



*In accordance with City Council Resolution 1995-21, the minutes of meetings of the City Council and the Boards, Commissions, and Committees of the City shall be prepared as Action Minutes.*

MINUTES  
CITY COUNCIL  
BANNING, CALIFORNIA

06/09/2020  
SPECIAL MEETING - WORKSHOP

COUNCIL MEMBERS PRESENT:

Mayor Andrade  
Councilmember Happe  
Councilmember Pingree  
Mayor Pro Tem Wallace  
Councilmember Welch

COUNCIL MEMBERS ABSENT:

None

OTHERS PRESENT:

Douglas Schulze, City Manager  
Kevin G. Ennis, City Attorney  
Sonja De La Fuente, Deputy City Clerk  
John McQuown, City Treasurer  
Jennifer Christensen, Administrative Services Director  
Suzanne Cook, Deputy Finance Director  
Tom Miller, Electric Utility Director  
Adam Rush, Community Development Director  
Art Vela, Public Works Director  
Ralph Wright, Parks & Recreation Director  
Carla Young, Business Support Manager  
Laurie Sampson, Executive Assistant

**I. CALL TO ORDER**

A special meeting of the Banning City Council was called to order by Mayor Andrade on June 9, 2020, at 4:02 P.M.

**II. WORKSHOP**

A. Budget Update

Administrative Services Director provided the report and PowerPoint presentation (Attachment 1) for this item.

There was some discussion held among Council and staff. The Mayor advised that she would like an update and recommendation from the Budget & Finance Committee when the Budget comes forward for approval.

### **III. PUBLIC COMMENTS**

The Mayor opened the workshop item for public comment.

City Treasurer John McQuown indicated that the Budget and Finance Committee discussed some revenue generating sources. Also, he pointed out that 97.5% of the general fund budget goes to public safety and advised that the Budget and Finance Committee had also discussed the City looking into its own Fire Department.

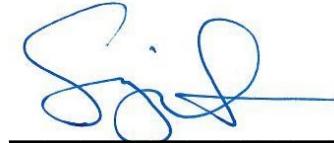
Paul Perkins recommended two budgets, as he would like to see what is hoped for along with a conservative budget.

Seeing no further comments, the Mayor closed public comment.

### **II. ADJOURNMENT**

By consensus, the meeting adjourned at 4:51 p.m.

Minutes Prepared by:



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Sonja De La Fuente, Deputy City Clerk

*The entire discussion of this meeting may be viewed here:*

**<https://banninglive.viebit.com/player.php?hash=n4n5nNujQ6O>**. Any related documents maybe viewed here:

**<https://banningca.gov/ArchiveCenter/ViewFile/Item/2311>** or by purchasing a CD or DVD in the amount of \$7.00 at Banning City Hall located at 99 E. Ramsey Street.

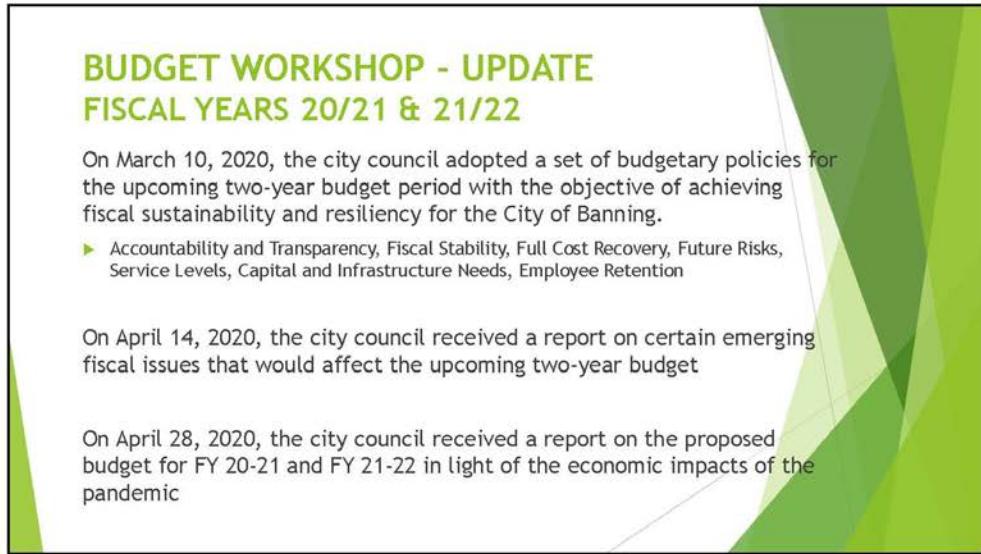
# Attachment 1



**BUDGET WORKSHOP - UPDATE  
FY 2020-21 & FY 2021-22**

ADMINISTRATIVE SERVICES DEPARTMENT  
JUNE 9, 2020

1



**BUDGET WORKSHOP - UPDATE  
FISCAL YEARS 20/21 & 21/22**

On March 10, 2020, the city council adopted a set of budgetary policies for the upcoming two-year budget period with the objective of achieving fiscal sustainability and resiliency for the City of Banning.

► Accountability and Transparency, Fiscal Stability, Full Cost Recovery, Future Risks, Service Levels, Capital and Infrastructure Needs, Employee Retention

On April 14, 2020, the city council received a report on certain emerging fiscal issues that would affect the upcoming two-year budget

On April 28, 2020, the city council received a report on the proposed budget for FY 20-21 and FY 21-22 in light of the economic impacts of the pandemic

2

1

## BUDGET WORKSHOP - UPDATE FISCAL YEARS 20/21 & 21/22

### Balancing the Budget

- ▶ Generally a balanced budget means that revenues meet or exceed expenditures
- ▶ City's discretionary revenues are insufficient to meet expenditure needs
  - ▶ FY 20-21 discretionary revenues are estimated to decrease by 4.5%
    - ▶ Revenue estimates include cannabis tax proceeds and revenue from pre-stabilization medical fee
  - ▶ FY 20-21 General Fund expenditures are estimated to increase by 31.3%
- ▶ Use of fund balance is required to meet expenditure needs
  - ▶ General Fund: fund balances of \$5,966,192 used for operating expenses
  - ▶ All Funds: fund balances of \$26,769,771 used for operating and capital expenses
- ▶ Insufficient Projected Revenue and Fund Balance to Close Gap for FY 21/22

3

## BUDGET WORKSHOP - UPDATE FISCAL YEARS 20/21 & 21/22

### General Fund

- ▶ General Fund Revenues: \$18,018,847
- ▶ General Fund Expenditures: 23,985,039
- ▶ Fund Balance Used: \$ 5,966,192

### All Funds

#### Citywide/All Funds Operating

- ▶ All Funds Revenues: \$99,23,169
- ▶ All Funds Expenditures: 126,004,940
- ▶ Fund Balance Used: \$26,769,771

4

2

## BUDGET WORKSHOP - UPDATE FISCAL YEARS 20/21 & 21/22

### Use of Fund Balance

- ▶ Operating Budget
  - ▶ Timing of downturn creates higher than usual level of uncertainty and stress on revenues
  - ▶ In the near term, judicious use of budget reserves is warranted but should not be viewed as a permanent solution
  - ▶ It will be imperative that the structural imbalance is addressed with structural changes that decrease expenditures as well as increase the city's amount and types of revenues
  - ▶ Consideration should be given to revenue measures e.g. sales tax, utility users tax
- ▶ Capital Budget
  - ▶ Capital projects have been delayed in Streets, Water, Wastewater, City Facilities, and Information Technology

5

## BUDGET WORKSHOP - UPDATE FISCAL YEARS 20/21 & 21/22

### Service Level Impacts

- ▶ General Fund
  - ▶ Unfunded positions in Administrative Services, Code Enforcement, Community Development and Public Works (Total: 4 FTEs unfunded)
  - ▶ Reduced staffing hours and facilities/programs closures in Parks & Recreation
  - ▶ Deferred capital projects include City Hall, IT infrastructure and enterprise systems
  - ▶ Timing of downturn creates higher than usual level of uncertainty
- ▶ Special Revenue Funds
  - ▶ Savings of \$600,000 for FY 20/21 due to use of municipal utility rates for all city departments
  - ▶ Deferred street, water and wastewater capital projects; approval of use of SB1 money for street maintenance
  - ▶ Contracting out street sweeping maintenance reduced cost and increased level of service

6

3

## BUDGET WORKSHOP - UPDATE FISCAL YEARS 20/21 & 21/22

### Additional Headwinds and Long-Term Solutions

- ▶ Animal Control Contract: Increase for FY 2020-21 of 100%; city evaluating costs and re-opening shelter and staffing as an alternative to contract with Riverside County
- ▶ Fire Contract and County Administration Costs: City considering alternatives to contract through Riverside County
- ▶ Pension Obligations: Information available after 6/30/20 when fiscal year closes
- ▶ Revenue Measures: Consider sales tax, utility users tax
- ▶ Utility Rates: Water /Wastewater rates are insufficient to meet significant capital needs

7

## BUDGET WORKSHOP: STRATEGIES REDUCE SPENDING FISCAL YEARS 20/21 & 21/22

- ▶ Reduce capital asset investments
- ▶ Defer some purchases
- ▶ Improve capital project management
- ▶ Reexamine maintenance and replacement standards
- ▶ Refinance debt

8

4

**BUDGET WORKSHOP: STRATEGIES  
FIND NEW RESOURCES  
FISCAL YEARS 20/21 & 21/22**

- Increase interfund charges where there is a case for it
- Reassess internal service fund and cost allocation formulas
- Redesignate general fund reserves
- Consider monetizing assets
- Implement new or revised fees where appropriate
- Consider short-term borrowing

9

**BUDGET WORKSHOP: STRATEGIES  
REDUCE MATERIALS & CONTRACTOR COSTS  
FISCAL YEARS 20/21 & 21/22**

- Close facilities where social distancing isn't possible
- Eliminate lower-value or no-use programs
- Review contractor costs and renegotiate if possible
- Rethink subsidies, as painful as this might be

10

5

## **BUDGET WORKSHOP - UPDATE FISCAL YEARS 20/21 & 20/22**

### **RECOMMENDED ACTIONS**

- ▶ That City Council receive and file the budget workshop update; and
- ▶ Provide direction to staff, as needed, for final budget hearing on June 23, 2020.

11



## **BUDGET WORKSHOP - UPDATE FY 2020-21 & FY 2021-22**

### **QUESTIONS?**

12

6