



AGENDA SPECIAL CITY COUNCIL MEETING CITY OF BANNING, CALIFORNIA

May 24, 2022

4:00 p.m.

In Chambers and via Zoom

Council Chambers
99 E. Ramsey Street
Banning, CA 92220

Additional Teleconference Location

Mayor Kyle Pingree will be teleconferencing from the Business Center of South Point Hotel, Casino & Spa located at 9777 Las Vegas Boulevard South, Las Vegas, Nevada 89183. This meeting agenda will be posted and members of the public will be able to participate from this location.

The following information comprises the agenda for the regular meeting of the Banning City Council, a joint meeting of the City Council and Banning Utility Authority, and the Banning City Council sitting in its capacity as the Banning Successor Agency Board.

This meeting is being held via Zoom so that members of the public may observe and participate in this meeting electronically. If you participate in this meeting via Zoom, you are agreeing to abide by the City's Zoom Community Standards for Public Meetings (provided in full on the last page of the agenda). Esta reunión se lleva a cabo en la Cámara y a través de Video/Teleconferencia en Zoom para que los miembros del público puedan observar y participar en esta reunión de manera electrónica. Si elige participar en esta reunión a través de Zoom, acepta cumplir con los Estándares comunitarios de Zoom para reuniones públicas de la ciudad (que se proporcionan en su totalidad en la última página de la agenda).

To observe and participate in the online video portion of the meeting through your personal computer or device, follow this link:

<https://us02web.zoom.us/j/81007280759?pwd=d0JCK0oyeGhOQk5Cek1kd3FJUmlsQT09>

Meeting ID: 810 0728 0759

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1. CALL TO ORDER

Roll Call

2. PUBLIC COMMENT – Agenda Items

3. DISCUSSION ITEMS

- 3.1. Budget Workshop - Review Draft Biennial Budget for Fiscal Years 2022-23 & 2023-24
(Staff Report: Suzanne Cook, Finance Director)

Recommendation: Review draft biennial budget for fiscal years 2022-23 & 2023-24 and provide direction or comments to staff to help finalize budget for Council adoption in June 2022.

4. ADJOURNMENT

Zoom Community Standards for Public Meetings

By participating in this meeting on Zoom, you are agreeing to abide by the City of Banning's Community Standards for Public Meetings. Zoom attendees that fail to adhere to these standards may be removed from the meeting room.

- Your microphone must remain on mute, and you may only unmute your microphone when/if you are recognized by the Mayor.
- Your camera must be turned off unless/until you are recognized by the Mayor.
- To indicate a desire to make Public Comment, you must use the Raise Hand function. The Mayor will not recognize those who have not used the Raise Hand function.
- Public Comment from Zoom attendees will immediately follow in person comment from members of the public in Council Chambers.
- If you fail to adhere to these community guidelines, **you may be removed** for disrupting the meeting occurring in Council Chambers. You may rejoin the meeting but may be removed for each violation of these community standards.
- The chat function will be disabled for all City Council meetings on Zoom.

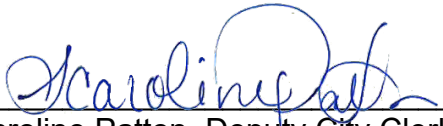
Estándares comunitarios de Zoom para Reuniones Públicas

Al participar en esta reunión en Zoom, usted acepta cumplir con los Estándares Comunitarios para Reuniones Públicas de la ciudad de Banning. Los que atienden por Zoom que no cumplan con estos estándares pueden ser retirados de la sala de reuniones.

- Su micrófono debe permanecer en silencio, y solo puede reactivar su micrófono cuando / si es reconocido por el alcalde.
- Su cámara debe estar apagada a menos que sea reconocido por el alcalde.
- Para indicar el deseo de hacer un Comentario Público, debe utilizar la función Levantar la mano. El alcalde no reconocerá a quienes no hayan utilizado la función Levantar la mano.
- Los comentarios públicos de lo que atienden por Zoom seguirán inmediatamente los comentarios en persona de los miembros del público en las Cámaras del Consejo.
- Si no cumple con estas pautas de la comunidad, es posible que lo destituyan por interrumpir la reunión que tiene lugar en las Cámaras del Consejo. Puede volver a unirse a la reunión, pero es posible que lo eliminen por cada violación de estos estándares de la comunidad.
- La función de chat estará deshabilitada para todas las Reuniones del Ayuntamiento en Zoom.

AFFIDAVIT • DECLARACIÓN JURADA

IT IS HEREBY CERTIFIED under the laws of the State of California that the above agenda was posted on the City's website (www.banningca.gov) as well as the Bulletin Board at Banning City Hall, located at 99 E Ramsey Street, Banning, CA 92220 by 4:30 P.M. on the 19th of May 2022.


Caroline Patton, Deputy City Clerk
Secretario adjunto de la ciudad

PUBLIC NOTICE • NOTICIA PÚBLICA

Meeting Agendas and Notices

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Public Comment

Agenda Items

Any member of the public may address this meeting of the City Council on any item appearing on the agenda. A five-minute limitation shall apply to each member of the public and no member of the public shall be permitted to share their time with any other person. *Special meetings do not have public comment periods for non-agenda items.*

Special Assistance/Accessibility Requests

In compliance with the Americans with Disabilities Act, any member of the public may request that the agenda and agenda packet be mailed to them. If you need special assistance to participate in this meeting (such as translation services), please contact the Office of the City Clerk. Advanced notification of at least 48 hours prior to the meeting will allow the city to make arrangements to ensure your accessibility.

¿Necesita servicios de traducción para participar? Contacto Oficina del Secretario de la Ciudad.

CONTACT • CONTACTO

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99 East Ramsey Street, Banning, California 92220



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Suzanne Cook, Finance Director

MEETING DATE: May 24, 2022

SUBJECT: Budget Workshop - Review Draft Biennial Budget for Fiscal Years 2022-23 & 2023-24

RECOMMENDATION:

Review draft biennial budget for fiscal years 2022-23 & 2023-24 and provide direction or comments to staff to help finalize budget for Council adoption in June 2022.

BACKGROUND:

Of all the functional areas of city government finance, one of the most critical to success is budgeting. Budgeting has many dimensions: managerial, planning, communications, financial. A sound budget process encourages the development of organizational goals, establishes policies, and plans to achieve those goals, and allocates limited resources through the process that are consistent with these goals, policies, and plans. There is also a focus on measuring performance to determine what has been accomplished with the allocated resources.

Budgeting should have a long-range perspective, and not simply be an exercise in balancing revenues and expenditures one year at a time. Sound budget policies encourage consideration of the longer-term consequences of budgetary decisions. All budget decisions need to be understood over a multi-year planning horizon to assess whether program and service levels can be sustained.

A budget process that is well integrated with the other activities of city government, such as the planning and management functions, will provide better financial and program decisions and lead to improved city operations. A budget process that involves all stakeholders and reflects their needs and priorities will serve as a positive force in maintaining good public relations and enhancing citizens' and other stakeholders' overall impression of city government.

For the development of the City's budget for Fiscal Years Ending 2023 and 2024, the City continued the use of OpenGov to prepare the budget. OpenGov provides better data reporting, monitoring, and management of financial information as well as powerful collaboration tools for city departments. Greater citywide participation is now incorporated

into the budget development process. In addition to the efficiencies gained in the budget development process, it provides an effective two-way communication tool for governmental agencies and the public thereby helping build public trust.

The draft budget was presented to the Budget and Finance Committee meeting on May 17, 2022, with direction to review revenue projections and make any necessary adjustments. Staff performed this review and are confident, at this time, with the revenues presented in the draft budget.

JUSTIFICATION:

Every two years, the City develops a 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.

Again, with this budget cycle, the city faces certain fiscal challenges that are impacting the upcoming two fiscal years and beyond:

- Public safety funding needs
- Costs of contracting for fire services
- Inflation impacting costs of goods and services
- Deferred maintenance costs
- Transit operation costs
- Increase in pension and labor costs
- Slow growth and timeliness of business coming on board to help increase revenue
- Impacts of COVID-19

In the short term, the solution to the challenge of balancing the budget 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.

FISCAL IMPACT:

Initially after all the City Departments had entered their requests into OpenGov, the projected deficit for the General Fund was \$7 million. After meeting with the departments and subsequent meetings with the City Manager, the deficit was reduced to \$1.39 million.

Key revenue assumptions for the next two fiscal years are as follows:

- Increase in tax revenue by 10.85% from FY21-22 budgeted \$13,771,816 to \$15,266,621 budgeted in FY 22-23, with a 2% increase for FY23-24.
 - Property taxes show the significant increase due to home sales with a 13.70% increase from budgeted FY21-22 to FY22-23
 - Sales taxes show an increase of 8.43%.

- Added an additional \$35,000 for Sales tax for new businesses coming on board in June that were not a part of the original Sales tax estimate.
- Estimates for Property and Sales tax are provided by our consultant HdL who analyzes the market for these figures.
- Increase in TOT from hotels due to increases in hotel stays with developments, lifts of restrictions and music festivals
- Continued to reflect the decrease in administration revenue from enterprise funds with new cost allocation plan and elimination of general fund transfer, which has attributed to continued general fund deficit over the last few years.
- Cannabis tax revenue of \$950,000 maintained for both fiscal years of the budget until more analysis can be done on actuals. This should be an area of increased revenue over the next year(s).
- Decrease in first responder medical billing revenue in first year to \$250,000 and increased back to \$400,000 second year.
- Increase police revenue for reimbursable services to a total of \$632,400 for RAID, PACT and School Resource Officer (SRO)

Proposed Reductions to Expenditures

Key areas of reductions in expenditures to help reduce the deficit

- Reduction made to salaries of police department of \$1 million to reflect the continued nature of salary savings with vacancies and officers' injuries, this was offset to the increased overtime budget of \$1 million for officers picking up additional shifts to accommodate the vacancies.
- Fire contract was presented with a total \$3.7 million estimate, but due to actuals being much lower than the estimate, the budget is based on estimated actuals and reduction of \$400,000.
- Reduced Engineering Services for On-call Plan Reviewers/Inspections from original request of \$1.3 million to \$300,000.

Class and Compensation

There were several requests for additional positions, however, due to the large general fund deficit, there are no additional position requests unless there is an offsetting reduction or reclassification. The following are changes requested to the class and compensation plan:

- The addition of an Assistant City Manager position reclassifying and un-funding the Executive Assistant position – difference of \$67,937
- The re-funding of the Deputy Finance Director position with offsetting proposed promotions and un-funding of another finance department position – difference of \$54,630.
- The re-funding and authorization of an Associate Planner and un-funding of the Building Inspector position, which is currently handled by contracted services – difference of (\$61).

The total impact of the budget for the above is \$122,506

General Fund and All Funds: Revenues, Expenditures and Use of Fund Balance

Fiscal Year 2022-23:

Fund	Proposed Revenues	Proposed Expenditures	Proposed Surplus/(Deficit)
General Fund	24,071,859	25,465,803	(1,393,944)
Airport Fund	478,327	306,608	171,719
Transit Fund	2,000,530	2,356,399	(355,869)
Refuse Fund	985,601	1,041,957	(56,356)
BUA Water Funds	16,044,908	13,321,139	2,723,769
BUA Wastewater Funds	6,144,201	4,065,846	2,078,355
Electric Funds	35,574,252	38,680,847	(3,106,595)
Internal Service Funds	6,928,913	9,812,434	(2,883,521)
Special Revenue & Capital Funds	4,857,638	2,540,279	2,317,359
Agency/Fiduciary Funds	5,096,437	5,099,659	(3,222)
Total City Wide	102,182,666	102,690,971	(508,305)

Fiscal Year 2023-24:

Fund	Proposed Revenues	Proposed Expenditures	Proposed Surplus/(Deficit)
General Fund	23,956,864	26,226,757	(2,269,893)
Airport Fund	221,132	308,954	(87,822)
Transit Fund	1,755,063	2,310,891	(555,828)
Refuse Fund	957,649	1,065,977	(108,328)
BUA Water Funds	16,301,166	13,596,940	2,704,226
BUA Wastewater Funds	5,345,105	4,793,814	551,291
Electric Funds	36,637,501	38,695,946	(2,058,445)
Internal Service Funds	7,048,719	9,630,663	(2,581,944)
Special Revenue & Capital Funds	5,011,473	2,624,968	2,386,505
Agency/Fiduciary Funds	5,093,240	5,096,462	(3,222)
Total City Wide	102,327,912	104,351,372	(2,023,460)

The above charts reflect the requested proposed revenues and expenditures with the proposed surplus or deficit. Those with a proposed deficits will need to use reserves to balance the budget.

The attachments provide more details on the requests and impacts to the fund balances.

Proposed solutions to help with deficit:

- Reintroduce Measure P (or an alternative) on the ballot for an Enterprise fund transfer to the General Fund.
- Re-evaluate fees on Master Fee schedule to incorporate CPI increases and cost recovery.

ATTACHMENTS:

1. FYE 2021-22 Fund Equity Projections
<https://banningca.gov/DocumentCenter/View/10612/1-FYE-2021-22-Fund-Equity-Projections>
2. FY 2022-23 & FY2023-24 Budget and Fund Balance Summary
<https://banningca.gov/DocumentCenter/View/10613/2-FY-2022-23-FY-2023-24--Budget-and-Fund-Balance-Summary>
3. General Fund Budget Detail with Prior Years
<https://banningca.gov/DocumentCenter/View/10614/3-General-Fund-Budget-Detail-with-Prior-Years>
4. Airport Fund Budget Detail with Prior Years
<https://banningca.gov/DocumentCenter/View/10615/4-Airport-Fund-Budget-Detail-with-Prior-Years>
5. Transit Fund Budget Detail with Prior Years
<https://banningca.gov/DocumentCenter/View/10616/5-Transit-Fund-Budget-Detail-with-Prior-Years>
6. Refuse Fund Budget Detail with Prior Years
<https://banningca.gov/DocumentCenter/View/10617/6-Refuse-Fund-Budget-Detail-with-Prior-Years>
7. BUA Water Funds Budget Detail with Prior Years
<https://banningca.gov/DocumentCenter/View/10618/7-BUA-Water-Funds-Budget-Detail-with-Prior-Years>
8. BUA Wastewater Funds Budget Detail with Prior Years
<https://banningca.gov/DocumentCenter/View/10619/8-BUA-Wastewater-Funds-Budget-Detail-with-Prior-Years>
9. Electric Funds Budget Detail with Prior Years
<https://banningca.gov/DocumentCenter/View/10608/9-Electric-Funds-Budget-Detail-with-Prior-Years>
10. Internal Service Funds with Prior Years
<https://banningca.gov/DocumentCenter/View/10609/10-Internal-Service-Funds-Budget-Detail-with-Prior-Years>
11. Special Revenue & Capital Improvement Funds Budget Detail with Prior Years
<https://banningca.gov/DocumentCenter/View/10610/11-Special-Revenue-Capital-Improvement-Funds-Budget-Detail-with-Prior-Years>
12. Agency/Fiduciary Funds Budget Detail with Prior Years
<https://banningca.gov/DocumentCenter/View/10611/12-Agency-Fiduciary-Funds-Budget-Detail-with-Prior-Years>

Approved by:



Douglas Schulze
City Manager