



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Lincoln Bogard, Administrative Services Director

MEETING DATE: June 25, 2024

SUBJECT: Consideration of Resolutions 2024-109, 2024-110, 2024-04 SA, and 2024-05 UA, Approving the Citywide Biennial Fiscal Year 2024-25 and Fiscal Year 2025-26 Budgets

RECOMMENDATION:

Adopt Resolutions 2024-109, 2024-110, 2024-04 SA, and 2024-05 UA.

BACKGROUND:

Fiscal staff has tentatively finalized the process of preparing the Citywide Biennial Fiscal Year 2024-25 and Fiscal Year 2025-26 Recommended Budgets. This is the final iteration that was presented to the Budget & Finance Committee (BFC) and now to the City Council. The first budget presented was a Preliminary Citywide Biennial Budget. This second budget is the Recommended Citywide Budget. As stated previously, staff endeavored to hone the budget throughout the process to achieve a balanced budget.

Property Tax and various other general revenues are anticipated to continue to increase. There are some one-time revenues in Fiscal Year 2024-25 in the General Fund. Staff managed to create a balanced budget without those one-time revenues in Fiscal Year 2025-26. Currently, the General Fund is expecting a Net Income of \$76,417 in Fiscal Year 2024-25 and \$78,616 in Fiscal Year 2025-26.

Special Revenue Funds are expecting a Net Loss of (\$1,184,282) in Fiscal Year 2024-25 and (\$475,731) in Fiscal Year 2025-26. We are expecting approximately \$1.5 million in Development Impact Fees to help offset those losses. We will budget at mid-year when we know the actual expected revenues.

Capital Projects Funds are expecting Net Losses of (\$566,490) and (\$621,490) in the next two Fiscal Years, respectively. Council recently approved an Impact Fee Study and we plan to budget for those expected revenue sources after the completion and approval of the fee study. That is expected to alleviate the deficits in Capital Projects Funds going forward.

We did not adjust the budget for the Airport Enterprise since it is now in wind down and we are unsure of what those costs will be at current.

Transit Enterprise is expecting Net Incomes of \$498,539 in Fiscal Year 2024-25 and \$5,000,549 in Fiscal Year 2025-26. The large Net Income in Fiscal Year 2025-26 is expected to offset the large Net Loss in FY 2023-24 (this current fiscal year).

Water Enterprise is currently budgeted for a Net Loss of (\$10,519,252) and (\$4,704,365) in the next two years, respectively. While some drawdown of reserves was expected, the new state standards

surrounding Chromium 6 was not included in the rate study that was conducted a couple of years ago. While staff is endeavoring to reduce cost elsewhere, the implementation of the Chromium 6 compliance is considerable and requires significant capital investment.

Wastewater Enterprise has a budgeted Net Loss of (\$1,556,661) in Fiscal Year 2024-25 and Net Income of \$4,335,593 in FY 2025-26. That large net income is expected to offset capital construction of the proposed Wastewater Treatment Plant.

Internal Service Funds are still budgeted for large Net Losses of (\$4,777,945) and (\$4,503,600) for the upcoming budget periods. Staff plans to address this at mid-year when we have updated the Citywide Cost Allocation Plan (2 CFR 200 compliant).

Fiduciary Funds and Successor Agency Funds do not require budgets, but have been presented for transparency purposes.

JUSTIFICATION:

The City budgets for a two-year period and this is the Citywide Recommended Budget for Fiscal Years 2024-25 and 2025-26. A mid-year budget update is done midway through each Fiscal Year and a mid-cycle update will be presented in June of 2025.

The Recommended Biennial Budget can be viewed on the City Transparency Portal at: <https://banningca.opengov.com/transparency#/104821/accountType=revenuesVersusExpenses&embed=>

FISCAL IMPACT:

There is no direct fiscal impact, but the budget sets expectations for receipts of revenues and appropriates spending authority for all funds throughout the budget cycles.

ALTERNATIVES:

1. Adopt Resolutions 2024-109, 2024-110, 2024-04 SA, and 2024-05 UA as presented.
2. Do not adopt Resolutions and provide alternative direction to staff.

ATTACHMENTS:

1. [Resolution 2024-109, Budget.docx](#)
2. [Exhibit A-Recommended Budget FY 2024-25 and 2025-26.pdf](#)
3. [Exhibit B-Resolution 2024-109-Recommended Classification Listing 2024-25 and 2025-26.pdf](#)
4. [Exhibit C-Resolution 2024-109-CIP 5 Year 2024-2028 .pdf](#)
5. [Resolution 2024-110, GANN Limit.docx](#)
6. [Exhibit A-Resolution 2024-110.pdf](#)
7. [Resolution 2024-05 UA, Budget.docx](#)
8. [Resolution 2024-04 SA, Budget.docx](#)