

CITY OF SEBASTOPOL CITY COUNCIL
AGENDA ITEM REPORT FOR MEETING OF: June 18, 2024

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To: Honorable Mayor and City Councilmembers
From: Ana Kwong – Administrative Services Director
City Administration
Subject: Continuing Appropriations: Approval of Resolution continuing appropriations that provides spending authority for the fiscal year that begins on July 1, 2024 and ends on June 30, 2025, at the same level and amounts for all funds as approved in the adopted fiscal year 2023-2024 city budget for sixty (60) days

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RECOMMENDATION:

Adopt a resolution continuing appropriations that provides spending authority for the fiscal year that begins on July 1, 2024 and ends on June 30, 2025, at the same level and amounts for all funds as approved in the adopted fiscal year 2023-2024 city budget for sixty (60) days, ensuring the uninterrupted continuation of municipal services. It is also recommended that the City Council direct staff not to transfer the \$100,000 allocation of funds to the PERS reserve fund at this time.

BACKGROUND AND ANALYSIS:

The Fiscal Year for the City of Sebastopol begins July 1st and ends June 30th. Due to a number of factors, such as new City Management, Water/Wastewater Rate Study; Cost Allocation study to name a few, additional time is required this year to produce fund balances and other financial data that the City Council expects to perform their fiscal stewardship role in adopting the Budget for the fiscal year that begins on July 1, 2024 and ends on June 30, 2025.

Staff is requesting approval of a Continuing Appropriations Resolution that provides spending authority in Fiscal Year 2024-2025 at the same level as the adopted Fiscal Year 2023-2024 Budget, to continue operations after July 1, 2024, until such time that staff can prepare a comprehensive presentation of the City’s fund balances, revenues and expenditures. The requested action continues most elements of the Fiscal Year 2023-2024 budget into FY 24-25 so that the City can continue to operate until the City Council adopts a final budget. Without a budget for the new fiscal period in place, the City’s authority to spend money or incur obligations expires on June 30.

Staff expects to return on July 16, 2024 to present the new FY 24-25 Budget for City Council review and / or approval. However, it is anticipated that more than one meeting will be required for adoption of the budget.

The resolution also extends the following expiring contracts for City services for two months into the new Fiscal Year (July and August 2024) to allow for the continued operation needs of the City:

1. Holly Hanson Public Relations
2. Marin IT
3. GHD
4. W-Trans
5. Phillips Seabrook Associates
6. North Bay Animal Control

Additionally, staff recommend authorizing an additional \$1,500 for two months of services for Map Your Neighborhood (MYN). It is our understanding that the FY 23-24 budget inadvertently underfunded this service so

we need additional authorization. Also, there is not a formal contract in place, which we will address should the City Council approve on-going funding for this service in the final FY 24-25 budget.

Additionally, staff recommend and the Budget Committee concur that we not transfer \$100,000 allocated in FY 23-24 to the PERS reserve. Given the City’s overall financial condition, we believe that it is more appropriate to keep the funds more readily available as part of the unassigned General Fund balance. Bob Leland of Baker Tilly, who serves as a financial consultant, concurs with this recommendation.

COMMUNITY OUTREACH:

This item has been noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to schedule meeting date.

FISCAL IMPACT:

Spending Authority at the same level as adopted in the Fiscal Year 2023-2024 adopted budget. Funds have been appropriated in the General Governmental Funds, Assessment District, Enterprise Fund and Special Revenue Funds for the proposed FY2024-25 budget.

RESTATED RECOMMENDATION(S): It is recommended that the City Council:

1. Adopt a resolution continuing appropriations that provides spending authority for the fiscal year that begins on July 1, 2024 and ends on June 30, 2025, at the same level and amounts for all funds as approved in the adopted fiscal year 2023-2024 city budget for sixty (60) days, with an additional \$1,500 for Map Your Neighborhood, for a total of \$4,161,500 to ensure the uninterrupted continuation of municipal services;
2. Approval extension of expiring City Contracts for services for an additional two months (July and August 2024);
3. Direct staff not to transfer the \$100,000 allocation of funds to the PERS reserve fund at this time.

OPTIONS:

1. For continuing operations and expiring contracts no other options are available at this time as the continuation of funding is a necessity for the continued operation of the City.
2. The Council could direct staff to complete the transfer of \$100,000 to the PERS reserve fund in FY 23-24.

ATTACHMENTS:

Resolution

APPROVALS:

Department Head Approval: Approval Date: 6/6/24

CEQA Determination (Planning): Approval Date: 6/13/24

The proposed action is not a project under the California Environmental Quality Act (CEQA)

Administrative Services (Financial) Approval Date: 6/6/24

Costs authorized in City Approved Budget: Yes No N/A

Account Code (f applicable)

City Attorney Approval: Approval Date: 6/13/24

City Manager Approval: Approval Date: 6/13/24

Resolution Number: XXXX-2024

A Resolution of the City Council of the City of Sebastopol approving Continuing appropriations that provides spending authority for the fiscal year that begins on July 1, 2024 and ends on June 30, 2025 at the same level as adopted in the FY 2023-2024 Fiscal Year adopted budget for a period not to exceed 60 days; for funds that have been appropriated in the General Governmental Funds, Assessment District, Enterprise Fund and Special Revenue Funds.

WHEREAS, the City is required to adopt an annual spending plan by June 30th of each year to allow the City to continue operations on July 1st of the new fiscal year; and

WHEREAS, due to a number of factors, such as new City Management, Water/Wastewater Rate Study; Cost Allocation study to name a few, additional time is required this year to produce fund balances and other financial data that the City Council expects to allow them to perform their fiscal stewardship role in adopting the Budget for the fiscal year that begins on July 1, 2024 and ends on June 30, 2025; and

WHEREAS, staff is requesting approval of a Continuing Appropriations Resolution that provides spending authority in Fiscal Year 2024-2025 at the same level as the adopted Fiscal Year 2023-2024 Budget, to continue operations after July 1, 2024, until such time that staff can prepare a comprehensive presentation of the City's fund balances, revenues and expenditures; and

WHEREAS, the City is required to make routine and monthly payment for goods, services and miscellaneous maintenance as necessary to continue day to day operations of the City government; and

WHEREAS, staff recommends that the following contracts be extended for an additional 2 months to allow for the continued operation needs of the City; and

1. Holly Hanson Public Relations
2. Marin IT
3. GHD
4. W-Trans
5. Phillips Seabrook Associates
6. North Bay Animal Control

WHEREAS, it appears Map Your Neighborhood was inadvertently underfunded in FY 23-24 so requires an additional \$1,500 authorization to continue the same level of service for July through August, 2024.

WHEREAS, approving continuing appropriations of \$4,161,500 as spending authority for the new fiscal year that begins on July 1, 2024, at the same level as the adopted Fiscal Year 2023-2024 City Budget, will allow the City to continue operations, on an interim basis, until the Fiscal Year 2024-2025 Budget is updated and adopted to reflect economic and operational changes of the City; and

WHEREAS, the City Council intends to hold a public hearing on July 16, 2024 to begin its review of the FY 2024-2025 City Budget; and

WHEREAS, the City Council hopes to complete its review and adoption of the Fiscal Year 2024-2025 City Budget on or about August 6, 2024.

NOW, THEREFORE, the City Council of the City of Sebastopol, hereby approves a Continuing Appropriations resolution that provides spending authority for the fiscal year that begins on July 1, 2024 and ends June 30, 2025, at the same level and amounts as approved in the adopted City Budget for Fiscal Year 2023-2024; and

BE IT FURTHER RESOLVED, that the City Council of the City of Sebastopol approves extension of City Contracts for services for an additional two months (July and August 2024) as listed on Exhibit A; and

BE IT FURTHER RESOLVED that the City Council of the City of Sebastopol directs staff not to transfer the \$100,000 allocation of funds to the PERS reserve fund at this time.

The above and foregoing Resolution was duly passed, approved and adopted at a meeting by the City Council on the 18th day of June, 2024 by the following vote:

VOTE:

Ayes:

Noes:

Abstain:

Absent:

APPROVED: _____
Diana Gardner Rich, Mayor

ATTEST: _____
Mary Gourley, Assistant City Manager/City Clerk, MMC

APPROVED AS TO FORM: _____
Larry McLaughlin, City Attorney