

## RESOLUTION 2016-46

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA REQUIRING THE ESTABLISHMENT OF A CAPITAL EXPENDITURE ACCOUNT AND AN EMERGENCY RESERVE ACCOUNT IN THE FY 2016/17 BUDGET; THE FUNDING OF EACH ACCOUNT; AND THE AUTHORIZING OF THE FINANCE DIRECTOR TO MAKE THE APPROPRIATE ACCOUNTING AND BUDGETARY ENTRIES NECESSARY TO ESTABLISH SAID ACCOUNTS; PROVIDE STAFF WITH ANY FURTHER DIRECTION SUBJECT TO REVIEW AND APPROVAL BY CITY ATTORNEY.

WHEREAS, on September 4, 2013, the City Council adopted Resolution 2013-127. Said resolution contained a study (Vehicle Acquisition & Fiscal Report) as to the number, useful lifetime expectancy and replacement schedule of said vehicles, and;

WHEREAS, Past City Council decisions relating to the fiscal year budgets have included a discussion on the establishment of a fund to cover the replacement costs of city vehicles and equipment, and;

WHEREAS, said discussions have also addressed the establishment of an emergency reserve fund with the anticipated annual deposit amount to be twenty (20%) percent of an amount to be determined by the City Council, and;

WHEREAS, The Mid-Year Budget that was presented to the City Council on February 17, 2016, set forth on Attachment#1-General Fund one-time expenditures of \$324,000 for PW truck and PD vehicles, and;

WHEREAS, To date the city has not established a Capital Expenditure Account that would contain funds necessary to avoid a large replacement expense coming from the City's General Fund, and;

WHEREAS, the past Marina City Councils have indicated that there is a need to establish an emergency reserve fund to address future situations that may not be anticipated to happen at a certain time or type. (i.e. earthquake damage, flooding, power outages, arson damage, etc.).

NOW, THEREFORE, BE IT RESOLVED that the City council of the City of Marina hereby:

1. Authorize the establishment of a Facility, Equipment and Vehicle Reserve Account in the adopted FY 2016/17 Budget, and;
2. Authorize the establishment of an Emergency Reserve Account in the adopted FY 2016/17 Budget, and;
3. Authorize the funding of the Capital Expenditure Account and the Emergency Reserve Account in the adopted FY 2016/17 Budget, and;
4. Authorize the Finance Director to make the appropriate accounting and budgetary entries necessary to establish said accounts.

PASSED AND ADOPTED by the City Council of the City of Marina at a regular meeting duly held on the 5<sup>th</sup> day of April, 2016, by the following vote:

AYES: COUNCIL MEMBERS: Amadeo, Brow, Morton, O'Connell, Delgado

NOES: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: None

ABSTAIN: COUNCIL MEMBERS: None

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Frank O'Connell, Mayor Pro-Tem

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Anita Sharp, Deputy City Clerk

March 11, 2016

Item No: **11c**

Honorable Chair and Members  
of the Marina City Council

City Council Meeting  
of April 5, 2016

**CITY COUNCIL CONSIDER THE APPROVAL OF RESOLUTION NO. 2016-REQUIRING THE ESTABLISHMENT OF A FACILITY, EQUIPMENT, AND VEHICLE RESERVE ACCOUNT AND AN EMERGENCY RESERVE ACCOUNT IN THE FY 2016/17 BUDGET; THE FUNDING OF EACH ACCOUNT; AND THE AUTHORIZING OF THE FINANCE DIRECTOR TO MAKE THE APPROPRIATE ACCOUNTING AND BUDGETARY ENTRIES NECESSARY TO ESTABLISH SAID ACCOUNTS; PROVIDE STAFF WITH ANY FURTHER DIRECTION SUBJECT TO REVIEW AND APPROVAL BY CITY ATTORNEY.**

**REQUEST:**

It is recommended that the City Council consider:

1. Adopting Resolution No. 2016- requiring the establishment of a Facility, Equipment and Vehicle Reserve Account and an Emergency Reserve Account in the FY 2016/17 Budget, and;
2. Authorizing the funding of each account, and;
3. Authorizing the Finance Director to make the appropriate accounting and budgetary entries necessary to establish said accounts, and;
4. Provide staff with any further direction subject to review and approval by the city attorney.

**BACKGROUND:**

On September 4, 2013 the City Council adopted Resolution 2013-127. Said resolution contained a study (**Vehicle Acquisition & Fiscal Report**) as to the number, useful lifetime expectancy and replacement schedule of said vehicles.

Past City Council decisions relating to the fiscal year budgets have included a discussion on the establishment of a fund to cover the replacement costs of city vehicles and equipment. Said discussions have also addressed the establishment of an emergency reserve fund with the anticipated annual deposit amount to be twenty (20%) percent of an amount to be determined by the City Council.

The Mid-Year Budget that was presented to the City Council on February 17, 2016 set forth on Attachment#1-General Fund, one-time expenditures of \$324,000 for PW truck and PD vehicles. To date no Reserve Accounts have been established. Thus the \$324,000 came from the city's General Fund as a lump sum payment.

At the City Council Retreat of February 19-20, 2016, a discussion took place as to what is and is not a one-time (Non-recurring) expenditure. No conclusion was reached by the City Council members.

**ANALYSIS:**

Upon careful review of Resolution 2013-127, and through life experience, it is easily understood that the city facilities, vehicles and equipment (computers, furniture, etc.) have a limited useful life and will have to be replaced upon the expiration of that useful life.

To date the city has not established Reserve Accounts that would contain funds necessary to avoid a large replacement expense coming from the city's General Fund. Thus the funds used to purchase of the PW truck and the PD vehicles came from the General Fund in FY 2015/16. Whether you consider these purchases to be one-time expenditures or on-going expenditures is not as important establishing an account to cover the amount of the expenditure.

The Marina City Council has previously indicated that there is a need to establish an emergency reserve fund to address future situations that may not be anticipated to happen at a certain time or type. (i.e. earthquake damage, flooding, power outages, arson damage, etc.) The City Council has discussed the set aside of twenty (20%) percent of an amount of revenue. At the February 17, 2016, City Council meeting, the Finance Director stated that an actual account had not yet been established, but that it would not be difficult to do so if directed by the City Council.

**RECOMMENDATION:**

It is recommended that the City Council adopt a resolution requiring the establishment and funding of Facility, Vehicle, and Equipment Reserve Accounts and an Emergency Reserve Fund as part of its deliberations and decision in the adopted FY 2016/17 Budget.

**FISCAL IMPACT:**

The adopting of the resolution has no fiscal impact on the city's General fund. The discussion and decisions of the City Council that result in an adopted FY 2016/17 Budget may result in an expense to the city's General fund, but that amount, if any, cannot presently be determined.

*Frank O'Connell*

Frank O'Connell, Marina City Council

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Layne Long  
City Manager  
City of Marina