



AGENDA SPECIAL CITY COUNCIL MEETING CITY OF BANNING, CALIFORNIA

June 9, 2020
4:00 P.M.

Council Chamber
99 E. Ramsey Street
and via Video/Teleconference

Due to the COVID-19 pandemic emergency, and to protect the health and safety of all participants, this meeting is being held in person and via video/teleconference. Pursuant to Governor Newsom's Executive Orders, members of the Banning City Council, staff and public may observe and participate in this meeting electronically or telephonically as outlined below:

To observe and participate in the on-line video portion of the meeting through your personal computer or device enter the following or click on the link:

<https://us02web.zoom.us/j/87854735304?pwd=NFhzbkFXbVFTeG9ZRINHekFEczJldz09>

Meeting ID: 878 5473 5304

Password: 240775

One tap mobile: 12532158782,,87854735304#

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Meeting ID: 878 5473 5304

Find your local number: <https://us02web.zoom.us/u/kcjX9endyS>

To observe the live meeting through your personal computer, but not participate with video or oral comments, you may use your computer or smart phone to enter the following or click on

the link: <https://banninglive.viebit.com>

or on the Banning Government Channel on Cable Television

You may also Email comments to: sdelafuente@banningca.gov

I. CALL TO ORDER

Roll Call – Council Members Happe, Pingree, Wallace, Welch and Mayor Andrade

II. WORKSHOP

Budget Update.....1
(Jennifer Christensen, Administrative Services Director)

III. PUBLIC COMMENTS – Opportunity for the public to address items on the Agenda

IV. ADJOURNMENT

NOTICE: Pursuant to Government Code § 54954.3(a), the only public comment that will be permitted during this Special Meeting is that pertaining to items appearing on this special meeting agenda. Any member of the public may address this meeting of the Mayor and Council on any item appearing on the agenda by approaching the microphone in the Council Chambers and asking to be recognized, either before the item about which the member desires to speak is called, or at any time during consideration of the item. A five-minute limitation shall apply to each member of the public, unless such time is extended by the Mayor. No member of the public shall be permitted to “share” his/her five minutes with any other member of the public.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk’s Office (951) 922-3102. **Notification 48 hours prior to the meeting** will enable the City to make reasonable arrangements to ensure accessibility to this meeting. [28 CFR 35.02-35.104 ADA Title II]

The City of Banning promotes and supports a high quality of life that ensures a safe and friendly environment, fosters new opportunities and provides responsive, fair treatment to all and is the pride of its citizens



CITY OF BANNING CITY COUNCIL REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Jennifer Christensen, Administrative Services Director
Suzanne Cook, Deputy Finance Director

MEETING DATE: June 9, 2020

SUBJECT: Budget Workshop - Update

RECOMMENDED ACTION:

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.

BACKGROUND:

On April 28, 2020, the city held a budget workshop to provide the City Council an opportunity to review and discuss departments' preliminary budgets and special issues, receive public input on these items, and provide the City Manager and Administrative Services direction on policy issues or specific items for consideration prior to completion of the final Recommended Budget. The workshop provided an opportunity for the Council to receive information and provide direction to staff, as appropriate, on particular policy issues that affect department budgets.

Of particular importance for the current budget cycle is the dramatic change in economic outlook for the City of Banning over the past three months. Banning is not alone; public agencies around the world now face significant revenue shortfalls as a result of the shutdown caused by the coronavirus pandemic. In light of the anticipated fiscal challenges ahead for at least the span of the upcoming biennial budget, staff sought direction from Council to implement budget reduction strategies across all departments.

JUSTIFICATION:

Key Challenges and Emerging Issues

Every two years, the City develops a balanced budget while maintaining focus on community priorities, state and federal mandates, legislative and regulatory changes, and

building a strong future. Some challenges are unique to the City of Banning, and some are common among most local government agencies.

As noted in the report to City Council on April 28, 2020, the City is faced with certain fiscal challenges that are impacting the upcoming two fiscal years and beyond:

- Public safety funding needs.
- Information technology infrastructure, security, data storage and systems needs.
- Deferred maintenance needs.
- Transit operations costs.

Larger issues have also come into focus partially as a result of revenue declines from the economic downturn. In particular, the City's structural imbalance between revenues and expenditures has become more pronounced in light of the pandemic's affect on discretionary revenues. While operating costs have risen, revenues have sharply declined. Departments have employed a variety of strategies to decrease budget requests including reprogramming of capital money to support maintenance of facilities and equipment and the elimination of funding for vacant positions. Despite these efforts, current expenditure requests for General Fund activities exceeds estimated revenues for each fiscal year.

In the short term, the solution is the use of available fund balance. However, use of available fund balance 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.

General Fund

For FY 2020-21, the proposed budget for the General Fund, including operating and capital, is comprised of \$18,018,847 in revenues and \$23,985,039 in expenditures. On a citywide basis, the proposed budget for All Funds, including operating and capital, is comprised of \$96,095,972 in revenues, \$122,865,743 in expenditures, and \$26,401,079 in use of available fund balance.

With six weeks of additional economic data since the budget workshop on April 28, the City will only be able to adopt a balance budget for FY 2020-21 based on utilization of available fund balance of \$5,966,192. This will leave an estimated fund balance of \$2,118,240 in the General Fund at the end of the fiscal year and available for FY 2021-22 budget needs. For FY 2021-22, the anticipated unmet revenue need for the General Fund is approximately \$3,500,000.

- Revenues Challenges and Highlights:
 - Total estimated General Fund operating revenue of \$12,908,713 as compared to actual revenue at June 30, 2019 of \$16,004,093 (a reduction of nearly 20%).

- Estimated reduction of sales tax revenues by 23%, reduction of revenue from Cabazon by 50%, and transient occupancy tax (TOT) by 12.5% caused by the global economic downturn for FY 2020-21. The recovery period for the economy is uncertain.
 - Decrease in administration revenue from enterprise funds with new cost allocation plan in the amount of \$1.13 million.
 - Increase in estimated cannabis tax revenue of \$700,000.
 - Increase in pre-stabilization medical billing revenue of \$400,000.
- Expenditures:
 - Public safety costs representing approximately 97.35% of estimated General Fund operating revenues. Funded vacant positions without any revenue offset in Police and Dispatch represent \$884,968.
 - Animal Control Contract increased to \$30,000/month from current average \$15,000/month.

FISCAL IMPACT:

The proposed budget for FY 2020-21 will require the use of available fund balance of \$5,966,192. This will leave an estimated fund balance of \$2,118,240 in the General Fund at the end of the fiscal year and available for FY 2021-22 budget needs. For FY 2021-22, the anticipated unmet revenue need for the General Fund is approximately \$3,500,000.

OPTIONS:

1. Receive and file the budget workshop update.
2. Provide direction to staff as needed.

Approved by:



Douglas Schulze
City Manager