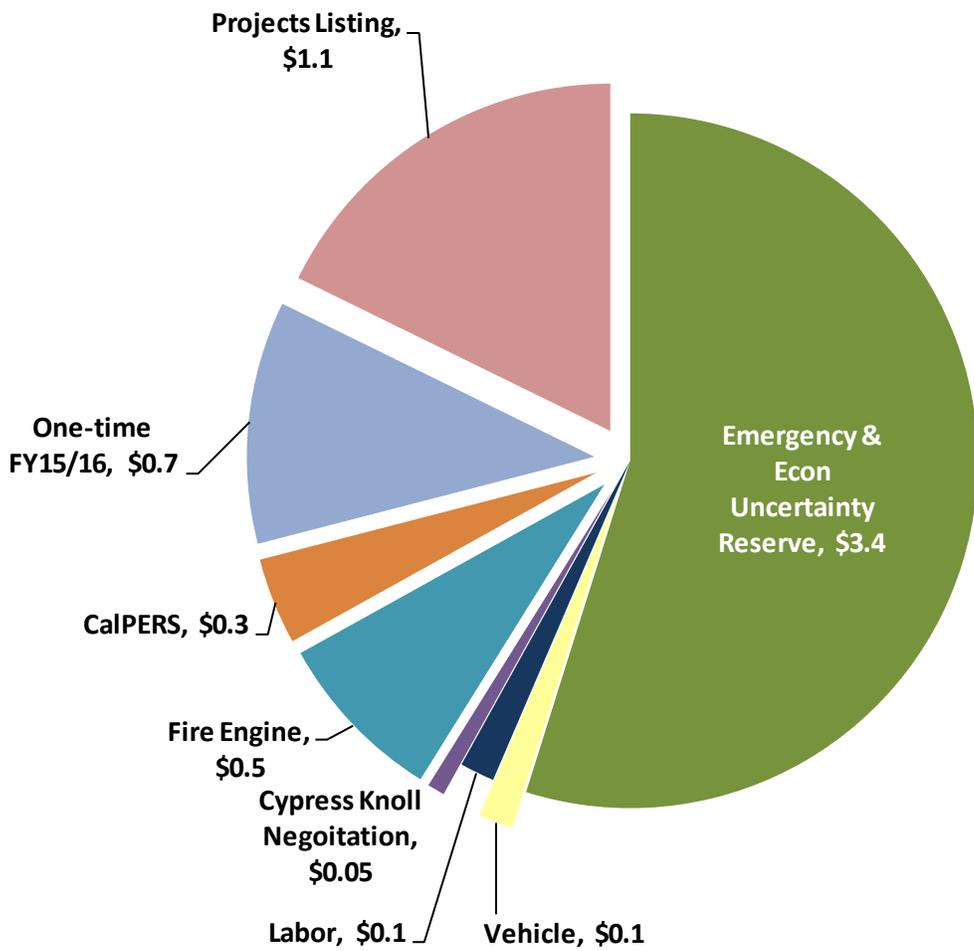
Relative to the General Fund available resources, below is information for City Council consideration:

<b><u>Unfunded on-going services:</u></b>				
Streets/Facilities/Vehicles (\$1.7 million per 2014 Financial Compass)				
Vehicle Replacement - \$90k to begin set aside for FY14/15 & FY15/16 new vehicles				
Staffing Level (\$ TBD)				
Labor Negotiation (\$ TBD)				
<b>Fund Balance Considerations:</b>	<b>\$ 6,217,898</b>	a		
20% Emergency & Economic Uncertainty	\$ 3,407,918	b		
Estimated Fund Bal. available for other purpose	\$ 2,809,981	c	=a-c	
<b><u>Unfunded One-time Need - for which fund balance may be designated</u></b>				
Fire Engine (estimate \$0.5 million)				
Vehicle Replacement - Savings Funds (\$2.4 million per 2013 report)				
Facilities Projects- Savings Funds (\$ TBD)				
Compensated Absence Liability (\$1.3 million FY13/14 audit)				
Unfunded OPEB (retirement health) (actuarial accrued liability \$2.3 million as of FY13/14)				
Unfunded Pension Liability (actuarial accrued liability \$12 million, as of 6/30/2014)				
General Liability - Savings Fund (\$ TBD)				
Blight Removal (\$ TBD)				
Program/Dept information technology - PD system, PD bodycam program, CDD system				

**Further clarification of estimated fund balance** -- At the June 8<sup>th</sup> meeting, Council requested further clarification regarding the estimated fund balance of approximately \$6+ million. This clarification is in addition to the above listing of unfunded needs and obligations. Staff wishes to share certain fiscal assumptions in the proposed budget which may have a significant negative fiscal impact, which are as follows:

- Land sale estimated revenue of \$600k -- possibility of not finalizing transaction?
- CDBG grant audit related to MTC – possibility of negative audit outcome that may cause City to refund \$400k grant?
- Preston Park rent revenue assumed to include 2.54% FORA increase in rent allocation to General Fund (~\$65k enhancement) – possibility of final Preston Park financing causing a reduction in General Fund on-going revenues and/or cost of issuance further reducing fund balance?
- Abrams B rent revenue assumed to have no impact from 2016 mandatory refinancing – possibility of final Abrams B financing causing reduction in General Fund on-going revenues and/or cost of issuance further reducing fund balance?

**General Fund Balance Designation (estimated \$6.2 million)**: At the June 30<sup>th</sup> meeting, Council directed staff to bring the budget back with designations to fund balances as follows (in \$ million).



**Budget Adoption** --In accordance with the conducted budget deliberations, the City Council, Successor Agency to the Marina Redevelopment Agency Board, Corporation Board and Airport Commission are requested to consider adoption of the attached FY 2015-16 Budgets (**EXHIBIT A**).

**NPS Staff Charges** –Per City Council request, (**EXHIBIT B**) provides the FY13-14 staff charges detail.

**FISCAL IMPACT:**

Should the City Council, Successor Agency to the Marina Redevelopment Agency Board, Corporation Board and Airport Commission approve this request, the fiscal impact is as set forth in the FY 2015-16 Budget schedules included within the attached resolution.

**CONCLUSION:**

This request is submitted for City Council, Successor Agency to the Marina Redevelopment Agency Board, Corporation Board and Airport Commission consideration and possible action.

Respectfully submitted,

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Lauren Lai, CPA  
Finance Director  
City of Marina

**REVIEWED/CONCUR:**

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Layne P. Long  
City Manager  
City of Marina