

CITY COUNCIL AGENDA STAFF REPORT

DATE: June 16, 2022

MEETING: June 22, 2022

TO: Honorable Mayor and Members of the City Council

FROM: Susan Scarlett, Finance Officer

SUBJECT: GANN Limit, Investment Policy, Facility Fees and Budget Adoption

The budget process for the 2022-2023 Fiscal year budget began in January with the calendar for the budget schedule. Staff began working on the budget and had public comment opportunities in March and April. A draft budget was presented to the Council at a Budget Work Session on May 18th and again at a public hearing for the budget on June 8th. Minor changes have been made since that time and will be reviewed with the Council at the June 22nd meeting.

In addition to the resolution adopting the Operating Budget there are resolutions for the Annual Investment Policy, the GANN Appropriations limit, Facility Fees resolution pursuant to Government Code Section 66001, a Reduction of the Solid Waste Administration Fee as well as a resolution for a Reduction of the Landfill Closure/Post Closure Fee.

Recommendation: It is requested that the Council consider each resolution individually. Staff recommends the Adoption of the following Resolutions:

Resolution No. 2511 A Resolution of the City Council of the City of Portola approving and adopting the annual appropriations limit for the fiscal year 2022-2023.

Resolution No. 2512 A Resolution of the City Council of the City of Portola acknowledging the review, receipt and filing of the Statement of Investment Policy.

Resolution No. 2513 A Resolution for the City Council of the City of Portola to make certain findings for unexpended water and sewer facility fees pursuant to California Government Code section 66001

Resolution No. 2514 A Resolution of the City Council of the City of Portola adopting the monthly rate for the Solid Waste Administration Fee.

Resolution No. 2515 A Resolution of the City Council of the City of Portola adopting the monthly rate for the Landfill Closure/Post Closure Fee.

Resolution No. 2516 A Resolution for the City Council of the City of Portola adopting the Operating Budget for the 2022-2023 Fiscal Year.

RESOLUTION NO. 2511

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PORTOLA
APPROVING AND ADOPTING THE ANNUAL APPROPRIATIONS LIMIT
FOR FISCAL YEAR 2022-2023**

WHEREAS, the voters of the State of California on November 6, 1979 added Article XIII B to the State Constitution placing various limitations on the appropriations of the state and local governments; and,

WHEREAS, Article XIII B provided that the appropriations limit for the fiscal year 2022/2023 is calculated by adjusting the base year of appropriations of the fiscal year 2021/2022 for changes in the cost of living and populations; and,

WHEREAS, the City of Portola has complied with all the provisions of Article XIII B in determining the appropriations limit for fiscal year 2022/2023.

NOW THEREFORE, BE IT RESOLVED that the appropriations subject to limitations in fiscal year 2022/2023 shall be \$2,491,021.16.

PASSED, APPROVED AND ADOPTED this 22nd day of June 2022 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

MAYOR, PAT MORTON

ATTEST:

DEPUTY CITY CLERK, Mercadez Flewell

I, Mercadez Flewell, Deputy City Clerk of the City of Portola, do hereby certify that the above and foregoing Resolution was duly passed and adopted by the City Council of the City of Portola at a regular meeting thereof held on June 22, 2022.

DEPUTY CITY CLERK, Mercadez Flewell

RESOLUTION NO. 2512

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PORTOLA ACKNOWLEDGING THE REVIEW, RECEIPT AND FILING OF THE STATEMENT OF INVESTMENT POLICY

WHEREAS, the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code sections 53600.6 and 53630.1); and

WHEREAS, the legislative body of a local agency may invest surplus monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 5922 and 53601 et seq.; and

WHEREAS, the Finance Officer of the City of Portola shall annually prepare and submit a statement of investment policy, and any changes thereto, shall be considered by the legislative body at a public meeting; (CGC 53646(a)); and

WHEREAS, the Finance Officer of the City of Portola declares the Annual Statement of Investment Policy to be as follows:

POLICY

It shall be the policy of the City of Portola to invest funds in a manner that provides the highest investment return possible consistent with maximum security while meeting daily cash flow demands and conforming to all other statutes governing the investment of City funds.

SCOPE

This investment policy shall apply without exception to any and all financial assets and funds of the City of Portola. These funds are accounted for in the Comprehensive Annual Financial Report.

PRUDENCE

The standard of prudence to be used by investment officials shall be the “prudent investor” standard (CGC 53600.3):

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, a trustee shall act with care, skill, prudence and diligence under circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

Investment officers acting in accordance with the investment policy and exercising due diligence shall not be held personally responsible for an individual security’s credit risk or market price changes, provided that the reporting requirements of this policy are made in a timely manner and appropriate action is taken to control adverse developments.

OBJECTIVES

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives of investment activities, in absolute priority order, shall be:

1. Safety: Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
2. Liquidity: The investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might reasonably be anticipated.
3. Yield: The investment portfolio shall be designed with the objective of attaining the highest investment return consistent with safety and liquidity have been met.

DELEGATION OF AUTHORITY

Management responsibility for the investment program is hereby delegated to the Finance Officer. The Finance Officer is a trustee and fiduciary subject to the prudent investor standard.

ETHICS AND CONFLICT OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

AUTHORIZED INVESTMENTS:

- 1. **FDIC Insured Accounts:** Monies required for immediate cash flow needs shall be deposited in an interest-bearing FDIC insured checking account at a bank in Portola.
- 2. **Local Agency Investment Fund (LAIF):** Monies not required for immediate cash flow needs shall be deposited in LAIF, a special fund in the California State Treasury.
- 3. **U.S. Government Securities:** Restricted to use for contributions if any trust funds are needed.

Prohibited Investments. Under the provisions of CGC 53601.6, the City of Portola shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero-interest accrual if held to maturity.

PUBLIC TRUST

All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. In a diversified portfolio it must be recognized that occasional measurement losses are inevitable, and must be considered within the context of the overall portfolio’s investment return, provided that adequate diversification has been implemented.

DIVERSIFICATION

The City of Portola will diversify its investments in keeping with the objectives enunciated in this Statement of Investment Policy.

REPORTING

The Finance Officer shall submit to the City Council a quarterly investment report that shall include copies of the latest statements from institutions in which funds are placed.

The report shall certify that all investment actions executed since the last report have been made in full compliance with the Investment Policy and that the City of Portola will meet all expenditure obligations that might be reasonably anticipated for the next six months.

INVESTMENT POLICY ADOPTION

The investment policy and modifications, if any, shall be adopted annually by resolution of the City Council at a public meeting.

NOW, THEREFORE, THE PORTOLA CITY COUNCIL HEREBY RESOLVES that the foregoing be received and filed as the Annual Statement of Investment Policy for the City of Portola.

PASSED, APPROVED AND ADOPTED this 22nd day of June 2022 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

MAYOR, PAT MORTON

ATTEST:

DEPUTY CITY CLERK, Mercadez Flewell

I, Mercadez Flewell, Deputy City Clerk of the City of Portola, do hereby certify that the above and foregoing Resolution was duly passed and adopted by the City Council of the City of Portola at a regular meeting thereof held on June 22, 2022.

DEPUTY CITY CLERK, Mercadez Flewell

RESOLUTION NO. 2513

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PORTOLA
TO MAKE CERTAIN FINDINGS PURSUANT TO CALIFORNIA
GOVERNMENT CODE SECTION 66001**

WHEREAS, the City of Portola is required to make certain findings every five years with respect to the unexpended fund balance of its water and sewer facilities fees and traffic impact fees pursuant to California Government Code Section 66001; and

WHEREAS, the information to make the required findings can be found in the City of Portola’s Water and Sewer Master Plans dated May 2007 and Transportation Capital Improvement Program as established by the 2006 “Woodbridge/City of Portola Transportation Analysis”; and

WHEREAS, the City of Portola’s Water and Sewer Master Plans dated May 2007 and Transportation Capital Improvement Program as established by the 2006 “Woodbridge/City of Portola Transportation Analysis” demonstrate the purpose of the facilities fee being charged; and

WHEREAS, these findings need to be made in conjunction with the public information required in Code Section 66006; and

NOW THEREFORE BE IT RESOLVED, THAT the City Council of the City of Portola hereby

1. That the above recitations are true and correct.
2. That the following findings are made as required under California Government Code section 66006.
 - a. That the purpose of which the facilities fee is to be put has been identified.
 - b. That a reasonable relationship has been demonstrated between the fee and the purpose for which it is charged.
 - c. That all sources and amounts of funding anticipated to complete financing on incomplete improvements have been identified.
 - d. That the approximate dates on which the funding referred to above is expected to be deposited in the appropriate fund is in the next 5 years.
3. That these findings are based on information provided in the City of Portola’s Water and Sewer Master Plans dated May 2007 and Transportation Capital Improvement Program as established by the 2006 “Woodbridge/City of Portola Transportation Analysis”, which are incorporated herein by reference.

PASSED, APPROVED AND ADOPTED this 22nd day of June, 2022 by the following vote:

AYES:

NOES:
ABSTAIN:
ABSENT:

MAYOR, PAT MORTON

ATTEST:

Mercadez Flewell, Deputy City Clerk

I, Mercadez Flewell, Deputy City Clerk of the City of Portola, do hereby certify that the above and foregoing Resolution was duly passed and adopted by the City Council of the City of Portola at a meeting thereof held on June 22, 2022.

Mercadez Flewell, Deputy City Clerk

RESOLUTION NO. 2514

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PORTOLA
ADOPTING THE MONTHLY RATE FOR
THE SOLID WASTE ADMINISTRATION FEE**

WHEREAS, in November of 2002 Resolution 1751 was passed establishing a solid waste administration fee; and

WHEREAS, said fee was established to cover costs associated with the Solid Waste enterprise fund and the repayment to the General Fund of years of fees not covering the costs; and,

WHEREAS, while preparing the Fiscal Year 2022/2023 City Budget, the Portola City Council has reviewed the fee charged for solid waste administration; and,

WHEREAS, the City Council has determined that the fee currently charged by the City is sufficient to cover the costs associated with services provided by the City for the 2022/2023 fiscal year and the Solid Waste Enterprise Fund has paid its obligation to the General Fund; and,

NOW THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of Portola that the current monthly fee of \$10.23 for solid waste administration charged to City utility customers be reduced by \$1.00 per month and the new monthly fee is hereby adopted:

Solid Waste Fee	\$9.23
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PASSED, APPROVED AND ADOPTED this 22nd day of June 2022 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

MAYOR, PAT MORTON

ATTEST:

DEPUTY CITY CLERK, Mercadez Flewell

I, Mercadez Flewell, Deputy City Clerk of the City of Portola, do hereby certify that the above and foregoing Resolution was duly passed and adopted by the City Council of the City of Portola at a regular meeting thereof held on June 22, 2022.

DEPUTY CITY CLERK, Mercadez Flewell

RESOLUTION NO. 2515

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PORTOLA
ADOPTING THE MONTHLY RATE FOR
THE SOLID WASTE LANDFILL CLOSURE FEE**

WHEREAS, in June of 1990 Resolution 1116 was passed establishing a Landfill Closure Fee; and

WHEREAS, said fee was established to cover costs associated with the Solid Waste Landfill, landfill closure and post closure: and,

WHEREAS, while preparing the Fiscal Year 2022/2023 City Budget, the Portola City Council has reviewed the fee charged for landfill closure/post closure; and,

WHEREAS, the City Council has determined that the fee currently charged by the City is sufficient to cover the costs associated with services provided by the City for the 2022/2023 fiscal year and to start a set aside for future obligations at the Landfill; and,

NOW THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of Portola that the current monthly fee of \$8.38 for solid waste landfill closure charged to City utility customers be reduced by \$1.00 per month and the new monthly fee is hereby adopted:

Landfill Closure Fee \$7.38

PASSED, APPROVED AND ADOPTED this 22nd day of June 2022 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

MAYOR, PAT MORTON

ATTEST:

DEPUTY CITY CLERK, Mercadez Flewell

I, Mercadez Flewell, Deputy City Clerk of the City of Portola, do hereby certify that the above and foregoing Resolution was duly passed and adopted by the City Council of the City of Portola at a regular meeting thereof held on June 22, 2022.

DEPUTY CITY CLERK, Mercadez Flewell

RESOLUTION NO. 2516

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PORTOLA
APPROVING THE OPERATING BUDGET FOR FISCAL YEAR 2022/2023**

WHEREAS, the City Manager has proposed an Operating Budget for Fiscal Year 2022/2023 and presented it to the City Council. The budget balances revenues and expenditures in the General Fund by using fund balance; and,

WHEREAS, on June 22, 2022 the City Council of the City of Portola considered the Operating and Capital Improvement Budget for Fiscal Year 2022/2023; and,

WHEREAS, the City Council considered the budget at a duly scheduled public hearing and meeting and all persons were given the opportunity to be heard; and,

WHEREAS, the City Council has reviewed the proposed Operating Budget and the funds included therein for the period of July 1, 2022 through June 30, 2023 and does hereby find the documents to be sound plans for the financing of required municipal operations, services and capital improvements both ordered upon the City and desired by the City.

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF PORTOLA DOES
HEREBY RESOLVE AS FOLLOWS:**

1. Any unused appropriations at the end of the Fiscal Year 2022/2023 will be shown as fund balance in each of the funds.
2. The City Manager is authorized to cause the acquisition and/or purchase of equipment, materials, supplies, personnel services, and other items provided for in said Fiscal Year Budget in accordance with the City's purchasing policy which has been previously reviewed and approved by the City Council.
3. The City Council of the City of Portola does hereby approve and adopt the Final Budget for Fiscal Year 2022/2023.

PASSED, APPROVED AND ADOPTED this 22nd day of June 2022 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

MAYOR, Pat Morton

ATTEST:

DEPUTY CITY CLERK, Mercadez Flewell

I, Mercadez Flewell, Deputy City Clerk of the City of Portola, do hereby certify that the above and foregoing Resolution was duly passed and adopted by the City Council of the City of Portola at a regular meeting thereof held on June 22, 2022.

DEPUTY CITY CLERK, Mercadez Flewell