



CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Patty Maitland, Finance Director

MEETING DATE: January 18, 2017

SUBJECT: Fiscal Year 2016-17 Budget Modifications and Second Reading of an Ordinance Amending the FY 2016-17 Budget

CEQA STATUS Does Not Constitute a “Project” per California Environmental Quality Act (CEQA) Guidelines

RECOMMENDATION

Hold second reading of an ordinance amending the Fiscal Year 2016-17 (FY 2016-17) Budget.

DISCUSSION

No changes have been made to the ordinance following its approval of the first reading on January 11, 2017. This ordinance was published on January 15, 2017 as required by the City Charter.

It is customary at the midpoint of the current fiscal year for staff to review their six month financials and assess whether any modifications to their budgets are necessary. The modifications to the Fiscal Year (FY) 2016-17 Budget are the result of programmatic changes, budget oversight, and capital funding extensions. The following provides details of the General Fund modifications and other outside fund modifications.

General Fund (Fund 01). Increase appropriations by \$80,000.

The Community and Economic Development Director will be returning to Council with a comprehensive gull abatement program in the near future (\$30,000). Due to the effect of the drought on the City’s trees and to address findings in a recent tree assessment report, an increase in forestry expenditures (\$50,000) are anticipated to occur in the current fiscal year. There are sufficient funds available to accommodate this modification.

PEG (Fund 06). Increase appropriations by \$10,000.

Public Education and Government (PEG) funds are restricted to government purposes such as the City’s government channel that broadcasts Council Meetings and the equipment associated with such uses. This appropriation is for the maintenance and/or replacement of the microphone system in the Chamber. There are sufficient funds to accommodate this modification and there is no impact to the General Fund.

Library Fund 07. Increase appropriations by \$9,900.

The FY 2016-17 Capital Improvement Plan authorized by Council included the interior renovation of the Library. A portion of the funding for the work was to be provided by a \$20,000 Peninsula

Foundation Grant. The grant funds were received in FY 2015-16, however, the budget for Fund 07 only appropriated \$10,100 of the funds (a ministerial oversight) requiring an increase of \$9,900. There are sufficient funds in Fund 07 to accommodate this increase and does not impact the General Fund.

CDBG (Fund 34). Increase appropriations by \$36,500.

A Community Development Block Grant (CDBG) housing rehabilitation loan was repaid in the current fiscal year. In order to utilize other grant funds as part of this program, the City must first expend any loan repayment funds. There are sufficient funds to accommodate this modification and there is no impact to the General Fund.

Cal Home Reuse (Fund 36). Increase appropriations by \$50,000.

Cal Home housing rehabilitation loans were repaid and in order to fund rehabilitation loans throughout the remainder of the fiscal year, additional appropriations are necessary. There are sufficient funds to accommodate this modification and there is no impact to the General Fund.

Golf Course (Fund 77). Increase appropriations by \$94,810.

A modification to the Fiscal Year 2015-16 Golf Course Fund was enacted last year to undertake improvements at the Golf Course. Due to unforeseen circumstances, not all of the work was completed in FY 2015-16 and the remaining items were not included in the FY 2016-17 budget. Therefore, a \$94,810 increase in appropriations for the installation of netting (\$56,310) and a grease interceptor (\$38,500) is required. Neither of the expenses are the responsibility of CourseCo (golf course management) or Aqua Terre (Point Pinos Grill operator). The netting expenditure was in response to a court settlement and the grease interceptor is a City responsibility to ensure appropriate maintenance of the facilities. There are sufficient funds in Fund 77 to accommodate this increase in appropriations. This increase in appropriations does not impact the General Fund.

OPTIONS

1. Do nothing.
2. Fund only some of the requested modifications.

FISCAL IMPACT

The fiscal impact of the modifications to the General Fund is \$80,000. All other modifications in this report are neutral to the General Fund.

ATTACHMENTS

1. Ordinance

RESPECTFULLY SUBMITTED:



Patty Maitland
Finance Director

REVIEWED BY:



Ben Harvey
City Manager

**ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE
AMENDING THE APPROVED BUDGET FOR THE FISCAL YEAR 2016-17**

WHEREAS, the City Council approved the Fiscal Year 2016-17 Budget on June 15, 2016; and

WHEREAS, unanticipated events have occurred since the Council’s prior modification of the budget on October 5, 2016; and

WHEREAS, the City Manager is recommending amendments to the FY 2016-17 Budget to reflect the City Council’s expressed goals for the fiscal year budget; and

WHEREAS, in the enactment of this ordinance, the City followed the guidelines adopted by the State of California and published in the California Code of Regulations, Title 14, Section 15000, et seq. Enactment of this ordinance action does not constitute a “project” as defined by California Environmental Quality Act (CEQA) because it is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment pursuant to the California Quality Act (CEQA), CEQA Guideline Section 15378.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE:

SECTION 1. The foregoing recitals are adopted as findings of the City Council as though set forth fully herein.

SECTION 2. The FY 2016-17 budget activities are amended as follows:

| Fund | Fund Name | Interfund Transfers and Changes in Appropriations |
|-------------|--|--|
| 01 | General Fund | Increase appropriations \$80,000 |
| 06 | Public Education and Government (PEG) | Increase appropriations \$10,000 |
| 07 | Library Building and Equipment | Increase appropriations \$9,900 |
| 34 | Community Development Block Grant (CDBG) | Increase appropriations \$36,500 |
| 36 | Cal Home Reuse | Increase appropriations \$50,000 |
| 77 | Golf Course Fund | Increase appropriations \$94,810 |

SECTION 3. The City Manager is directed to execute all documents and to perform all other necessary City acts to implement this Ordinance.

SECTION 4. In accord with Article 15 of the City Charter, this ordinance shall become effective upon adoption hereof.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE

this ____ day of _____, 2017, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

BILL KAMPE, Mayor

ATTEST:

SANDRA KANDELL, City Clerk

APPROVED AS TO FORM:

DAVID C. LAREDO, City Attorney