City of Fort Bragg

416 N Franklin Street
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Meeting Agenda

Special City Council

THE FORT BRAGG CITY COUNCIL MEETS CONCURRENTLY AS THE FORT BRAGG MUNICIPAL IMPROVEMENT DISTRICT NO. 1 AND THE FORT BRAGG REDEVELOPMENT SUCCESSOR AGENCY

Wednesday, May 25, 2016 | **3:00 PM** | **Town Hall, 363 N Main Street**

Budget Workshop

MEETING CALLED TO ORDER

ROLL CALL

AGENDA REVIEW

1. CONDUCT OF BUSINESS

16-212 Conduct City Council Workshop to Review Draft Fiscal Year 2016/17 Budget Including General Fund Operating Budget, Water Enterprise Budget, Wastewater Enterprise (Municipal Improvement District No. 1) Budget, and Capital Projects Budget and Provide Direction to Staff

Attachments: FY 2016-17 Budget Discussion Outline

Proposed Budget FY 2016-17 Section 1

Proposed Budget FY 2016-17 Section 2

Proposed Budget FY 2016-17 Section 3

Proposed Budget FY 2016-17 Section 4

FY 2016-17 Proposed Budget Supplemental Appropriations

GFOA Financial Management Checklist for Elected Officials

ADJOURNMENT

STATE OF CALIFORNIA)
)ss.
COUNTY OF MENDOCINO)
I declare, under penalty of perjury, that I am employed by the City of Fort Bragg and that I caused this agenda to be posted in the City Hall notice case on May 20, 2016.

_____
Brenda Jourdain, Administrative Assistant

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Text File

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Conduct City Council Workshop to Review Draft Fiscal Year 2016/17 Budget Including General Fund Operating Budget, Water Enterprise Budget, Wastewater Enterprise (Municipal Improvement District No. 1) Budget, and Capital Projects Budget and Provide Direction to Staff

FY 2016/17 BUDGET WORKSHOP

Wednesday, May 25, 2016 – 3:00 PM
Fort Bragg Town Hall

DISCUSSION OUTLINE

1. Introduction
2. Public Comments
3. Budget Guidelines & Fiscal Policies
4. Budget Summary
    a. Summary of Fund Balances, Revenues & Expenditures
    b. All Funds - Revenues & Expenses
    c. General Fund
        - Fund Balance & Reserves
        - Revenues
        - Expenditures
    d. Operating Transfers
    e. Cost Allocation Plan
5. Operating Budget Detail
    a. City Council
    b. Administration
    c. Finance
    d. Non-Departmental
    e. Public Safety
    f. Community Development
    g. Public Works
    h. Internal Service Funds
        - Facilities Repair & Maintenance
        - Technology Maintenance & Replacement
        - Fleet & Equipment Services
    i. Debt Service
    j. Interfund Loan Policy & Summary
6. Enterprise Funds
    a. Water Enterprise
    b. Wastewater Enterprise
    c. C.V. Starr Enterprise
7. Special Revenues
    a. Special Revenue Funds
    b. Grants
    c. Fort Bragg Redevelopment Successor Agency
8. Capital Improvement Program
9. Wrap-Up
10. Adjourn

CITY OF FORT BRAGG
PROPOSED BUDGET
FISCAL YEAR 2016 – 2017

CITY COUNCIL

Dave Turner, *Mayor*
Lindy Peters, *Vice Mayor*
Scott Deitz, *Councilmember*
Doug Hammerstrom, *Councilmember*
Mike Cimolino, *Councilmember*

Linda Ruffing
City Manager

ABOUT THE COVER

Compass & Benches at Otsuchi Point
North Coastal Trail

A Gift from Otsuchi
Hand Painted Tapesty

Sunset From Soliders Point

Aerial View of Downtown Fort Bragg

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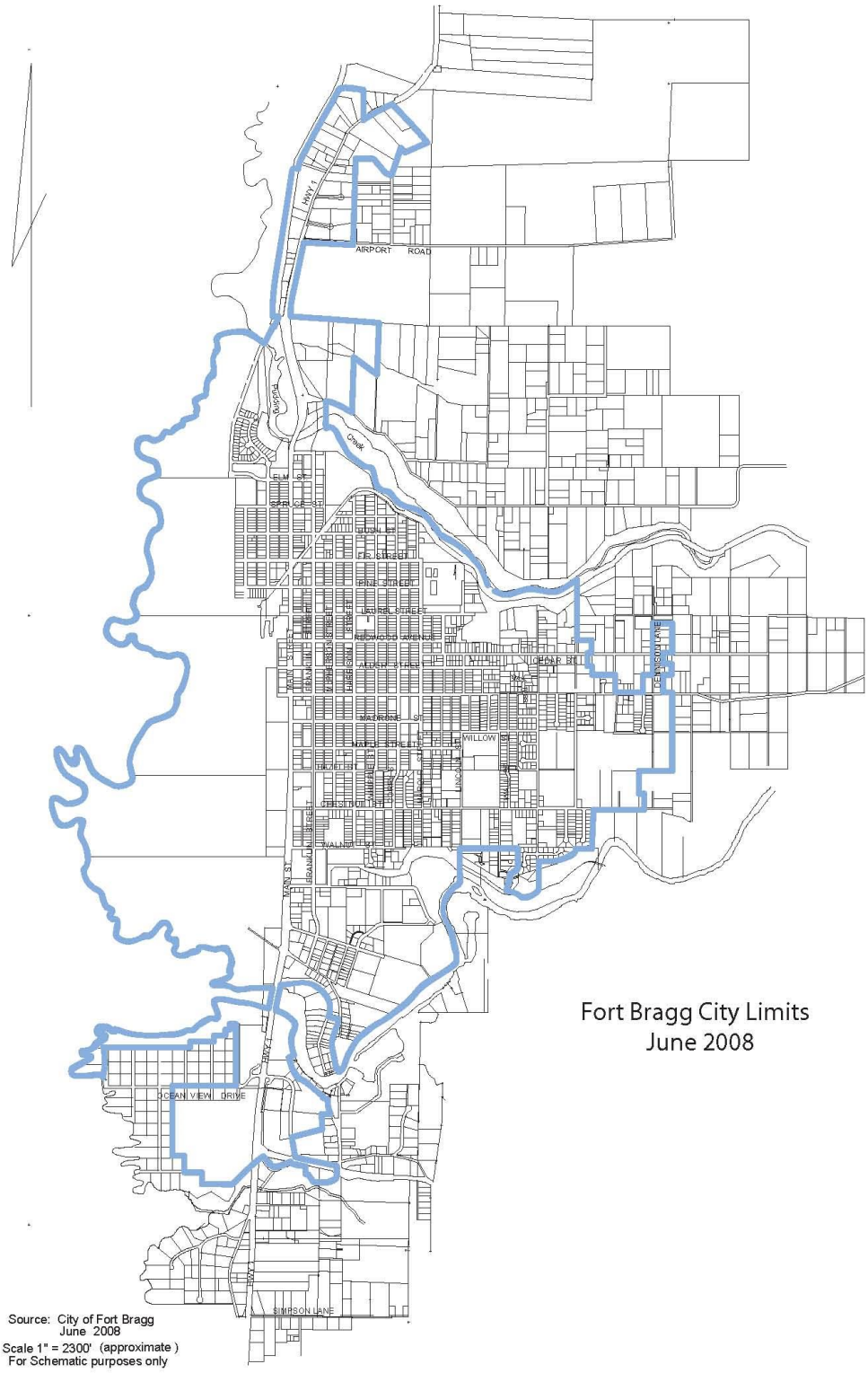

Fort Bragg City Limits
June 2008
AIRPORT ROAD
HWY 1
ELM ST
SPRUCE ST
FIR STREET
PINE STREET
LAUREL STREET
REDWOOD AVENUE
ALDER STREET
CEDAR ST
WILLOW ST
MAIN ST
WALNUT ST
CHESTNUT ST
OCEAN VIEW DRIVE
SIMPSON LANE
Source: City of Fort Bragg
June 2008
Scale 1" = 2300' (approximate)
For Schematic purposes only

May 25, 2016

Fort Bragg City Council
Municipal Improvement District No.1 Board
Fort Bragg Redevelopment Successor Agency

SUBJECT: FY 2016/17 Operating Budget & Capital Projects Budget

Honorable Mayor and Members of the City Council:

I am pleased to present the proposed Fiscal Year (FY) 2016/17 Budget for the City of Fort Bragg, the Fort Bragg Municipal Improvement District, No. 1, and the Fort Bragg Redevelopment Successor Agency. The annual budget provides a comprehensive statement of the City's organization, operations and resources. It expresses City Council and District Board policies and priorities in all areas of the City's operations and it links near-term goals with the resources available to achieve them. Over the course of the year, the City's budget serves as a financial management tool and as an operational plan for the delivery of City services and implementation of capital projects. The budget also presents a summary of accomplishments realized in each area of the City's operations over the past year.

With changes in the City's Finance Department leadership, the City decided to prepare a new Cost Allocation Plan (CAP) for the FY 2016/17 Budget. The CAP defines the methodology for allocating indirect costs (i.e., expenses that are shared by the City's three major funds, internal service funds, etc.). Many indirect costs are accounted for as expenditures in the General Fund and revenues are transferred in from other funds to cover their proportionate share of the costs. In the process of developing the new CAP, a significant accounting error was discovered that, in past years, resulted in the Water and Wastewater Enterprise funds contributing more towards non-personnel overhead costs than was appropriate. The FY 2016/17 Budget accounts for shared costs based on the new CAP and this results in a reduction in General Fund revenues with equal and offsetting reductions in expenses for the Water and Wastewater Enterprise funds. While the City's net position is unchanged, because of the new cost allocation methodology and other revenue reductions, the General Fund budget is in a deficit position in FY 2016/17. The General Fund budget has been trimmed as much as possible and staff recommends that the deficit be funded with undesignated fund balance which is projected at $1.9 million at the end of FY 2015/16. We expect that it may take 2-3 years to pull the General Fund out of its deficit position. We believe the City has the financial resources and flexibility to weather this challenge without resorting to draconian measures.

Overall, the City of Fort Bragg's financial position is stable despite the many fiscal challenges it faces, including:

(1) The change in the methodology for allocating shared costs results in a reduction in General Fund revenues of about $815k in FY 2016/17.

(2) In FY 2016/17, the State of California is reducing the pass-through property tax revenues that the City receives for administration of the Fort Bragg Redevelopment Successor Agency by $160k.

(3) Staff is recommending that the Water and Wastewater Enterprise funds be reimbursed for prior year over-allocations with a transfer from undesignated revenues in the General Fund, reserve balances, and/or interfund loans between the General Fund and Water and Wastewater Enterprise funds. We have asked our auditors to confirm the compounded effect of the accounting error over time, and expect it to be in the range of $3M overall. We will be seeking Council direction as to how to address this issue at the May 25, 2016 Budget Workshop.

(4) Personnel costs represent a very significant portion of the City's overall costs. In the General Fund, Salaries/Wages and Benefits represent 70% of the expenses. In the Water Enterprise, Salaries/Wages and Benefits represent 27% of expenses; and in the Wastewater Enterprise, Salaries/Wages and Benefits represent 34% of expenses. While the City Council has some control over these costs through authorization of staff positions and collective bargaining agreements, many of the forces driving up personnel costs are outside of the City's control. These include increases in health benefit premiums, increases in CalPERS premiums, and increases in workers compensation premiums. In FY 2016/17, the cost of Salaries/Wages and Benefits across all funds is approximately $8.12 million which is a 2.1% increase over the $7.95 million budgeted for these expenses in FY 2015/16.

Despite these challenges, the proposed FY 2016/17 Budget appropriates sufficient funds to maintain City services and to implement capital projects necessary to ensure the long-term functionality of the City's infrastructure and facilities. The City Council and staff must remain vigilant in efforts to contain costs and to support General Fund revenue growth through economic development efforts, marketing and promotions, and seeking grants whenever possible to augment City revenues.

FY 2015/16 ACCOMPLISHMENTS

The City Council provides leadership and the long-term "vision" that guides the day-to-day efforts of City staff. Through actions taken over the course of the year, the Council establishes priorities and policies for implementation of the City's work activities. City staff members deserve recognition for their continued commitment to providing excellent services and reliable infrastructure while containing costs and bringing in outside revenues to help fund priority projects and activities. We are fortunate to have a talented, professional, and resourceful team of employees. Each departmental budget identifies the top accomplishments of FY 2015/16 and priorities for FY 2016/17. These lists are a testament to a hard-working and motivated workforce that sets and achieves high performance goals.

Notable achievements in FY 2015/16 include the following:

- Completed the south segment of the Coastal Trail and opened it for public access to the coast. The $11+ million Noyo Headlands Park is the culmination of a vision that our community clearly articulated a decade ago—Fort Bragg is now reconnected to its coast!
- Lit up downtown Fort Bragg with a free public WiFi network.
- Weathered a fourth successive year of drought. After the Council declared a Stage 3 Water Emergency in late September, citywide conservation efforts reduced consumption by nearly 30%. This, combined with very careful operation of the City's water supply system, kept the taps flowing during a two-month period of historic low flows at our Noyo River diversion. Obtained an amendment to the licensed water right for the Waterfall Gulch diversion that will allow storage in Summers Lane Reservoir. Awarded contract and began construction of the 45-acre foot Summers Lane Reservoir project. The reservoir will greatly improve the City's water supply reliability during periods of extended drought.
- Following the retirement of several key Department heads, welcomed three new members to the City's management team: Administrative Services Director Scott Schneider, City Clerk June Lemos, and Finance Director Victor Damiani.
- Experienced the lowest staff turnover at the Fort Bragg Police Department in many years. Only one police officer left the force in FY 2015/16.
- Started a K-9 Program in the Fort Bragg Police Department and welcomed our first police dog, a very capable German shepherd named "Takoda."
- Assisted a number of non-profit organizations serving our community through the City's Community Development Block Grant program including: Redwood Coast Senior Center; Fort

Bragg Food Bank; Project Sanctuary; Mendocino Coast Hospitality Center; Mendocino Coast Clinics; West Company; and the Home Energy Links Program.

- Completed the following community planning processes: School Fields Master Plan; CV Starr Center Phase 3 Master Plan; City of Trails project; Bainbridge Park Master Plan.
- Completed construction of the Green Alleys Project, completed the Town Hall Remodel Project, initiated construction of Summers Lane Reservoir, completed design for the Chestnut Street Multi-Use Trail project for construction in summer 2016, initiated design of the 2016 Street & Alley rehabilitation project, completed 90% plans for the Wastewater Treatment Facility Upgrade project.
- Completed the Emergency Operations Center upgrade project and updated the City's Emergency Operations Plan.
- Replaced the aging phone system at all City facilities.
- Enacted a number of ordinances amending the Fort Bragg Municipal Code to provide new or updated regulations for water conservation, source control, mobile vending, social hosts, informal bidding, and purchasing.
- Added Instagram and Twitter to the City's social media repertoire.

BUDGET HISTORY

The City Council's conservative and prudent fiscal decisions have helped the City maintain a solid financial footing. In Fort Bragg, the Great Recession resulted in plummeting general fund revenues towards the end of 2009. In 2010, the Council responded by restructuring and downsizing the City's workforce and renegotiating its employee contracts. In addition, the Council has adopted very lean budgets and has worked diligently to establish clear Budget Guidelines (see page A-11). The FY 2016/17 Budget was prepared in accordance with the Council's Budget guidelines. The Budget incorporates conservative revenue projections; expenditures are contained; and to the extent possible, recurring annual expenditures are only funded with on-going annual revenues. However, as discussed previously, in FY 2016/17 General Fund operating costs will exceed revenues and undesignated fund balance must be tapped to support ongoing operations.

FISCAL POLICIES

The Council has established detailed Fiscal Policies (see page A-13) that address a broad range of fiscal topics. Over the past several years, the Council has prioritized the establishment of financial reserves to ensure the continued financial well-being of the City by planning for unanticipated emergency and contingency needs. The City's "Fund Balance & Reserve Policies" establish two committed reserves in the General Fund: an Emergency Contingency Reserve (established at 10% of the operating budget, $863k, in FY 2016/17), and an Economic Stabilization Reserve (established at 5% of the operating budget, $431k, in FY 2016/17). The General Fund also has two uncommitted reserves: a General Fund Operating Reserve (established at 15% of the operating budget, $1.29 million, in FY 2016/17) and a Litigation Reserve (established at $300k in FY 2016/17). The General Fund reserves total $2.89 million in FY 2016/17. While the reserves are fully funded in the proposed FY 2016/17 Budget, staff will be seeking Council direction regarding reimbursement of the Enterprise funds for a portion of prior year cost allocations and consequently, General Fund reserve levels may be reduced in the adopted Budget.

The City's three Internal Service Funds also have established reserves to help pre-fund large purchases and repairs and to avoid big annual swings in funding needs. In FY 2016/17, a detailed 10-Year Program has been developed for the Facility Maintenance & Repair Internal Service Fund to help identify the appropriate level of funding for the reserve. In FY 2016/17, its reserve is funded at $50k. In FY 2015/16, the Public Works Department prepared a three-year Fleet Replacement Plan. It will be

expanded to a 10-year plan in FY 2016/17 and the Fleet & Equipment Reserve is funded at $256k. The Information Technology Reserve is established based on a three-year plan and is funded at $70k in FY 2016/17. In FY 2016/17, the Administrative Services Department will complete a Five-Year Information Technology Plan to help define appropriate funding levels for the Information Technology reserve.

The Fiscal Policies in the FY 2016/17 Budget include a new policy identifying the basis for the City's compensation of its employees. The Finance & Administration Committee identified the need for this policy as a result of its review of the City's financial health based on the League of California Cities' Municipal Financial Health Diagnostic Tool. This year's Budget Summary includes the City Treasurer's report on the City's investment portfolio (see page A-20) and the City's Statement of Investment Policy for FY 2016/17 (see page A-24). As of March 31, 2016, the City had $12.6 million in its investment portfolio. The City's new Cost Allocation Plan (CAP) (see page B-37) explains why and how indirect costs are allocated and presents details for the FY 2016/17 allocations for personnel costs, overhead costs, and Internal Service Fund costs.

WORK PLAN

The FY 2016/17 Budget presents an ambitious work plan for the coming year. The work plan was developed keeping in mind the Council's goals as identified in two goal-setting sessions in 2015, at the FY 2015/16 Mid-Year Budget workshop and at the FY 2016/17 Budget workshop. In addition to the day-to-day services provided by every department in the City, the following key activities and projects are identified as FY 2016/17 priorities in the Budget:

- Continue efforts by Police Department to address public safety issues by increasing downtown foot and bike patrols, supporting Coalition for Gang Awareness & Prevention, Neighborhood Watch and Downtown Watch, maintaining and growing partnerships with schools and social service organizations, assigning Officer to Major Crimes Task Force, and supporting and growing the Department's new K-9 program.
- Resume work to rezone the former Georgia Pacific mill site to allow for future development in accordance with direction to be provided by City Council.
- Update the City's Inland and Coastal General Plans and Land Use & Development Codes.
- Continue implementation of the City's Economic Development Strategy with a focus on business assistance, retention and expansion activities and enhanced tourism marketing and promotion activities.
- Complete conceptual planning for Phase 2 of the Coastal Trail (the central connector) and the Noyo Harbor Bicycle & Pedestrian Access Plan. Assemble funding for implementation of the Coastal Trail project.
- Assemble funding for the Wastewater Treatment Plant Upgrade project and complete the environmental review and permitting process to support construction in FY 2017/18.
- Continue to plan for funding of City's long-term liabilities by updating actuarial reports for retiree health benefits (i.e., Other Post-Employment Benefits), and by preparing a 10-Year Fleet & Equipment Replacement Plan and a 5-Year Information Technology Plan.
- Complete a new Utility Rate Study which includes an evaluation of the City's capacity fees.

In addition, the following priority capital projects are either underway or will be undertaken with funding that is appropriated in the 2016/17 Capital Projects Budget:

- Complete construction of the Chestnut Street Multi-Use Trail in summer 2016.

- Complete Guest House Rehabilitation project in summer 2016. This project includes installation of a new roof and repainting the historic structure.
- Complete construction of Summers Lane Reservoir and begin filling it in July 2016. This project will greatly improve the reliability of the City's water supply in the late summer months.
- Complete construction of the 2016 Street & Alley Repair project (including repairs to North Sanderson Way, Boatyard Dr., and South Franklin St.).
- Complete the repainting and reroofing of City Hall and perform structural repairs to City Hall East (the former Rec Center pool building).
- Install test wells at the Water Plant and the C.V. Starr Center property and, if feasible, develop production wells to augment the City's water supply.
- Begin to implement improvements to Bainbridge Park as identified in the new Master Plan.

To ensure successful implementation of the FY 2016/17 work plan and establish a succession plan in the Public Works Department, the FY 2016/17 Budget reclassifies one staff position:

- Reclassify Operations Manager position as Assistant Public Works Director.

FUND BALANCE

The City has three major operating funds: the General Fund, Water Enterprise and Wastewater Enterprise. The year-end fund balances of the operating funds provide a snapshot and tell a story about the financial condition of each fund. A declining fund balance is not necessarily cause for alarm, so long as budgeted expenditures have anticipated the use of undesignated fund balance for one-time costs and/or a decline in revenues was foreseen. It is more problematic when fund balances are whittled away by unanticipated expenditures and revenue shortfalls. The table below shows the audited fund balances of the City's three operating funds at 6/30/15, as well as projected year-end fund balances for FY 2015/16 and FY 2016/17.

	6/30/15 Audited Fund Balance	**6/30/16 Projected Fund Balance**	**6/30/17 Projected Fund Balance**
General Fund	$ 4,757,789	$ 4,949,332	$ 4,449,768
Water Enterprise	2,295,569	1,769,945	2,109,976
Wastewater	847,312	1,258,487	2,246,046

Note: The General Fund balance includes designated and undesignated reserves. The Water and Wastewater Enterprise fund balances include capacity fees and reserves.

The decline in fund balance for the General Fund results primarily from implementation of a new Cost Allocation Plan in FY 2016/17 and the loss of tax revenues for administering the winding down of the former Fort Bragg Redevelopment Agency. In addition, ever-increasing costs coupled with very slow revenue growth are contributing to the decline of the General Fund. Again, it is vitally important that the City continue its efforts to help grow our local economy while containing ongoing operating costs.

The increasing fund balance in the two Enterprise Funds results primarily from the changes in the Cost Allocation Plan. Staff is recommending that the Council suspend the scheduled July 1, 2016 utility rate

increases and that a new utility rate study be completed in FY 2016/17. The Budget includes revenues for the Enterprise Funds that assume no increase in rates. In FY 2015/16, the fund balance in the Water Enterprise dipped as a result of the budgeted expenditure of $800k for the Summers Lane Reservoir project. While the Water Enterprise fund balance will recover in FY 2016/17, the 5-Year Capital Improvement Program includes nearly $4 million in expenditures over the next five years. The Wastewater Enterprise fund balance is also increasing. This will help provide funding for the Wastewater Treatment Plant Upgrade project's construction costs which are estimated at $9.2 million. That project is planned for construction in FY 2017/18.

VULNERABILITIES

The City's FY 2016/17 Budget points to a number of vulnerabilities that warrant consideration:

- The General Fund operating budget has revenues of $8.14 million while appropriations (including transfers) are budgeted at $8.64 million. While a portion of the $500k operating deficit is comprised of one-time expenses (capital projects, one-time expenditures) that can be funded from unassigned fund balance, much of it is due to implementation of a new Cost Allocation Plan which increased the General Fund's share of indirect non-personnel costs. The City will need to work hard over the next few years to contain costs while General Fund revenues catch up to expenditures.
- General Fund revenues are projected to decrease in FY 2016/17 primarily as a result of the change in the cost allocation methodology. Total revenues are projected at $8.14 million as compared to $9.06 million in FY 2015/16. Transient Occupancy Tax (TOT), which is the General Fund's primary revenue source, is projected to increase 7.7% in FY 2016/17 while sale tax revenues are expected to remain relatively flat. These revenues are directly tied to local economic activity and thus it is imperative that the City remain focused on supporting local businesses, creating jobs, and promoting tourism.
- A fundamental concern is that the City's fixed costs, salaries and benefits are increasing at a rate that is faster than growth in recurring revenues. Personnel costs are the largest part of the City's operating budget, totaling $8.12 million in FY 2016/17. This includes increases in salaries and wages as a result of scheduled merit increases and negotiated wage increases, and increases in the cost of employee benefits. The 2016/17 Budget does not include any new staff positions. One existing position, Operations Manager, is reclassified as Assistant Public Works Director.
- Pension costs are increasing and there is uncertainty regarding what the future will bring. The City's required contribution (i.e., "employer's share") for CalPERS premiums in FY 2016/17 is 39.5% of each employee's salary in the Classic Safety Plan; 12.1% in the PEPRA Safety Plan; 16.6% in the Classic Miscellaneous Plan; and 6.9% in the PEPRA Miscellaneous Plan. In FY 2016/17, all City employee groups will be contributing the full "employee's share" of CalPERS premiums.
- The FY 2016/17 Budget includes General Fund revenues of $90k from the Redevelopment Property Tax Trust Fund that offset administrative costs associated with dissolution of the former Fort Bragg Redevelopment Agency. This is down from $250k in prior years is likely to shrink in future years as well.

CONCLUSION

The City's proposed FY 2016/17 Budget includes lean operating budgets for the General Fund, Water Enterprise, and Wastewater Enterprise, along with a Capital Projects Budget that addresses critical infrastructure repair and maintenance needs. It is a responsible budget that sustains existing services, programs and staffing levels while recognizing the City's fiscal constraints.

I would like to thank the City Council for its leadership in establishing goals and priorities for City services to our community. Our dedicated team of employees deserves recognition for excellent services provided on a daily basis to the citizens of Fort Bragg. I would like to acknowledge the City's management team for their concerted efforts to address the City's budgetary challenges by putting forth a lean operating budget while, at the same time, putting forth a very ambitious and proactive work plan. I especially want to thank Finance Director Victor Damiani and Government Accountant Isaac Whippy who have worked long hours poring over budget numbers and assembling the narrative of this document. Additionally, Victor and retired Assistant City Manager Ginny Feth-Michel deserve recognition for their efforts to prepare the new Cost Allocation Plan and then to troubleshoot the past allocation methodology.

In closing, while the FY 2016/17 Budget presents some very real challenges for the City's General Fund, I believe these challenges can be addressed by careful fiscal management and targeted efforts to increase General Fund revenues. I look forward to continuing to work with the City Council and staff over the next year to define and implement successful programs and services that address the needs of our community.

Respectfully submitted,

Linda Ruffing
City Manager

USER'S GUIDE TO THE BUDGET

The functions of local government stem from three levels of policy direction: federal, State and local. Within this intergovernmental system, local government has the responsibility to provide basic public services such as maintaining streets and roadways, providing traffic management systems, maintaining parks, providing community services, and ensuring public safety. Local government must also fulfill certain State and national policy objectives such as transportation and environmental protection while addressing the expectations and values of its citizens.

For local governments, the primary tool used to coordinate the provision of governmental services and provide the legal authorization for the expenditure of funds is the annual budget. A local government budget is a financial plan that matches existing resources with the needs of the community. The City of Fort Bragg's budget is developed and adopted by the City Council and provides its residents and City staff with a plan for implementation of the services, goals and objectives specified by the City Council. The City's Wastewater Enterprise is operated by the Municipal Improvement District (MID) No. 1 Board (the City Council serves concurrently as the MID Board of Directors) and the budget for the "Wastewater Enterprise Fund" is included in this budget document.

The Operating Budget is a guide for the receipt and disbursement of funds used to provide daily, routine public services to the community. The Five-Year Capital Improvements Program (CIP) and Capital Projects Budget provide citizens and City officials with detailed information about capital projects.

This budget document outlines the many municipal services, programs and projects provided by the City of Fort Bragg over the course of the fiscal year. It identifies revenue projections and specific expenditures necessary to provide services to the community. The goal of the budget is to provide transparency to City residents about programs and services as well as policies underlying the City's spending decisions. The Operating Budget and CIP together serve as a:

- ***Policy Document*** – to describe financial and operating policies, goals, and priorities for the organization.
- ***Financial Plan*** – to provide revenue and expenditure information by fund, department, division, and category.
- ***Operations Guide*** – to describe activities and objectives for the fiscal year.
- ***Communications Tool*** – to provide information on budgetary trends, planning processes, and integration of the operating and capital budgets.

BUDGET ORGANIZATION

The FY 2016/17 Budget includes eight basic sections as follows:

1. ***City Manager's Transmittal.*** Provides an introduction to the budget including a summary of critical economic issues, Council-directed core services, and basic operational and strategic goals for FY 2016/17.

2. ***Introduction.*** Includes this Users' Guide, a Directory of elected and appointed City officials, a Citywide organization chart, an overview of the City of Fort Bragg, a Definition of the funds included in the financial reporting model of the City, and the City's budget guidelines and fiscal policies. This section is intended to provide the reader with the policies and documents that guide the City's financial practices.

3. ***Summary.*** Includes a comprehensive overview of fund balance projections and individual summaries of revenues and expenditures for all funds and the General Fund. Also included are interfund transfers and interfund service charges. Summaries for the Water, Wastewater and C.V. Starr Enterprise Funds can be found in the detail section for each fund.

4. ***Fund Detail - Departmental Summaries.*** Presents detailed information on the City's operating departments and enterprise funds:

City Council	Public Works
Administration	Internal Services
Finance	Debt Service
Non-Departmental	Water Enterprise
Public Safety	Wastewater Enterprise
Community Development	C.V. Starr Center Enterprise

Additional information about the services provided by the City is included in each departmental section. Department summary information includes organizational charts, departmental services description, summaries of accomplishments and goals, a comparison of the total proposed budget to the prior fiscal year, and a summary of expenditures over the last three fiscal years. More specific information about the current year appropriations is provided in the budget detail section.

5. ***Grants and Special Revenue Funds.*** Provides an overview of each of the City's Special Revenue Funds, including fund descriptions, revenues and expenditures. Special Revenue Funds are classified into one of four categories: Revenue, Grants, Internal Service Funds, and Trust and Agency.
6. ***Capital Improvement Program (CIP) and Capital Projects Budget.*** The Multi-Year CIP includes descriptions of individual projects and details the acquisition, construction or rehabilitation of major capital facilities and infrastructure. The Capital Projects Budget is used to account for the receipt and disbursement of funds for specific CIP projects. For many projects, revenue resources and expenditures may extend over several years.
7. ***Statistical Data.*** Presents historical information for the past ten years regarding the City's finances, operations, constituents and the local economy.
8. ***Glossary.*** A list of specialized words and acronyms used in the Budget document, along with their definitions.

BUDGET PROCESS & ADOPTION

The City develops an annual budget according to legal and policy direction which includes:

- Prepare a budget for all funds of the City.
- Adopt a budget that is balanced as to resources and appropriations.
- Adopt a budget that does not exceed State constitutional limits.
- Adopt a budget prior to the beginning of the fiscal year in which it is to take effect.
- Allow for adjustments to the budget with proper approvals.
- Maintain reserves in accordance with established Council policies.
- Utilize encumbrances of appropriations as a budgetary control technique.
- Adopt the budget by City Council and Municipal Improvement District Board resolutions.
- Exercise budget controls at the department level.

The City of Fort Bragg operates on a fiscal year basis, starting July 1 and ending June 30. The budget is prepared by the Finance Department under the supervision of the City Manager. The budget process typically begins in January once the audit reports for the prior fiscal year are complete. The Finance Department prepares a Mid-Year Performance Report and the City Council conducts a Mid-Year Budget Workshop (typically in March). At that workshop, revenue and expense projections are presented for the current fiscal year and the Council provides policy direction to staff regarding preparation of the budget for the coming fiscal year. Following the mid-year workshop, a proposed budget is assembled for the next fiscal year and it is reviewed by the Council and the public at a budget workshop (typically in May). Following the budget workshop, a revised budget is prepared and transmitted to the City Council in June for further review, public input, deliberation and adoption prior to the beginning of each new fiscal year (July 1).

Copies of the proposed budget are made available to the general public prior to the Council's budget workshop. After providing opportunities for public review and discussion at City Council budget workshop(s), the budget is adopted by the City Council prior to June 30 at either a regular or special City Council meeting. After adoption, the budget may be amended by Council resolution.

BASIS OF ACCOUNTING AND FUND DEFINITIONS

The modified accrual basis of accounting is used by all General, Special Revenue and Capital Projects Funds. This means that revenues are recognized when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when liabilities are incurred, except that principal and interest payments on long-term debt are recognized as expenditures when due. The accrual basis of accounting is utilized by all Enterprise and Internal Service Funds. This means that revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

To demonstrate fiscal accountability, various funds are established in accordance with objectives of special regulations, restrictions, and/or limitations. Each fund is considered a separate accounting entity with a self-balancing set of accounts. The funds that are used in the financial reporting model for the City of Fort Bragg as follows:

The ***General Fund*** is the City's primary operating fund. It is used to account for resources traditionally associated with general government activities which are not required (legally or by sound fiscal management) to be accounted for in another fund.

Special Revenue Funds are used to account for revenues that are legally restricted for a particular purpose. The City has several Special Revenue Funds including the Special Sales Tax for Street Repairs, Asset Forfeiture, General Plan Maintenance Fee, Gas Taxes and Fire Equipment Tax. Special Revenue Funds are also used to account for grants obtained to fund City projects and activities.

Capital Project Funds are used to account for financial resources to be used for the construction or acquisition of fixed assets, such as buildings, equipment, or roads. A capital project fund exists only until completion of the project. The City's Capital Project Funds are discussed in more detail in the Capital Improvement Plan included in this Budget document.

Internal Service Funds are used by the City to account for the financing of goods and services provided by one department to other departments within a government organization on a cost-reimbursement basis. They are set up to take advantage of economies of scale, to avoid duplication of effort, and to accurately identify costs of specific governmental services. The City utilizes three Internal Service Funds: Facilities Repair & Maintenance, Technology Replacement & Maintenance and Fleet and Equipment Services.

Enterprise Funds are used to account for operations that are supported by a fee charged to external users for services, similar to a private business. The City has three Enterprise Funds: Water, Wastewater, and C. V. Starr Community Center.

Fiduciary Funds are used to account for resources that a government holds as a trustee or agent on behalf of an outside party and therefore cannot be used to support the government's own programs.

COST ALLOCATION PLAN AND DIRECT CHARGES

The City employs a multi-step process for distributing the indirect costs of central service departments (City Council, Administration, Finance, Non-Departmental and Public Works personnel and non-personnel costs) and the City's Internal Service Funds to various departments and funds.

Costs of the City's central service departments are allocated through the City's Cost Allocation Plan (CAP). The CAP allocates costs that originate in one department but benefit one or more other departments. By way of example; the City Clerk's office performs the function of "Records Management" which benefits multiple other departments within the City organization. The costs associated with "Records Management" are allocated from the City Clerk's office to the multiple other departments that benefit from the service. Allocations are based primarily on the Personnel Staffing Allocations presented on page B-41. Personnel Staffing Allocation percentages are reviewed as part of the budget process to ensure they are consistent with each year's authorized staff positions, anticipated work load and capital project plans. Beginning with FY 2016/17, a year-end true-up will be performed so that allocations are based on actual results rather than budgeted forecasts. For example, if actual administrative costs end the year less than budgeted, then allocated costs will be revised down.

The City's Internal Service Funds are allocated as direct charges to the City's public service departments (such as Police Department, Public Works, Water and Wastewater Enterprise). For example, the budget for the Fleet & Equipment Services Fund is allocated to public service departments (such as the Police Department or Public Works Department) based on the number of vehicles in use by each department.

CONCLUSION

Financial forecasting is, at best, an inexact science. Many experts and studies offer varied opinions and forecasts, each completely logical and reasonable. Staff has developed revenue and expenditure estimates based on trends and forecasts available as of May 2016. These estimates take into account what has happened in our local economy, what our current revenue and expenditure experiences are, and, to the extent possible, what is projected to happen over the next 13 months.

CITY OF FORT BRAGG OVERVIEW

HISTORY OF FORT BRAGG

The north coast of Mendocino County was inhabited by Native Americans of the Pomo tribe for approximately 10,000 years. The Pomo people were hunter-gatherers with a close relationship to the land and the sea. Seasonal Native American villages were located along the coast with permanent villages located north of the Ten Mile River.

In 1855, an exploration party from the Bureau of Indian Affairs visited the area in search of a site on which to establish a reservation and, the following year, the Mendocino Indian Reservation was established. It spanned an area from the south side of the Noyo River to north of the Ten Mile River and east to Little Valley and Glen Blair. In 1857, the Fort Bragg military post was established on the Mendocino Indian Reservation approximately 1½ miles north of the Noyo River and its purpose was to maintain order on the reservation. During the same year, a lumber mill was established on the Noyo River starting what would become the major industry of the region. The military post was short-lived and records show that November 23, 1861 was the last date on which army units occupied the fort. In 1865, after 300 Native Americans were marched forcibly from the Mendocino Indian Reservation to a reservation in Round Valley, Fort Bragg as a military post was abandoned.

On August 5, 1889, Fort Bragg was incorporated as a City. C.R. Johnson, president of the Fort Bragg Redwood Company, was the first mayor and his company laid out the town much as it exists today – with a uniform street grid and mid-block alleys. In 1893, the Union Lumber Company was created by absorbing some of the smaller lumber companies in the area. In 1901, the Union Lumber Company incorporated the National Steamship Company to carry lumber, passengers and supplies. The steamships provided Fort Bragg's only link to manufactured comforts and staples like sugar and coffee. In 1905, the California Western Railroad was created and a rail line was established from Fort Bragg to Willits where train connections could be made to San Francisco.

The 1906 Earthquake resulted in a fire at the lumber mill that threatened the entire City. Brick buildings throughout the City were damaged, if not destroyed completely, and many frame homes were knocked off their piers. The fire burned the entire downtown area bordered by Franklin Street, Redwood Avenue and McPherson Street. Within 12 months following the earthquake, all downtown reconstruction was completed. The earthquake brought prosperity to Fort Bragg as the mills furnished lumber for the rebuilding of San Francisco. By 1916, Fort Bragg had become a popular place to visit – and to settle.

Commercial fishing also played an important role in the formation of the economic base of Fort Bragg. Noyo Harbor was once a major commercial fishing port well-known for producing quality fish products that were distributed to major metropolitan markets. In recent years, the fishing industry has declined significantly and the community's economic base has transitioned from a "resource extraction" base (i.e., timber and fishing industries) to a more service-oriented economy serving a regional coastal population of approximately 20,000 residents as well as hundreds of thousands of visitors each year.

CITY GEOGRAPHY

The City of Fort Bragg is located approximately 165 miles north of San Francisco and 188 miles west of Sacramento on the scenic coast of Mendocino County. The City occupies 2.7 square miles. Census 2010 places the City's population at 7,273. Although it is quite small, Fort Bragg is the largest city on the coast between San Francisco and Eureka. The largest employment categories in the City include services, wholesale and retail trade, local government, public education, health care, tourism, and fishing. The mild climate and picturesque coastline make Fort Bragg a popular tourist and recreational area.

CITY AUTHORITY

Fort Bragg is a general law city under California state law and its rights, powers, privileges, authority, and functions are established through the State constitution. These statutory rights include the power to: sue and be sued; purchase, receive by gift or bequest and hold land, make contracts and purchases and hold personal property necessary to the exercise of its powers; manage, sell, lease, or otherwise dispose of its property as the interest of its inhabitants require; levy and collect taxes authorized by law and exercise such other and further powers as may be especially conferred by law or as may be necessarily implied from those expressed.

CITY COUNCIL

Members of the Fort Bragg City Council are elected by the voters to serve overlapping four-year terms. The Mayor is elected by, and from, the City Council for a two-year term. The Council sets policy and exercises the legislative authority of the City. The Council holds meetings on the second and fourth Mondays of every month and at such other times as necessary. Current City Council members and the dates upon which their respective terms expire are as follows:

Mayor Dave Turner	December 2018
Vice Mayor Lindy Peters	December 2018
Councilmember Michael Cimolino	December 2018
Councilmember Doug Hammerstrom	December 2016
Councilmember Scott Deitz	December 2016

ADMINISTRATION AND MANAGEMENT

Fort Bragg operates under the Council-Manager form of government. The City Council appoints the City Manager who appoints other City officials and is charged with overseeing the City's daily operations. Several boards, commissions, and committees assist the City Council and Administration in carrying out various aspects and functions of city government.

CITY SERVICES

The City provides a wide range of services to its residents including public safety services, construction and maintenance of streets and infrastructure, water service, community development, financial management and administrative services. Special Districts, and Joint Power Authorities (JPAs), under the jurisdiction of the City, provide emergency services, fire protection, wastewater treatment, and redevelopment services throughout the City. Other entities, not under the City's jurisdiction, that provide services to the City's population include the school district, hospital district, recreation district, harbor district, and other special districts.

FORT BRAGG MUNICIPAL IMPROVEMENT DISTRICT NO. 1

The members of the City Council also serve as the Fort Bragg Municipal Improvement District No. 1 (MID) Board of Directors. The District was formed in 1969 for the purpose of acquiring and constructing wastewater system improvements including construction of a wastewater treatment plant. The District

serves approximately 3,000 residential and commercial connections in an area that includes the City of Fort Bragg and some unincorporated territory to the north and to the south of the City. The MID meets on the same schedule as the City Council and can schedule special meetings as necessary. The MID is referred to within the Budget as the "Wastewater Enterprise Fund".

SUCCESSOR AGENCY TO FORT BRAGG REDEVELOPMENT AGENCY

From 1986 to 2012, the Fort Bragg Redevelopment Agency carried out redevelopment projects and promoted and supported economic development and affordable housing development in the redevelopment project area, an area which generally includes properties within the Central Business District, commercial and industrial lands along Main Street, and the former Georgia Pacific mill site. In early 2012, the Redevelopment Agency was dissolved, as a result of AB 1X26 and the City Council elected to serve as the Successor Agency to the Fort Bragg Redevelopment Agency. The Successor Agency is the legal entity tasked with winding down the affairs of the former Redevelopment Agency under the supervision of an Oversight Board. The Successor Agency plays a key day-to-day role in assuring that the existing debt service and other enforceable obligations of the former Redevelopment Agency are properly paid based upon a Recognized Obligation Payment Schedule (ROPS) approved by the Oversight Board and the State Department of Finance.

C. V. STARR COMMUNITY CENTER

The C.V. Starr Community Center and Sigrid & Harry Spath Aquatic Facility (the "C.V. Starr Center") in Fort Bragg is a 43,000 square foot recreation and aquatic facility that was built by the Mendocino Coast Recreation and Parks District (MCRPD), a special district providing recreational services to residents of the Mendocino Coast. The facility includes an indoor water park with an eight-lane competition pool and diving board, a leisure pool with a water-slide and a 'lazy river', a cardio-fitness center and weight room, and facilities for other fitness classes and enrichment activities. In addition, the C.V. Starr Center has meeting rooms for parties and community events, and the grounds include a dog park, a skateboard park, and petanque courts and picnic/BBQ facilities.

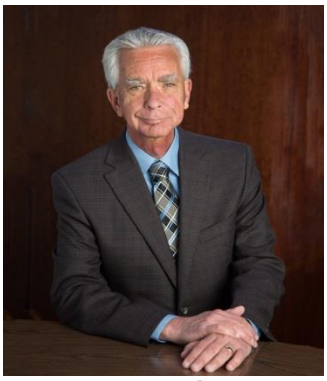
After opening the C.V. Starr Center in August 2009, the MCRPD was challenged by insufficient operating revenues. In March 2012, the voters of Fort Bragg passed a special sales tax measure to provide funding for operation, maintenance and capital improvements at the C.V. Starr Center facility. The measure required that ownership of the C.V. Starr Center be transferred to the City of Fort Bragg and that the MCRPD assign a portion of its property tax revenues to the City. The facility reopened under City ownership in July 2012. The MCRPD now operates the facility under contract with the City and the City provides financial and operational oversight.

DIRECTORY OF ELECTED AND APPOINTED CITY OFFICIALS

As of June 30, 2016

Dave Turner
Mayor

Lindy Peters
Vice Mayor



Scott Deitz
Councilmember

Doug Hammerstrom
Councilmember

Mike Cimolino
Councilmember

Linda Ruffing
City Manager

Victor Damiani
Finance Director /City Treasurer

Scott Schneider
Administrative Services Director

Marie Jones
Community Development Director

Fabian Lizarraga
Chief of Police

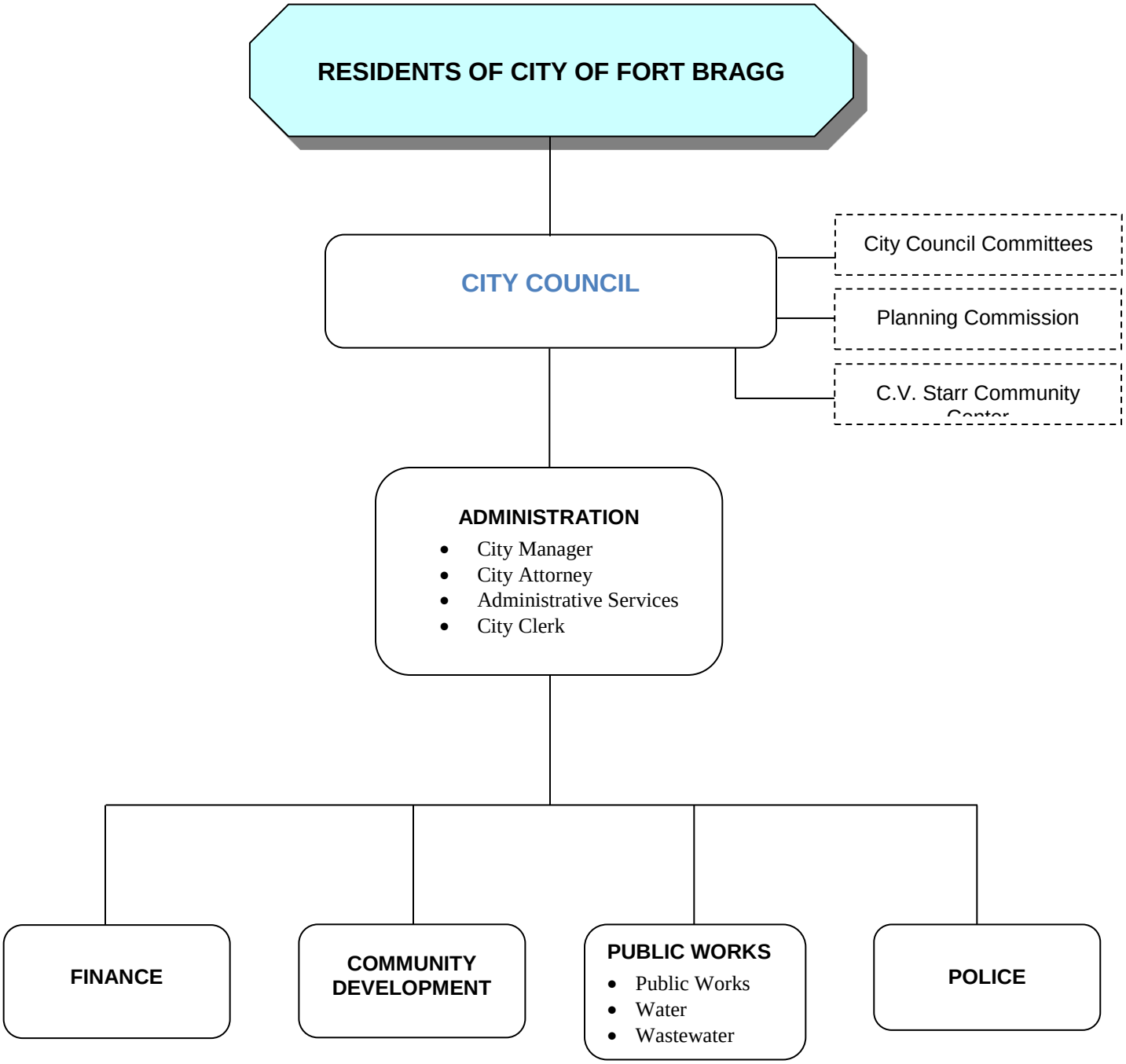
June Lemos
City Clerk

Tom Varga
Director of Public Works

Samantha W. Zutler
City Attorney

CITY OF FORT BRAGG
MASTER ORGANIZATIONAL CHART

As of June 30, 2016



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BUDGET GUIDELINES

The annual operating budget is the primary short-term financial plan for the City and the Municipal Improvement District No. 1. The operating budget serves as the policy document to implement City Council goals and objectives. It sets forth estimates of resources available to fund services consistent with the Council directives. Since no budget is an absolutely accurate predictor of future events, there must be some flexibility to make adjustments during the year, provided these adjustments do not materially alter the general intent of the City Council when adopting the budget. These guidelines are intended to provide that flexibility and to establish adequate controls, through budget monitoring and periodic reporting, thereby ensuring that the overall distribution of resources achieves the results intended by the City Council.

Each year as the budget is prepared, the City Council establishes priorities regarding service levels to provide guidance to management in preparing the budget. Through its legislative authority, the Council approves and adopts the budget by resolution. The City Manager is responsible for proposing to the City Council an annual operating budget and a Capital Projects budget which are consistent with the Council's service level priorities and sound business practices. The City Manager is also responsible for establishing a system for the preparation, execution, and control of the budget which provides reasonable assurances that the intent of Council policies is met. The City's Finance Director is responsible for providing periodic budget status reports to the City Manager, the City Council and Department Heads to facilitate control and compliance with the budget. Department Heads are responsible for monitoring their respective budgets for compliance with the intent of Council priorities and for ensuring that appropriations for their departments are not exceeded.

1. **Basis of Budgeting.** The City's operating and capital projects budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except that encumbrances are considered budgetary expenditures in the year of the commitment to purchase, and capital project expenditures are budgeted on a project length basis rather than a fiscal year. For all governmental funds, revenues and expenditures are budgeted on a modified accrual basis. For all proprietary funds, revenues and expenditures are budgeted on an accrual basis.

2. **Budget Calendar.** A budget preparation calendar is provided to the Department Heads and to the City Council at the beginning of the budget process each year. The calendar sets forth, at a minimum, dates for the review of service level priorities by the City Council at an annual mid-year budget workshop and a presentation of the City Manager's proposed budget to the City Council, which shall be adopted no later than the end of June.

3. **Form and Content of the Proposed Budget.** The Proposed Budget shall be presented in a form which is sufficient to allow the City Council to determine and review:

   - Provision of City Council priorities;
   - Projected revenues by major category;
   - Operating expenditures by department or program, and by fund;
   - Historical staffing by Department;
   - Service levels;
   - Statements of objectives and accomplishments;
   - Recommendations for policy changes;
   - Capital improvement appropriations by project.

   The Proposed Budget shall provide a comparison with the preceding year's actual results and current year's projected results for each category of revenue and expenditure shown in the budget. Descriptions of service levels to be provided under the proposed budget will be included along with statements of services reduced or eliminated and services improved or added, as compared to the current year.

4. **City Council's Budget Principles.** Each year, the Proposed Budget is developed in accordance with the Council's established budget principles:

   - The City strives to balance the operating budgets of each of the City's three major funds (General Fund, Water Enterprise, Wastewater Enterprise) such that anticipated revenues meet projected expenditure obligations.
   - Recurring annual expenditures (e.g., personnel costs, supplies, equipment, operating and maintenance costs, debt service, legal costs, audit costs, etc.) are funded with on-going annual revenues and do not rely upon one-time revenues, reserves, or the use of undesignated fund balances.
   - If undesignated fund balances are expended, uses are restricted to funding one-time expenditures, not on-going operations.
   - Conservative revenue projections are incorporated into the budget.
   - Expenditures are contained to the maximum extent possible. To the extent that line item cost increases occur, they result from purchases necessary to support existing operations, essential capital improvement projects, mandated costs, and the City's contractual obligations.
   - Each year, the budget shall be prepared in accordance with the City's Fund Balance & Reserve policies and the Council shall allocate specific amounts to each of the City's established reserves.

5. **Adoption of the Budget.** The City Council will adopt the budget by resolution no later than June 30th of the previous fiscal year, setting forth the amount of appropriations and authority of the City Manager to administer the adopted budget. Unless otherwise directed, all funds that are presented in the operating budget document are subject to appropriation.

6. **Budget Amendments by the City Council.** The City Council may from time to time approve expenditures and identify funding sources not provided for in the adopted budget including those expenditures funded through unassigned fund balances.

7. **Automatic Adjustments and Re-appropriations.** Outstanding encumbrances at prior fiscal year-end will automatically be carried over to current year's budgets. Unspent appropriations that are authorized and funded by grant revenues from prior fiscal year will automatically be carried over to current year's budget. Incomplete multiple year project balances will be automatically carried over to the current year's budget.

8. **Budget Monitoring and Reporting.** The Finance Department will prepare a monthly budget report including actual expenditures and encumbrances for distribution to the City Manager and Department Heads to facilitate monitoring of the budget. The Finance Department will prepare a quarterly budget status report for presentation to the City Council. At a minimum, the report shall include the status of the General Fund revenues and expenditures, and the Water, Wastewater, and C.V. Starr enterprise fund revenues and expenditures.

9. **Reserves.** Various unallocated reserves are desired in the City's funds to protect the City in emergencies, economic uncertainties, and to finance unforeseen opportunities and/or requirements. Reserve policies for various funds are described in detail in the section entitled "Fiscal Policies."

FISCAL POLICIES

The City of Fort Bragg's fiscal policies are established to ensure that the finances of the City and the Municipal Improvement District No. 1 are managed in a manner that will:

- Maintain a financially viable city that provides adequate levels of municipal services to its citizens.
- Provide for financial flexibility in order to adapt to local and regional economic changes.
- Preserve and enhance the sound fiscal condition of the City.

1. **Operating Budget Policies**
   a. The City will adopt a balanced budget by June 30th of each year. The base operating budget will be developed by conservatively and realistically projecting revenues and expenditures for the current and forthcoming fiscal year. During the annual budget development process, the existing base budget will be thoroughly examined to assure cost effectiveness of the services or programs provided. The annual operating budget will include the cost of operations of new capital projects. The City's operating budget will be prepared on a basis consistent with generally accepted accounting principles (GAAP) except that encumbrances are considered budgetary expenditures in the year of the commitment to purchase and expenditures for multi-year capital projects are budgeted in their entirety in the year construction commences. Remaining expenditures are carried forward in subsequent years. .
   b. The City will avoid balancing the current budget at the expense of future budgets unless the use of unassigned fund balance and/or reserves is expressly authorized by the City Council.
   c. The City will develop and maintain financial management programs to assure its long-term ability to pay the costs necessary to provide the services required by its citizens.

2. **Budgetary Controls**
   a. Adopted budget appropriations shall not be subsequently adjusted unless specifically authorized by Council/District resolution identifying the fund from which the appropriation is to be made, the amount of the appropriation and an account number.
   b. The City Manager shall have the authority to approve transfers of budget appropriations within any departmental budget provided:
      - Both line items are budgeted; and
      - Transfers from salary accounts and benefit accounts to non-personnel accounts are not allowed.
   c. All approved transfers shall be reported to the Finance and Administration Committee quarterly.
   d. Interfund and inter-departmental transfers require Council/District approval.
   e. The City Manager may review and approve change orders in accordance with established purchasing procedures. The City Manager may approve purchase orders for budgeted expenditures and un-budgeted purchase orders in accordance with established purchasing procedures.
   f. Annually, a report estimating the year-end results shall be presented to the Council following the close of the fiscal year being reported. Said report shall compare revenue estimates with actual collections, appropriations budgets with actual expenditures and revenues to expenditures in major budgetary funds. This report shall be followed by a presentation of the Comprehensive Annual Financial Report to the Council before January 31st.
   g. Semi-annually, at a mid-year budget session, there will be comprehensive review of the operations to date in comparison to the existing budget. Projections of revenues and expenditures through the end of the fiscal year will be submitted to the City Council at a mid-year budget review workshop in March.

3. **Revenue Policies**
   a. The City will strive to maintain a diversified and stable revenue stream to avoid over-reliance on any one revenue source.

b. The City will estimate its annual revenues by an objective, analytical process utilizing trend, judgmental, and statistical analysis as appropriate. Revenue estimates are to be conservative and realistic, sensitive to both local and regional economic conditions.
c. The City will maximize the availability of revenue proceeds through responsible collection and auditing of amounts owed the City.
d. The City will actively pursue federal, state, and other grant opportunities when deemed appropriate. Before accepting any grant, the City will thoroughly consider the implications in terms of ongoing obligations that will be required in connection with acceptance of said grant.
e. The City will seek reimbursements for mandated costs whenever possible.
f. User fees will be reviewed annually for potential adjustments to recover the full cost of services provided, except when the City Council determines that a subsidy is in the public interest. The City will establish and maintain a user fee policy that:
   - Imposes user fees when appropriate to capture the cost for the delivery of services and goods; and
   - Attempts to establish levels of cost recovery that support all costs including administrative overhead and depreciation; and
   - Determines the minimum frequency of user fee reviews.
g. General Fund revenues shall be pooled and allocated according to Council goals and established policy.
h. Grant revenue is recognized when eligible expenditures have been incurred against a fully executed grant agreement. Such accrued revenue is considered available even if it is not received within 60 days of year-end. This method provides improved reporting and control at the program level because it appropriately matches funding sources and uses.
i. Enterprise funds and other legally restricted sources shall be allocated according to their respective special purpose.
j. One-time revenues will be used for one-time expenditures only, including capital outlay and reserves.

4. **Expenditure Policies**
   a. The City will maintain levels of service, as determined by the City Council, to provide for the public well-being and safety of the residents of the community.
   b. The City will strive to maintain employee benefits and salaries at competitive levels with local labor markets.
   c. Fixed assets will be maintained and replaced as necessary and deferred maintenance will be minimized. A facilities maintenance reserve will be maintained that provides for the timely maintenance and replacement of fixed assets.
   d. The City will develop and use technology and productivity enhancements that are cost effective in reducing or avoiding increased personnel costs.
   e. Surplus fund balances (and working capital in enterprise funds) may be used to increase reserves, fund Capital Improvement Projects, fund capital outlay or be carried forward to fund one-time special project/program expenses.

5. **Utility Rates and Fees**
   a. Water and sewer utility customer rates and fees will be reviewed and adjusted annually, if necessary.
   b. All utility enterprise funds will be operated in a manner similar to private enterprise. As such, the City will set fees and user charges for each utility fund at a level that fully supports the total direct and indirect cost of the activity, including depreciation of assets, overhead charges, and reserves for unanticipated expenses and capital projects.

6. **Capital Budget Policies**
   a. The City will develop a Five-Year Capital Improvement Program (CIP) which is designed to develop and maintain infrastructure to support existing residences and businesses and future anticipated development. The CIP will identify the estimated full cost of each project which includes administration, design, development and implementation, and operating costs once the projects are completed. The CIP will identify potential funding sources for each proposed capital project, prior to submitting proposed projects to the City Council for approval. When

appropriate, the CIP will seek other funding sources such as State and federal funds, private funds and leverage these funding sources with public money to help meet the highest priority community needs.

b. The funding for the first year of the five-year CIP will be appropriated as a component of the annual operating budget.
c. Funding for future projects identified in the five-year CIP which has not been secured or legally authorized is therefore subject to change.

7. **Debt Management Policy**
   a. The City has adopted guidelines and policies intended to guide decisions related to debt issued by the City. Debt issuance should be evaluated on a case-by-case basis and within the context of the City's overall capital structure and policy objectives. Adherence to the policy is essential to ensure that the City maintains a sound debt position and protect the credit quality of its debt obligations. The City's Debt Management Policy is presented in the Debt Service section of the City's Budget. Key components of the City's Debt Management Policy are:
      - The City will limit long-term debt to only those capital improvements or long-term liabilities that cannot be financed from current revenue sources.
      - The City will utilize debt financing for projects which have a useful life that can reasonably be expected to exceed the period of debt service for the project.
      - The City will strive to maintain or improve the City's bond rating.
   b. The City may utilize interfund loans rather than outside debt to meet short-term cash flow needs. If interfund loans are undertaken, formal promissory notes shall be established and interest charged as established by the City's Interfund Loan Policy.

8. **Interfund Loan Policy**
   a. The City Council shall act by resolution to approve any proposed interfund loan. All interfund loans must be documented by formal agreements that specify the terms and conditions. The loan amount shall be approved at the amount minimally necessary to ensure the completion of the project for which the funding is required.
   b. All interfund loans shall be interest bearing and the amount of interest to be paid on the loan must be at least equal to the investment earnings the fund making the loan would have received had the loan not occurred.
   c. The term of an interfund loan shall be established by the City Council and typically shall not exceed five years.
   d. The interfund loan shall be callable by the lending fund if needed to ensure that the lending fund has sufficient operating funds.
   e. All interfund loan proposals require a feasibility analysis demonstrating that:
      - The borrowing fund has the capacity to repay the debt;
      - The lending fund has the capacity to lend the funds, beyond its own operating and capital needs; and
      - The loan does not violate any debt covenants or other provisions of the borrowing and lending funds.
   f. As part of the due diligence, each loan proposal must demonstrate that the loan can be repaid. It is important to avoid masking an operating deficiency in one fund with an interfund loan from another fund. This is the centerpiece of the policy, which seeks to avoid loans that fail the fundamental test of performance (repayment) under the contract.
      - If a feasibility analysis does not show that the loan can be safely repaid, the appropriate recommendation may be a revenue enhancement or another correction of the underlying reason for the funding deficiency. An alternative financing recommendation may be a fund balance donation. This requirement is also intended to identify conflicts with specific restrictions or requirements pertaining to certain funds. Such conflicts may arise from applicable debt covenants, fiduciary requirements on funds held by the City or legal hurdles that the funding needs to overcome.
   f. There is no prepayment penalty. Interest is to be paid quarterly, and principle payments are subject to the feasibility analysis cash projections.

g. The interest expense paid on interfund loans is to be treated as user fund expense, while the interest income is to be treated as interest revenue to the loaning fund.

h.

9. **Fund Balance & Reserve Policies**
   a. The City of Fort Bragg's Fund Balance & Reserve policies are intended to ensure the continued financial well-being of the City by planning for unanticipated emergency and contingency needs. The City Council will periodically review and update these guidelines to ensure that the City has sufficient resources to adequately provide for emergencies, economic uncertainties, unforeseen operating or capital needs, economic development opportunities, and cash flow requirements.
   b. The City Council may direct any portion of its General Fund, Water Enterprise Fund or Wastewater Enterprise Fund revenue that is not required to balance the annual operating budget to one or more of the following reserves, subject to consistency with the allowable uses of the enterprise funds.
      - **General Fund Reserves.** The following General Fund reserves include both committed fund balance and unrestricted fund balance and in FY 2016/17 total $2,887,946:
        - Emergency Contingency Reserve: The General Fund balance committed for emergency contingencies is established at an amount equivalent to 10% to 15% of the City's annual operating budget for the General Fund. In FY 2016/17, 10% or $862,649 is committed to the Emergency Contingency Reserve. Depending on the type and severity of the emergency, this range is intended to provide for an initial municipal response to events such as natural disasters, catastrophic accidents, or other declared emergency incidents sufficient to provide a bridge until access to county, state or federal support can be achieved. The Emergency Contingency Reserve is committed fund balance and may only be used when there is a declaration of a state or federal state of emergency or a local emergency as defined in Fort Bragg Municipal Code Section 2.24.020.
        - Economic Stabilization Reserve: The General Fund balance committed for the purpose of stabilizing the delivery of City services during periods of severe operational budget deficits and to mitigate the effects of major unforeseen changes in revenues and/or expenditures is established at an amount equivalent to 5% to 10% of the City's annual operating budget for the General Fund. In FY 2016/17, 5% or $431,324 is committed to the Economic Stabilization Reserve. This range serves as a cushion to safeguard the City's fiscal health against fluctuations in revenues and costs due to economic volatility. City Council approval shall be required before expending any portion of this committed fund balance. Access to these funds will be reserved for economic emergency situations such as unanticipated major declines in revenue, budgeted revenue taken over by another entity, or a catastrophe exceeding funds in Emergency Contingency Reserve.
        - General Fund Operating Reserve: The City will maintain an unrestricted fund balance of at least 15% to 20% of the annual operating expenditures in the General Fund, as an "Operating Reserve" to ensure liquidity of the General Fund and to ensure adequate cash flow throughout the year. This reserve is necessary to accommodate fluctuations in the timing of expenditures and the receipt of revenues. The reserve is not committed fund balance and may be tapped into, with Council authorization, for unforeseen operating or capital needs. In FY 2016/17, 15% is $1,293,973.
        - Litigation Reserve: The City will maintain a $300,000 Litigation Reserve to cover unforeseen legal expenses, including unbudgeted legal, defense and settlement costs that are not covered by the City's insurance pool. The Reserve is replenished each year through the budget process. The City Manager shall approve all charges against this reserve and on a quarterly basis the Finance Director shall report to the City Council the amount and types of litigation that have been funded by the Litigation Reserve.
      - **Water and Wastewater (Municipal Improvement District #1) Enterprise Capital Reserves.** The City will maintain capital reserves in the Water and Wastewater Enterprise Funds to provide for future capital projects and unanticipated emergencies. Each year, all

unrestricted fund balance in the Enterprise Funds in excess of 25% of the prior year's operating expenditures will be transferred to these reserves.

c. **C.V. Starr Enterprise Fund Reserves.** The City Council established this reserve policy in 2012, shortly after the acquisition of the Center and as such is in the initial stages of funding the following reserves.
   - Operating Reserve: Established to accommodate fluctuations in cash flow; shall strive to maintain a balance of at least 20% of the annual operating expenditures.
   - Capital Repair and Equipment Reserve: Established to provide funding for necessary capital and equipment repair and maintenance and is funded based on an analysis of expected repairs and useful lives of the respective items
   - Facility Improvement and Expansion Reserve: Established to provide funding for the future improvement and expansion of the Center. The reserve is set at $30,000.

d. **Internal Service Fund Reserves.** Each year, the unrestricted fund balance in each of the City's Internal Service Funds is transferred to a reserve within the Internal Service Fund which is intended to help pre-fund large purchases and repairs and avoid big annual swings in funding needs.
   - Facility Repair & Maintenance Reserve. The FY 2016/17 projected year end reserve balance in the Facility Maintenance & Repair Internal Service Fund is $50,000. The reserve is intended to be funded based on an analysis of expected repairs and useful lives of the buildings and equipment funded by the Facilities Repair & Maintenance Internal Service Fund. In FY 2015/16, the City completed a ten year Facilities Maintenance & Repair Plan which provides guidance for establishing required annual contributions to the Facility Maintenance & Repair reserve.
   - Fleet & Equipment Services Reserve. The City will maintain a reserve in the Fleet & Equipment Services Internal Service Fund to enable the timely replacement of vehicles and depreciable equipment. In FY 2015/16, the City completed a three year Fleet Replacement Plan which provides guidance for establishing required annual contributions for this reserve. In FY 2016/17 the City will expand the Replacement Plan to a ten year period to provide improved long term financial planning. The FY 2016/17 projected year end reserve balance in the Fleet & Equipment Services Internal Service Fund is $256,518.
   - Information Technology (IT) Reserve. The IT Reserve is considered fully funded at $120,000. In FY 2015/16, the City completed a three year Information Technology Plan which provides guidance for establishing required annual contributions for this reserve. In FY 2016/17 the City will expand the Replacement Plan to a five year period to provide improved long term financial planning. The projected unrestricted fund balance in the IT Internal Service Fund for FY 2016/17 is $69,623. The reserve will be used to fund project work in the coming year.

e. **Debt Service Reserves.** Reserve levels for Debt Service Funds are established and maintained as prescribed by the bond covenants authorized at the time of debt issuance.

f. **OPEB Trust Fund.** The City maintains an irrevocable trust fund for retiree medical benefit obligations and annually funds the required contribution, as determined by a bi-annual actuarial report.

10. **Investment Policy**
    a. The Finance Director/City Treasurer will annually render an investment policy for City Council's review and modification as appropriate. The review will take place at a public meeting and the policy shall be adopted by resolution of the City Council.
    b. City funds and the investment portfolio will be managed in a prudent and diligent manner with emphasis on safety, liquidity, and yield, in that order. Reports on the City's investment portfolio and cash position shall be developed by the Finance Director/City Treasurer and reviewed by the Finance and Administration Committee quarterly and the City Council at mid-year and fiscal year end.
    c. Generally Accepted Accounting Principles require that differences between the costs of the investment portfolio and the fair value of the securities be recognized as income or losses in a government's annual financial report. These variances shall not be considered as

budgetary resources or uses of resources unless the securities are sold before maturity or the values of the investments are permanently impaired.

The complete investment policy is presented in the Policy Section of the City's Budget.

11. **Accounting, Auditing, and Financial Reporting Policies**
    a. The City's accounting and financial reporting systems will be maintained in conformance with generally accepted accounting principles as they apply to governmental accounting.
    b. An annual audit will be performed by an independent public accounting firm with the subsequent issuance of a Comprehensive Annual Financial Report, within six months of the close of the previous fiscal year.
    c. Periodic financial and status reports will be submitted to the City Council and be made available to the public.

12. **Asset Forfeiture Expenditure Policy**

Asset Forfeiture Discretionary Funds

a. Expenditures under $5,000 may be decided by the Police Chief
b. Expenditures of between $5,000 and $10,000 will require approval of the City Manager; a purchase order shall be required per the City's Administrative Regulation on Purchasing.
c. Expenditures over $10,000 will require approval of the City Council; the Asset Forfeiture budget shall be amended at the time of approval.
d. Staff reports to the City Council will be provided on significant Asset Forfeiture expenditures identified by the City Manager.

Asset Forfeiture Education Funds

a. Expenditures will meet the mandated education and prevention guidelines.

Year-End Reporting

a. Prior to the closing of each fiscal year, a report listing all Asset Forfeiture Discretionary and Education Fund expenditures will be brought forward to the City Council's Finance & Administration Committee for review and line item budget appropriations, as necessary, will be agendized for City Council action.

13. **Payment of Employee Compensation Costs**
    a. **City Employee Compensation.** The City's objective is to attract and retain the best talent to manage the City and serve the residents of the City of Fort Bragg and the City's business community. The City accomplishes this by offering attractive and competitive salaries and benefits that reflect the value of the various jobs, the duties, level and responsibility of each position and the fiscal condition of the City. Compensation information specific to each employee group is summarized below.
    b. **City Manager Duties and Compensation.** The City of Fort Bragg is a general law city with a Council-Manager form of Government. Fort Bragg Municipal Code Section 2.16.050 establishes that the City Council is the appointing authority for the City Manager and City Attorney. All other positions are appointed by the City Manager. The City Manager's terms of employment, including compensation and benefits, are established by an employment agreement. The City Manager pays the full employee's share of premiums for the CalPERS retirement plan. The City pays only the employer's share of the cost.
    c. **City Attorney Services.** The City Attorney is not a City employee. City Attorney services are provided in accordance with a professional services agreement.
    d. **Executive Management (Department Director) and Mid-Management Compensation.** The terms of employment, including compensation and benefits, are established by Resolution. Resolutions currently in effect are:
        - Executive Management: Resolution 3820-2015, effective through June 30, 2017.
        - Mid-Management: Resolution 3832-2015, effective through June 30, 2017.
    e. **Non-Management Employee Compensation.** The City of Fort Bragg has three non-management employee groups.

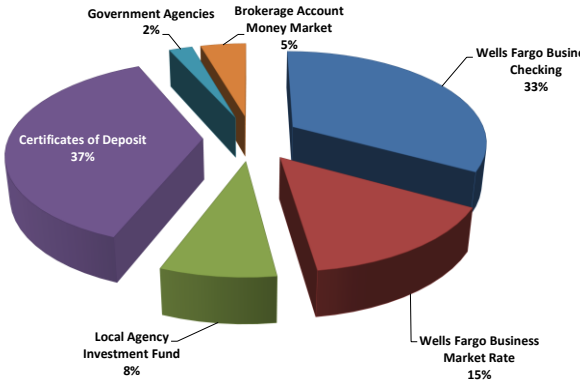
- The Fort Bragg Employee Organization (FBEO) represents all City non-exempt employees other than Safety Employees and Confidential and Non-Bargaining employees. The FBEO is affiliated with the Service Employees International Union (SEIU). Compensation and benefits are negotiated and documented in a Memorandum of Understanding (MOU). The current MOU is effective through June 30, 2017.
- The City's Safety Employees are represented by the Fort Bragg Police Association (FBPA), an unaffiliated employee organization. Compensation and benefits are negotiated and documented in a Memorandum of Understanding (MOU). The current MOU is effective through June 30, 2017.
- Compensation and benefits of employees not represented by the FBEO and FBPA are established by Resolution. Resolution 3727-2014 covers Confidential and Non-bargaining positions and is effective through June 30, 2017.

f. **Additional Sources of Information.** The Employment Agreements, Resolutions and MOUs noted above can be found on the City's website.

CITY OF FORT BRAGG
Treasurer's Pooled Investment Portfolio
March 31, 2016

PORTFOLIO STRUCTURE AS OF MARCH 31, 2016

TYPE	MARKET VALUE	PERCENT OF PORTFOLIO
Cash in Bank	$ 4,170,695	33.04%
Wells Fargo Business Market Rate - Collateralized	1,868,057	14.80%
Local Agency Investment Fund	1,005,935	7.97%
Certificates of Deposit	4,725,000	37.43%
Government Agencies	290,000	2.30%
Brokerage Account Money Market	563,298	4.46%
TOTALS	**$ 12,622,986**	**100.00%**



PORTFOLIO LIQUIDITY AS OF MARCH 31, 2016

AGING INTERVAL	PAR VALUE	PERCENT OF PORTFOLIO
0 - 30 Days	$ 7,607,986	60.27%
31 days - 1 Year	1,244,000	9.86%
1 -2 Years	2,030,000	16.08%
2 - 3 Years	1,245,000	9.86%
3 - 4 Years	496,000	3.93%
4 - 5 Years	-	0.00%
	$ 12,622,986	**100.00%**

PORTFOLIO DETAIL AS OF MARCH 31, 2016

Cash	Balance	Market Value	Interest Rate	Maturity Date
Wells Fargo Business Checking	$ 4,170,695	$ 4,170,695	0.50%	
Wells Fargo Business Market Rate	1,868,057	1,868,057	0.30%	
Local Agency Investment Fund	1,005,935	1,005,935	0.46%	
Brokerage Account Money Market	563,298	563,298	0.17%	
Total Cash	**7,607,986**	**7,607,986**		
Certificates of Deposit				
Discover Bank	250,000	251,106	1.75%	08/17/16
Sallie Mae Bank	248,000	249,014	1.35%	09/19/16
Medallion Bank	248,000	248,759	1.10%	10/04/16
Gorham Savings Bank	250,000	250,040	0.85%	02/21/17
CIT Bank	248,000	248,082	1.00%	03/27/17
Georgia Bank	250,000	250,419	1.00%	06/20/17
Firstbank	249,000	251,649	1.25%	11/21/17
State Bank India New York	248,000	250,455	1.20%	12/21/17
Webster Bank	250,000	252,482	1.00%	12/26/17
Privatebank & Trust Co.	248,000	249,520	1.15%	02/27/18
Bank Baroda	248,000	249,272	1.25%	03/08/18
Barclays Bank	247,000	249,334	1.00%	03/12/18
First Gen Bank	249,000	249,819	1.30%	07/03/18
GE Capital Bank	250,000	253,032	1.75%	07/12/18
Comenity Cap Bank	249,000	253,148	1.85%	08/16/18
Compass Bank	249,000	253,161	1.95%	09/04/18
Goldman Sachs Bank	248,000	251,926	2.00%	09/25/18
Ameican Express Centurion Bank	248,000	250,120	2.10%	06/03/20
HSBC Bank	248,000	248,176	1.30%	03/10/21
Total Cerficates of Deposit	4,725,000	4,759,515		

PORTFOLIO DETAIL AS OF MARCH 31, 2016 (con't)

	Balance	Market Value	Interest Rate	Maturity Date
Government Agencies				
Federal National Mortgage Association	290,000	291,092	1.00%	09/27/17
Total Government Agencies	290,000	291,092		
TOTAL	**$ 12,622,986**	**$ 12,658,593**		

CITY OF FORT BRAGG
STATEMENT OF INVESTMENT POLICY

Introduction

The City Council of the City of Fort Bragg recognizes its responsibility to properly direct the investments of funds for the City and its component units. The purpose of this policy is to provide guidelines for the investment of funds based upon prudent cash management practices and in conformity with all applicable statutes. Related activities which comprise good cash management include accurate cash projections, the expeditious collection of revenue, cost-effective banking relations, and the control of disbursements.

Scope

This policy covers the investment activities of all contingency reserves and inactive cash under the direct authority of the City/District. Policy statements outlined in this document focus on the City of Fort Bragg's pooled funds but also apply to all other funds under the City Treasurer's span of control unless exempted by resolution or statute. Investments for the City and its component units will be made on a pooled basis including, but not limited to, the City of Fort Bragg, Municipal Improvement District #1 and Fort Bragg Redevelopment Successor Agency. The City's Comprehensive Annual Financial Report identifies the fund types involved as follows:

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Project Funds
- Enterprise Funds
- Internal Service Funds
- Trust Funds
- Miscellaneous Special Funds
- Any new funds created by the City Council unless specifically exempted

Investments of bond proceeds will be held separately when required by the bond indentures or when necessary to meet arbitrage regulations. If allowed by the bond indentures, or if the arbitrage regulations do not apply, investments of bond proceeds will be held as part of the pooled investments.

Prudence

Section 53600.3 of the California Government Code identifies as trustees those persons authorized to make investment decisions on behalf of a local agency. As a trustee, the standard of prudence to be used shall be the "prudent investor" standard and shall be applied in the context of managing the overall portfolio. The trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, 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.

It is the policy of the City Council that investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk changes or market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

Investment Objectives

Section 53600.5 of the California Government Code outlines the primary objectives of a trustee investing public money. The primary objectives, in order of priority, of the City's investment activities shall be:

- **Statutory compliance.** To assure compliance with all federal, state, and local laws governing the investment of monies.

- **Safety.** Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio.
- **Liquidity.** The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.
- **Return on investment.** Investment return becomes a consideration only after the basic requirements of safety and liquidity have been met. The City Treasurer shall attempt to realize a yield on investments consistent with California statutes and the City's Investment Policy.

The City Treasurer shall strive to maintain the level of investment of all contingency reserves and inactive funds as close to one hundred percent (100%) as possible. While the objectives of safety and liquidity must first be met, it is recognized that portfolio assets represent a potential source of significant revenues. It is to the benefit of the City that these assets be managed to realize a yield on investments consistent with California statutes and the City's Investment Policy.

Duties and Responsibilities

The management of inactive cash and the investment of funds is the responsibility of the City Treasurer (or his/her designee) as directed by the City Council. Under the authority granted by the City Council, no person may engage in an investment transaction covered by the terms of this policy unless directed by the City Treasurer or designee.

In the execution of this delegated authority, the City Treasurer may establish accounts with qualified financial institutions and brokers/dealers for the purpose of effecting investment transactions in accordance with this policy. In selecting financial institutions, the creditworthiness of institutions shall be considered and the City Treasurer shall conduct a comprehensive review of prospective depository's credit characteristics and financial history. The criterion used to select qualified brokers/dealers is identified in Exhibit #1.

A written copy of this Investment Policy shall be presented to any person offering to engage in an investment transaction with the City. Investments shall only be made with those business organizations (including money market mutual funds and local government investment pools), which have provided the City certification of having received and reviewed the City's Investment Policy.

The City Treasurer may designate in writing a Deputy City Treasurer, who in the absence of the City Treasurer, will assume the City Treasurer's duties and responsibilities. The City Treasurer shall retain full responsibility for all transactions undertaken under the terms of this policy.

Ethic and Conflicts of Interest

All participants in the City's investment process shall seek to act responsibly as custodians of the public trust. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment recommendations and decisions. Investment officials and employees shall make all disclosures appropriate under the Fair Political Practices Act and may seek the advice of the City Attorney and the Fair Political Practices Commission whenever there is a question of personal financial or investment positions that could represent potential conflicts of interest.

Collateralization

When required by California statute or this Investment Policy, any investment capable of being collateralized, shall be collateralized by the required amounts imposed by law. To give greater security to the City's investments, when an investment is collateralized and not perfected under existing law, an attempt to perfect the collateralization should be made**.**

Authorized Investments

The City Treasurer may invest City funds in the following instruments as specified in the California Government Code Section 53601 and as further limited in this policy.

Federally insured bank time Certificates of Deposit (CD's): Certificates of Deposit shall not exceed five years to maturity. Investments in Certificates of Deposit and Checking Accounts shall be fully insured up to the amount allowed per account by the Federal Deposit Insurance Corporation or the National Credit Union Administration. Furthermore, the combined investments in Certificates of Deposit and Prime Commercial Paper, if a private sector entity is used, shall not exceed, in total, more than fifty percent (50%) of the portfolio.

U.S. Treasury Bills, Notes and Bonds: Obligations of the U.S. Government and its agencies or those for which the full faith and credit of the United States are pledged for payment of principal and interest. The maximum maturity length shall not exceed five years.

General Obligations of any State or local political subdivision: Must be rated AA/Aa/AA or higher by one of the following: Standard & Poor's, Moody's or Fitch.

Repurchase Agreements: Repurchase Agreements with a maximum maturity of one year. Repurchase Agreements may not exceed five percent 5% of the portfolio. The market value of securities that underlay a Repurchase Agreement shall be valued at one hundred two percent 102% or greater of the funds borrowed against those securities.

Money Market/Mutual Funds: Money Market or Mutual Fund investments holding only U.S. Treasury and Government Agency obligations and cash.

Local Agency Investment Fund (LAIF): Local Agency Investment Fund (LAIF) of the State of California. Investments will be made in accordance with the laws and regulations governing those Funds.

Investment Trust of California (CalTRUST): Investments in CalTRUST will be made in accordance with the laws and regulations governing those funds.

New Securities: New types of securities authorized by California law, but which are not currently allowed by this investment policy, must first be approved by the City Council.

Unauthorized Investments/Investment Activities

Instruments not expressly authorized are prohibited. In accordance with California Government Code Section 53601.6, investment in inverse floaters, range notes or mortgage derived interest-only strips is prohibited, as are derivatives. In addition, and more generally, investments are further restricted as follows:

- No investment will be made in any security that could result in zero interest accrual if held to maturity.
- No investment will be made that could cause the portfolio to be leveraged.
- Purchases of investments on margin will not be made.

Investment Strategy

Pooled Investments: A buy and hold strategy will generally be followed; that is, investments once made will usually be held until maturity. A buy and hold strategy will result in unrealized gains or losses as market interest rates fall or rise from the coupon rate of the investment. Unrealized gains or losses, however, will diminish as the maturity dates of the investments are approached or as market interest rates move closer to the coupon rate of the investment. A buy and hold strategy requires that the portfolio be kept sufficiently liquid to preclude the undesired sale of investments prior to maturity. Occasionally, the City Treasurer may find it advantageous to sell an investment prior to maturity, but this should only be on an exception basis and only when it is in the best interest of the City.

Investments Held Separately: Investments held separately for bond proceeds will follow the trust indenture for each issue.

Diversification

The portfolio will be diversified to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions. In addition to the limitations on specific security types indicated in this Investment Policy, and with the exception of U.S. Treasury/Federal agency securities and authorized pools, no more than five percent 5% of the City's portfolio will be placed with any single issuer.

Internal Controls

The City Manager and the Finance Director are responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. Due to the need to preserve segregation of duties and check and balance, all outgoing wire transfers shall be confirmed by the bank with a second person prior to the completion of the transfer.

Reporting

Sections 53607 and 53646 of the California Government Code allows the City Council, at its discretion, to require reports meeting the standards set forth in these sections, as well as any additional information desired. A report for pooled investments will be made to the City Council at the mid-year budget review session and at a public meeting following the close of the fiscal year.

Investment Policy Review and Adoption

Section 53646(a) (2) of the California Government Code allows the City Treasurer to render to the City Council and the Finance Committee a statement of investment policy, and recommends that one be presented each year. Therefore, the City's investment policy and any modifications thereto shall be considered no less often than annually at a public meeting. Adoption of the investment policy and any changes must be made by resolution of the City Council.

Photo by: Lynda Davis

CITY OF FORT BRAGG

FY 2016/17

PROPOSED BUDGET

SUMMARY SCHEDULES

City of Fort Bragg FY2016/17 Summary of Revenue, Expenditures & Fund Balance

Fund No.	Fund Type/Name	FY 2015 - 2016 Audited Fund Balance at 06/30/15	FY 2015 - 2016 Projected Revenue	FY 2015 - 2016 Estimated Expenditures	FY 2015 - 2016 Net Transfers	FY 2015 - 2016 Projected Fund Balance at 06/30/16	FY 2016 - 2017 FY2016/17 Budget Revenue	FY 2016 - 2017 FY2016/17 Budget Appropriations	FY 2016 - 2017 Net Transfers	FY 2016 - 2017 Projected Fund Balance at 06/30/17
110	**General Fund**									
110	Undesignated	$ 1,667,264	$ 9,065,871	8,783,894	$ (65,434)	1,883,807	8,140,414	8,626,489	$ (58,429)	$ 1,356,797
	Nonspendable	205,025				205,025	-			205,025
	Operating Reserve	1,310,500				1,310,500	-			1,293,973
114	Gen Fund Litigation Reserve	300,000	-	70,000	-	230,000	-		70,000	300,000
112	Gen Fund Economic Stabilization Reserve	425,000	-	-	15,000	440,000	-		(8,676)	431,324
113	Gen Fund Emergency Contingency Reserve	850,000	-	-	30,000	880,000	-		(17,351)	862,649
	Total General Fund	**4,757,789**	**9,065,871**	**8,853,894**	**(20,434)**	**4,949,332**	**8,140,414**	**8,626,489**	**$ (14,456)**	**4,449,768**
Special Revenue Funds, Restricted:										
116	General Plan Maint Fee Fund	176,687	31,300	30,000	-	177,987	31,509	30,000	-	179,496
117	Housing Trust Funds	93,174	600	-	-	93,774	696	-	-	94,470
120	Parking	48,225	325	-	(8,080)	40,470	377	-	(8,300)	32,547
121	Parking In Lieu Fees	52	-	8,096	8,080	36	-	8,200	8,300	136
122	Parkland Monitoring/Reporting	123,481	700	-	-	124,181	812	-	-	124,993
124	Tobacco License Fee	5,363	2,100	1,100	-	6,363	2,100	1,100	-	7,363
125	State Disability Access Fee	1,695	750	28	-	2,417	750	28	-	3,139
139	Cops Ab1913 Allocation	12,763	100,000	100,000	-	12,763	100,000	100,000	-	12,763
146	OJP Bulletproof Vest Partnership	1,568	4,406	6,911	3,456	2,520	3,455	4,406	3,456	5,025
167	Asset Forfeiture	621,737	182,500	170,634	(46,250)	587,353	149,062	130,000	(10,000)	596,415
168	Marijuana Restitution	-	-	-	-	-	-	-	-	-
176	RDA Housing Successor	402,918	275	-	-	403,193	319	-	-	403,512
190	Construction/Demolition Ord Fees	45,339	275	-	-	45,614	319	-	-	45,933
220	Waste Mgt Community Benefit Pymt	187,108	-	150,000	(10,000)	27,108	-	-	-	27,108
221	Highway User Tax (Gas Tax)	67,641	171,145	235,000	-	3,786	166,054	-	(125,000)	44,840
223	STP D1 MCOG Streets/Hwy	(40,307)	101,370	-	(59,897)	1,166	-	-	-	1,166
230	Traffic & Safety	2,271	5,000	2,271	-	5,000	5,926	-	(6,800)	4,126
250	Special Sales Tax-Street Repair	2,189,417	857,468	20,000	-	3,026,885	899,082	-	(1,718,200)	2,207,767
280	Fire Equipment Fund	190,333	54,158	112,230	-	132,261	54,911	-	-	187,172
285	OJ Park Maintenance Fund	10,000	-	-	-	10,000	-	-	-	10,000
	Total Special Rev Funds, Restricted	**4,139,465**	**1,512,372**	**836,270**	**(112,691)**	**4,692,877**	**1,415,372**	**273,734**	**$ (1,856,544)**	**3,987,971**
Special Revenue Funds, Grants:										
131	CDBG Unclassified Program Income	19,805	-	-	-	19,805	-	-	-	19,805
162	CDBG Program Income Account	(18,801)	85,032	-	(66,231)	-	80,370	-	(80,370)	-
302	CDBG 2012 Super NOFA	(58,180)	266,851	208,671	-	-	-	-	-	-
313	NC Int Regional Water Mgmt- Waterfall Gulch	-	423,055	-	(423,055)	-	-	-	-	-
314	MCOG OWP	-	100,000	100,000	-	-	32,492	32,492	-	-
315	2014 CDBG Grants	(21,251)	579,738	598,487	66,231	26,231	489,489	414,489	5,370	106,601
318	Noyo Center Activity	(19,847)	53,673	52,826	19,000	-	-	-	-	-
319	Dept of Water Resources Prop 84 - Summers Lane	-	-	-	(700,000)	(700,000)	700,000	-	-	-
320	State Parks Prop 84	(20)	1,500,851	-	(1,500,832)	-	75,231	-	(75,231)	-
321	Coastal Conservancy	-	315,112	-	(315,112)	-	-	-	-	-
322	CalTrans State Funding	-	-	-	(259,000)	(259,000)	259,000	-	-	-
323	CalTrans Federal Funding	-	750,000	-	(750,000)	-	-	-	-	-
326	HCD HOME Grant	(6,946)	361,811	354,866	-	-	138,189	138,189	-	-
327	SWRCB Storm Water Prop 84	-	486,643	-	(486,643)	-	-	-	-	-
328	HCD/Housing Related Parks Program	-	97,828	97,828	-	-	-	-	-	-
	Total Special Rev Funds, Grants	**(105,239)**	**5,020,594**	**1,412,677**	**(4,415,642)**	**(912,964)**	**1,774,771**	**585,169**	**$ (150,231)**	**126,406**

City of Fort Bragg FY2016/17 Summary of Revenue, Expenditures & Fund Balance

Fund No.	Fund Type/Name	FY 2015 - 2016 Audited Fund Balance at 06/30/15	Projected Revenue	Estimated Expenditures	Net Transfers	Projected Fund Balance at 06/30/16	FY 2016 - 2017 FY2015/16 Budget Revenue	FY2015/16 Budget Appropriations	Net Transfers	Projected Fund Balance at 06/30/17
Capital Project Funds:										
129	Safe Routes to School	786	16,926	17,712	-	-	-	-	-	-
401	Otis Johnson Park Renovation	-	5,358	5,358	-	-	2,249	2,249	-	-
403	Street Structural Repairs	-	-	-	-	-	-	-	-	-
404	Skate Park Project	103	-	-	-	103	-	-	-	103
405	Street Resurfacing & Structural Repair Projects	-	-	-	-	-	-	1,550,000	1,550,000	-
407	Coastal Trail Construction	(836,064)	500	955,293	1,836,409	45,552	-	-	-	45,552
408	Emergency Fueling Station	-	-	21,345	21,345	-	-	-	-	-
409	Green Alleys	(4,700)	-	495,943	500,643	-	-	-	-	-
412	Town Hall Remodel	35,054	-	-	(35,054)	-	-	-	-	-
413	Chestnut St Multi-use trail	(297)	-	1,008,703	1,009,000	-	-	-	-	-
414	Annual Alley Rehab	-	-	-	-	-	-	300,000	300,000	-
415	Central Coastal Trail	(25,231)	-	-	-	(25,231)	-	50,000	75,231	-
416	Guest House Rehab	-	-	180,000	180,000	-	-	270,000	270,000	-
417	City Hall Rehabilitation	-	-	-	-	-	-	185,000	185,000	-
418	City Hall East Structural Rehabilitation	-	-	-	-	-	-	127,000	127,000	-
419	Bainbridge Park Improvements	-	-	-	-	-	-	75,000	75,000	-
615	Groundwater Production Wells Project	-	-	-	-	-	-	66,000	66,000	-
651	Summers Lane Reservoir	25,397	-	1,890,397	1,865,000	-	-	-	-	-
716	Wastewater Treatment Plant Rehab	749,875	-	749,875	-	-	-	-	-	-
	Total Capital Project Funds	**(55,078)**	**22,784**	**5,324,625**	**5,377,343**	**20,424**	**2,249**	**2,625,249**	**$ 2,648,231**	**45,655**
Internal Service Funds:										
520	Facilities Maint & Repair	125,567	239,464	239,464	(125,567)	-	323,028	158,260	(164,768)	-
530	Facilities Maint & Repair Reserve	521,665	-	-	(54,433)	467,232	-	-	(417,232)	50,000
										-
521	Technology Maint & Repair	33,251	437,967	447,505	(23,713)	-	273,218	367,308	94,090	-
531	Information Technology Reserve	120,000	-	-	33,713	153,713	-	-	(84,090)	69,623
										-
522	Fleet & Equipment Services	175,158	511,119	451,594	(234,684)	-	208,940	640,510	431,570	-
532	Fleet & Equipment Services Reserve	407,154	-	-	280,934	688,088	-	-	(431,570)	256,518
	Total Internal Service Funds	**1,382,796**	**1,188,550**	**1,138,563**	**(123,750)**	**1,309,033**	**805,186**	**1,166,078**	**$ (572,000)**	**376,141**
Enterprise Funds*										
610	Water Enterprise	344,555	2,585,414	2,435,088	(45,702)	449,179	2,531,885	2,002,854	(357,347)	620,863
640	Water Enterprise Capacity Fees	809,043	112,467	-	(800,000)	121,510	10,000	-	-	131,510
614	Water Enterprise Non-Routine Maintenance	1,578	-	48,366	48,366	1,578	-	144,000	142,422	-
615	Water Enterprise Capital Reserve	1,140,393	-	771	58,055	1,197,678	-		159,925	1,357,603
	Total Water Enterprise Unrestricted Balance	2,295,569	2,697,881	2,484,224	(739,281)	1,769,945	2,541,885	2,146,854	(55,000)	2,109,976
710	Wastewater Enterprise	550,326	3,370,098	2,618,734	(584,048)	717,642	3,363,080	2,123,808	(1,211,791)	745,123
720	Clean Water Education Fund	5,289	40	-	-	5,329	46	-	-	5,375
740	Wastewater Enterprise Capacity Fees	219,014	55,010	-	-	274,025	16,741	-	-	290,766
714	Wastewater Enterprise Non-Routine Maintenance	57,526	-	361,760	333,000	28,767	-	268,500	268,500	28,767
715	Wastewater Enterprise Capital Reserve	15,156	-	28,143	245,712	232,724	-	-	943,291	1,176,015
	Total Wastewater Enterprise Unrestricted Balance	847,312	3,425,148	3,008,637	(5,336)	1,258,487	3,379,867	2,392,308	-	2,246,046
810	CV Starr Enterprise		1,775,125	1,597,862	(177,263)	-	1,807,646	1,760,247	(47,399)	-
	CV Starr Facilities Improvement & Expansion	30,000	-	-	-	30,000	-	-	-	30,000
	CV Starr Operating Reserve	237,916	-	-	88,632	326,548	-	-	23,700	350,248
	CV Starr Repair and Equip Reserve	237,916	-	-	88,632	326,548	-	-	23,700	350,248
		505,832	1,775,125	1,597,862	-	683,096	1,807,646	1,760,247	-	730,496
	Total Enterprise Funds	**3,648,713**	**7,898,154**	**7,090,723**	**(744,617)**	**3,711,528**	**7,729,399**	**6,299,409**	**$ (55,000)**	**5,086,518**
	Total - All Funds	**13,768,446**	**- 24,708,326**	**24,656,752**	**(39,792)**	**13,770,230**	**19,867,391**	**19,576,129**	**(0)**	**14,072,459**
Fiduciary Trust Funds										
175	Successor Agency to RDA	(3,802,546)	172,967	448,871	-	(4,078,450)	383,371	387,821		(4,082,900)
	Total Fiduciary Funds	**(3,802,546)**	**172,967**	**448,871**	**-**	**(4,078,450)**	**383,371**	**387,821**	**` $ -**	**(4,082,900)**

BUDGET SUMMARY – ALL FUNDS

OVERVIEW OF THE CITY'S BUDGET

The City of Fort Bragg's combined annual budget for FY 2016/17 is $24.4 million. This amount includes appropriations from all funds ($19.5 million) and transfers ($4.9 million). Combined appropriations and transfers for FY 2016/17 are $7.2 million less than projected for FY 2015/16.

The City's budget includes three major operating funds: the General Fund, Water Enterprise Fund and Wastewater Enterprise Fund, as well as Special Revenue Funds, Capital Project and Grant Funds, and the C.V. Starr Enterprise Fund. Core city services such as police, community development, parks, and street maintenance are budgeted in the General Fund and are supported primarily by sales tax, property tax, transient occupancy tax (TOT) and charges for services rendered. The City's Water and Wastewater Enterprise funds are supported by user fee revenues which are charged for services provided to the City's residents. Activities supported by funds received by the City which are restricted in their use are included in Special Revenue Funds and Grant Funds. Construction activities associated with capital projects are accounted for in Capital Project Funds.

Included in the $24.4 million total annual budget amount are the City's Internal Service Funds and allocations to the General Fund from the Water, Wastewater and C.V. Starr Enterprise Funds for services provided to these funds. These expenditures are found in the budget twice, because the revenue to the Internal Service Funds is a budgeted expenditure in the City's other funds and the allocations are revenue to the General Fund that is then spent by the General Fund departments. When these items and transfers between funds are excluded from the total, the adjusted total Annual Budget amounts to $17 million.

This year, with changes in the City's Finance Department leadership, the City decided to prepare a new Cost Allocation Plan. In the process of creating this plan, a significant accounting error was discovered that, in past years, resulted in the City's Water and Wastewater Enterprise funds contributing more towards shared costs than was appropriate. The FY 2016/17 budget accounts for shared costs based on the new Cost Allocation Plan. This resulted in a significant reduction in General Fund revenues with an equal and offsetting reduction in expenses for the Water and Wastewater Enterprise funds. The approximate decline in General Fund revenue as a result of the new Cost Allocation Plan (approximately $815k year-over-year) is partially offset by increased revenues in other areas and carefully controlled expenses. Nevertheless, the General Fund budget is in a deficit position in FY 2016/17.

Staff recommends that the Water and Wastewater Enterprise funds be reimbursed for prior over-allocations with a transfer from undesignated fund balance in the General Fund and interfund loans between the General Fund and the Water and Wastewater Enterprise funds. Staff will seek direction from Council at the May 25th Budget Workshop regarding this matter.

It should be noted that from an All Funds perspective, the City's net position is unchanged as a result of the new Cost Allocation Plan. The financial position of the Water and Wastewater Enterprise funds will be enhanced in FY 2016/17 as a result of the new allocation methodology and reimbursement for prior year over-allocations. For this reason, staff also recommends that the Council suspend the utility rate increases that are scheduled for July 2016. The proposed budget for the Water and Wastewater Enterprises assumes no increase in the utility rates for FY 2016/17.

The term "General Government" is used to refer to a combination of all City departments that are not public service departments. These departments include the City Council, Administration (which includes City Manager, City Attorney, City Clerk, Human Resources and Information Technology), and the Finance Department.

Throughout the annual Budget, reference is made to interfund transfers. An interfund transfer is a transfer of funds from one City fund to another City fund. These transfers appear as a resource in the fund

receiving the transfer and as a budget requirement in the fund that is sending the transfer. While this results in the revenue and expenditure being "double counted" in the annual budget, this presentation is necessary to provide a transparent picture of actual expenditures for both the funding and receiving funds.

CHANGES IN OBLIGATIONS & INTERFUND LOANS

The FY 2016/17 Budget includes certain debt obligations for the City. The obligations included in the budget represent the annual installment payments of principal and interest to be paid on City promissory notes or bond obligations existing at July 1, 2016. Details regarding the City's debt payments are found on pages C-69 through C-77.

The 2010 and 2011 Interfund Loans from the Low/Moderate Income Housing Successor Agency to the Redevelopment Successor Agency that were frozen at the time of the Redevelopment Agency dissolution are now eligible as enforceable obligations. Funds were available in the Redevelopment Property Tax Trust Fund in FY 2014/15, therefore the Redevelopment Successor Agency has begun repayment of the loans. The 2011 loan has been paid in full and the $37.8k remaining on the 2010 loan will be paid in FY 2016/17.

ALL FUNDS - FUND BALANCE

The FY 2015/16 projected All Funds year-end fund balance is $14.5 million and the FY 2016/17 All Funds balance is projected at $14 million (net of $486k appropriated fund balance in the General Fund). Of this balance, the City has committed $863k to the Emergency Contingency Reserve and $431k to the Economic Stabilization Reserve. In addition, the City has set aside several other reserves as noted below. These reserves are in accordance with the City's Fund Balance & Reserve Policies which are intended to ensure the continued financial well-being of the City by planning for unanticipated emergency and contingency needs. The City Council periodically reviews and updates these guidelines to ensure that the City has sufficient resources to adequately provide for emergencies, economic uncertainties, unforeseen operating or capital needs, economic development opportunities, and cash flow requirements.

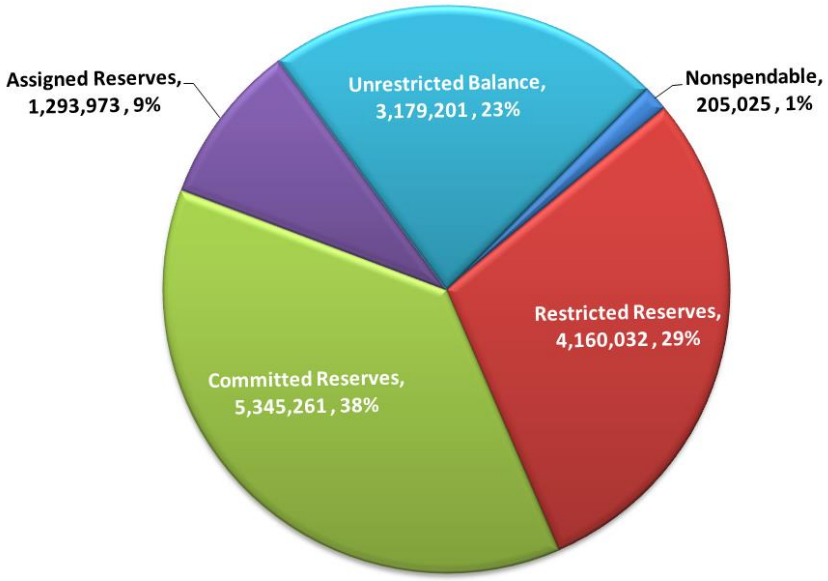
	FY 2014/15 AUDITED	FY 2015/16 PROJECTED	FY 2016/17 PROPOSED
Total All Funds Balance	$ 13,768,446	$ 13,770,230	$ 14,072,459

As shown below, the "unrestricted fund balance" in FY 2016/17 is estimated at approximately $3.2 million.

	FY 2016/17 PROPOSED
Total All Funds Balance	$ 14,558,534
Less Appropriated Fund Balance	486,075
Sub Total Fund Balance	14,072,459
Less Nonspendable (inventory, etc.)	205,025
Less Restricted Reserves (externally enforceable)	
Special Revenue Funds	3,987,971
Operating Grants	126,406
Grant Funded Capital Projects	45,655
Less Committed Reserves (Set by Council resolution)	
Emergency Contingency Reserve	862,649
Economic Stabilization Reserve	431,324
Litigation Reserve	300,000
Water Capital Reserve	1,357,603
Wastewater Capital Reserve	1,176,015
CV Starr Reserves	730,496
Internal Service Fund Reserves	376,141
Less Assigned Reserves	
General Fund Operating Reserve	1,293,973
Unrestricted Balance	$ 3,179,201

Detail of Unrestricted Balance:	FY 2016/17 PROPOSED
General Fund	$ 1,356,797
Water Enterprise	752,373
Wastewater Enterprise	1,070,031
Total Undesignated Funds	$ 3,179,201

SUMMARY OF FUND BALANCE



Overall, the City's All Funds balance will increase in FY 2016/17 by approximately $302k. The increase is the result of several factors including: a decrease in General Fund balance due to appropriation of fund balance ($486k); a decrease in Special Revenue fund balances primarily due to use of Special Sales tax for streets projects ($704k); an increase in grant fund balances due to projected receipt of grant reimbursements ($1 million); a decrease in Internal Service fund balances due to capital and maintenance projects ($933k); and an increase in Enterprise fund balances due to strong operating results coupled with cost savings as a result of the City's new Cost Allocation Plan ($1.4 million).

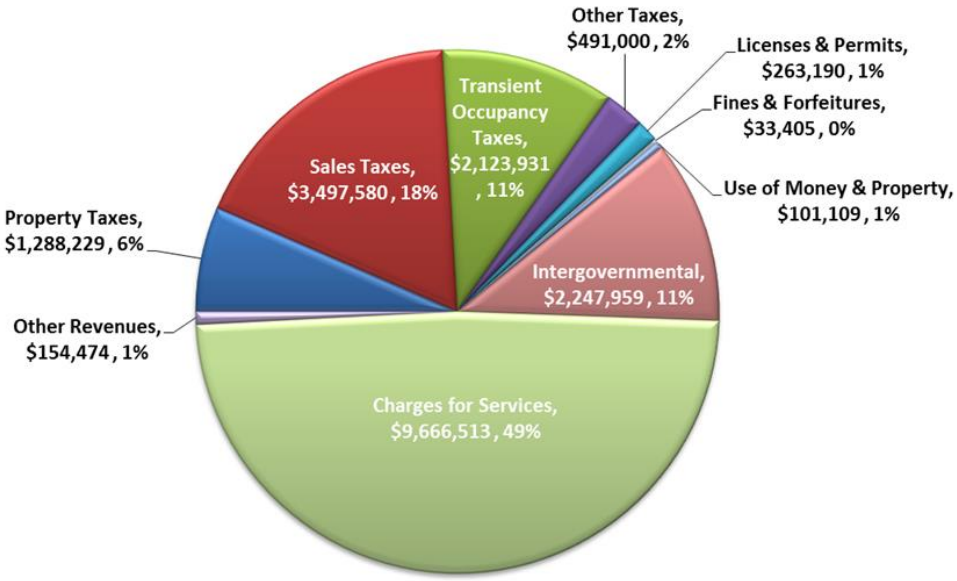
DISCUSSION OF REVENUE TRENDS

Overall, City operating revenues are projected to decrease by $1.1 million. Operating funds include the General Fund, Water Enterprise and Wastewater Enterprise. General Fund revenue is expected to decrease 10.2% as a result of the City's new Cost Allocation Plan ($815k) and a reduction in administration fees received from the State of California in connection with the Fort Bragg Successor Agency's wind down of activities of the former Fort Bragg Redevelopment Agency ($160k). General Fund revenue decreases are offset by modest increases in tax revenues ($135k). Water and Wastewater Enterprise revenues are expected to remain flat due to the proposed suspension of rate increases in FY 2016/17. The City also expects to see significant decreases in revenue due to the reduction of grant funded capital projects – primarily Phase 1 of the Coastal Restoration & Trail Project which has been completed. Combined Operating and Capital grant revenue is expected to decrease approximately 64% ($3.3 million) in FY 2016/17. Lastly, Internal Service Fund revenue is down $32.3% ($383k). Internal Service Fund revenue requirements are set according to long term plans which detail future maintenance and capital replacement needs.

ALL FUNDS
SUMMARY OF REVENUES BY CATEGORY
FY 2013/14 THROUGH FY 2016/17

ALL FUNDS	FY 2013/14 FYE AUDITED	FY 2014/15 FYE AUDITED	FY 2015/16 YTD BUDGET	FY 2015/16 FYE PROJECTED	FY 2016/17 PROPOSED BUDGET	% INCR/ -DECR
Sales & Use Taxes	$ 3,255,939	$ 3,310,729	$ 3,374,980	$ 3,441,436	$ 3,497,580	1.6%
Transient Occupancy Taxes	1,667,580	1,857,831	1,790,060	1,972,081	2,123,931	7.7%
Property Taxes	1,179,542	1,165,688	1,159,230	1,271,159	1,288,229	1.3%
Other Taxes	496,423	493,063	491,000	491,000	491,000	0.0%
Total Taxes	**6,599,483**	**6,827,311**	**6,815,270**	**7,175,676**	**7,400,741**	**3.1%**
Licenses & Permits	237,692	256,596	256,062	263,190	263,190	0.0%
Fines & Forfeitures	35,507	29,330	27,200	29,572	33,405	13.0%
Use of Money & Property	70,163	112,634	69,765	70,035	101,109	44.4%
Intergovernmental	3,206,384	6,945,337	4,424,957	5,679,265	2,247,959	-60.4%
Charges for Services	10,624,552	11,266,675	11,164,547	11,322,547	9,666,513	-14.6%
Other Revenues	169,844	147,455	145,000	168,092	154,474	-8.1%
Transfers	2,313,265	11,388,446	6,239,359	6,863,660	4,889,150	-28.8%
Total	**23,256,891**	**36,973,783**	**29,142,160**	**31,572,036**	**24,756,540**	**-21.6%**
Less Transfers	(2,313,265)	(11,388,446)	(6,239,359)	(6,863,660)	(4,889,150)	
Total Without Transfers	**20,943,626**	**25,585,337**	**22,902,801**	**24,708,376**	**19,867,391**	-19.6%
Less Internal Service Funds	(1,245,534)	(1,100,543)	(1,188,550)	(1,187,585)	(805,186)	32.2%
Less Internal Service Charges	(2,796,934)	(2,784,699)	(2,797,875)	(2,797,875)	(1,822,356)	34.9%
Interfund Cost Reimbursement	(474,603)	(434,769)	(450,000)	(450,000)	(308,000)	31.6%
Net Revenues	**$ 16,426,555**	**$ 21,265,327**	**$ 18,466,376**	**$ 20,272,916**	**$ 16,931,849**	**-16.5%**

REVENUES BY CATEGORY
FY 2016/17 ALL FUNDS

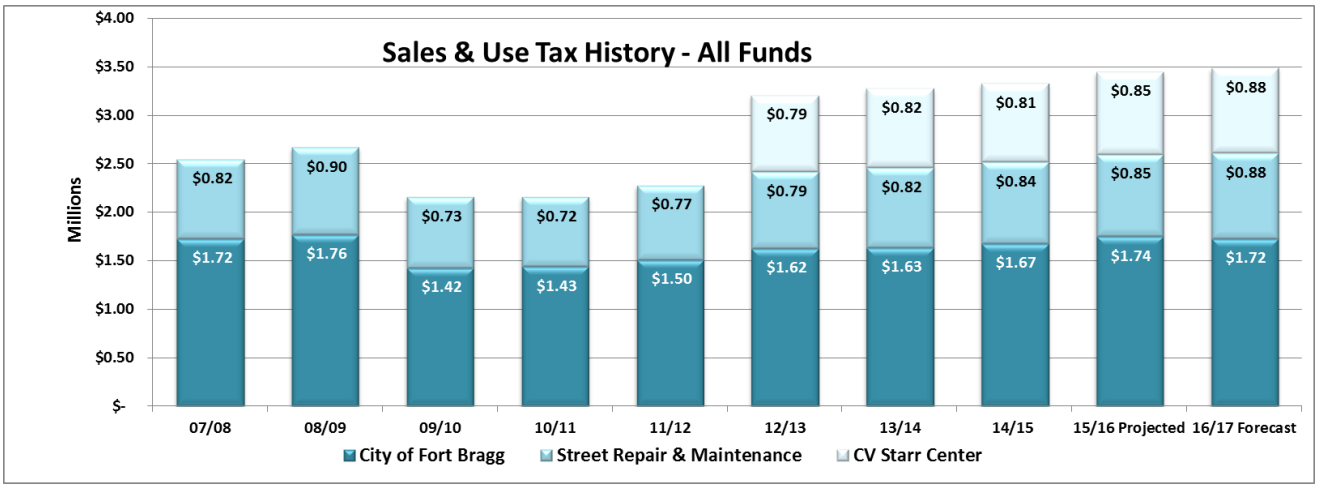


Sales Tax

Sales tax revenues include the City's general sales tax as well as a special half-cent sales tax for the C.V. Starr Center and a special half-cent sales tax for Street Repairs. Based on an analysis of trends in year-to-date tax receipts, macroeconomic conditions and an examination of local business data, it is

anticipated that the City will receive sales tax revenue of $3.4 million in FY 2015/16 and $3.5 million in FY 2016/17. The State has terminated its "triple flip" program so the City will receive more timely payments of its sales tax receipts in FY 2016/17. As a transition year, FY 2016/17 is expected to show a modest increase of 1.6% while growth rates in FY 2017/18 are expected to be more substantial (3.3%). Despite the slight growth in sales tax at the All Funds level, year-over-year sales tax cash receipts for the General Fund will decline slightly as FY 2015/16 sales tax included a final "true up" payment under the triple flip.

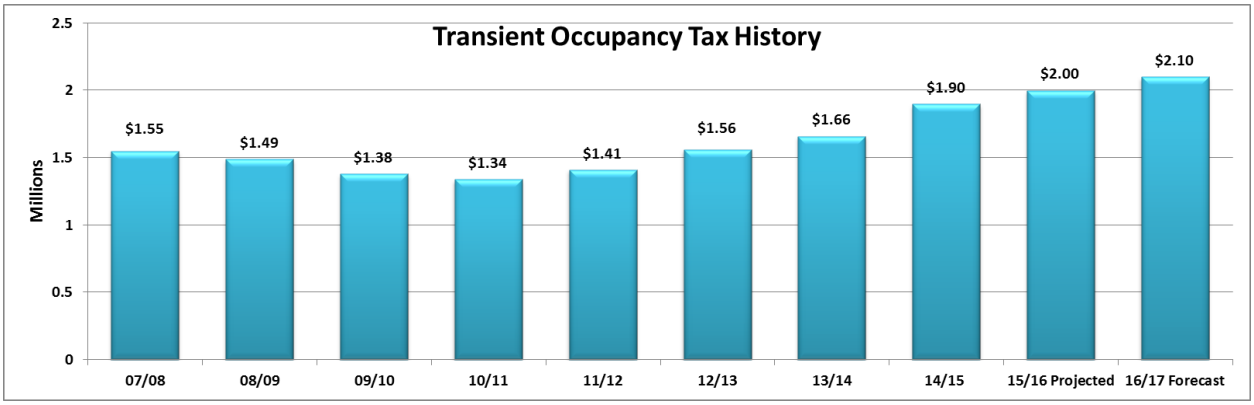
While overall sales tax revenue growth continues in a slow positive trend from recessionary lows, there are some potential risks that could affect the current trend. The most evident of these is internet sales. Internet sales will continue to exert downward pressure on sales tax growth, a key source (21%) of General Fund revenue.



Transient Occupancy Tax

Transient Occupancy Tax (TOT) is a 10% local tax that is applied to the cost of hotel or other lodging stays of less than 30 days. This tax is a revenue source for the General Fund. TOT is collected by lodging establishments and remitted to the City on a monthly basis. Factors influencing TOT revenues include vacancy rates, changes in business and leisure travel, new hotels, hotel expansion, and room rate increases. TOT is the largest General Fund revenue source and is expected to account for 26% of all projected General Fund resources next year.

Based on year-to-date receipts, FY 2015/16 year-end TOT revenues are projected to be approximately $114k higher than FY 2014/15 totals. The FY 2016/17 Budget projects continued growth in TOT revenue. The City is forecasting a 7.7% growth representing $152k in additional revenues in the next fiscal year. The anticipated TOT revenue total for FY 2016/17 is $2.1 million which is an all-time high for Fort Bragg.

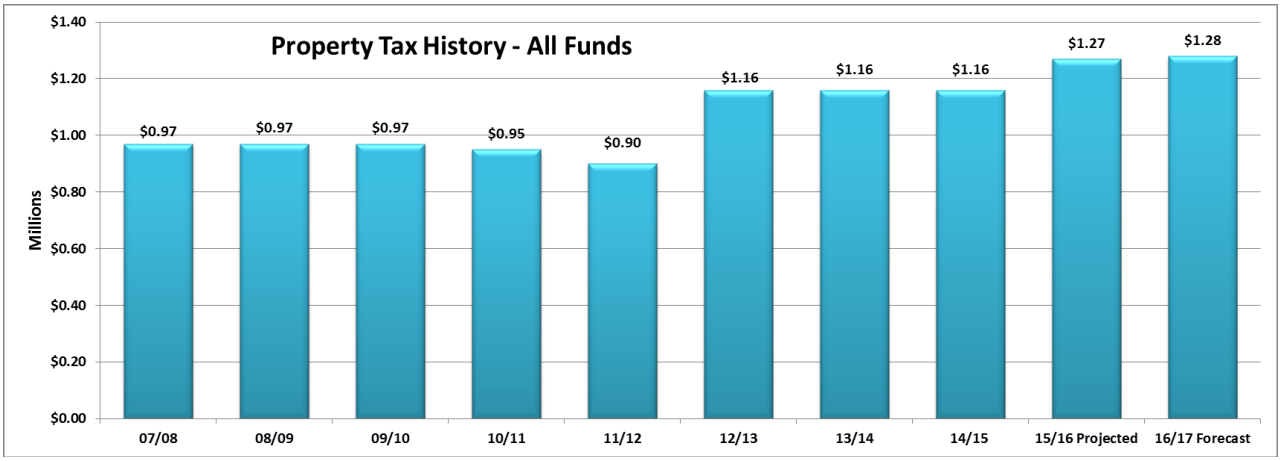


Property Tax

Throughout the City's history, property tax revenue has grown significantly, reflecting both new development and increasing property values in Fort Bragg. As in most of the country, during the recession, property tax revenues declined in Fort Bragg due to lower sales prices and adjustments in assessments. In recent months, sales prices have increased slightly and the number of reassessments has decreased significantly.

Overall, property tax revenues are expected to increase 9% in FY 2015/16 to $1.28 million. Data from the local Multiple Listing Service (MLS) indicated a year-over-year increase in number of sales of 10.8% for the "Coastal Area" comparing 2014 to 2015. For the same period and area, an increase in the median home price of 12% is indicated. The data reported by the MLS as well as the receipts received from the County in December 2015 indicate that the local housing market continues to strengthen. The County of Mendocino provides an annual property tax forecast which is typically received in late May. Pending the County's forecast, we are conservatively forecasting property tax to remain flat in FY16/17.

Property Tax receipts for FY 2015/16 and FY 2016/17 are projected at $1.27 million and $1.28 million respectively. This amount includes property taxes paid to the General Fund ($987k), the C.V. Starr Center ($242k), and the Fire Equipment fund ($54k).



Service and Program Charges

Charges for services to other funds include reimbursement received by the General Fund and the Wastewater Fund for the provision of administrative and other services to Enterprise and Internal Service Funds. This category will decrease significantly due to the City's new Cost Allocation Plan. Additionally, Internal Service Fund revenue requirements are set according to long-term plans which detail future maintenance and capital replacement needs and have been budgeted lower in FY 2016/17 ($383k). Line

item details for Charges for Services, Interfund Cost Reimbursement and Internal Service Funds are found on page B-36, and B-43 through B-45.

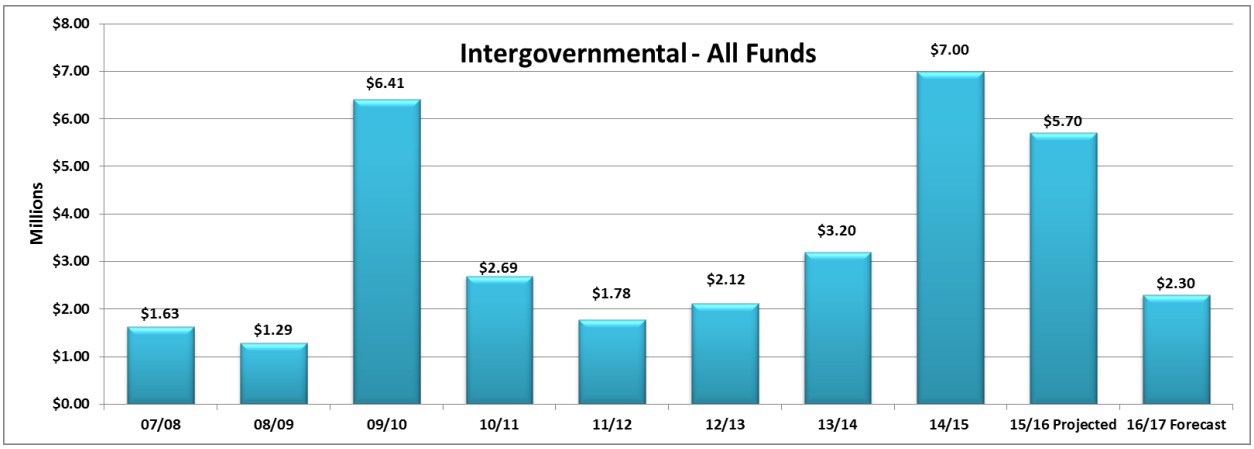
All Funds Detail of Revenue Services & Programs	FY 2014/15 FYE AUDITED	FY 2015/16 YTD BUDGET	FY 2015/16 FYE PROJECTED	FY 2016/17 FORECAST
Charges for Services to Other Funds	$ 2,784,699	$ 2,797,875	$ 2,797,875	$ 1,822,356
Interfund Cost Reimbursement	434,769	450,000	450,000	308,000
Internal Service Funds	1,100,543	1,188,550	1,187,585	805,186
Grant Administration	357,918	100,000	87,127	110,678
City Expense Reimbursement - Developers	29,115	40,000	20,300	45,300
Miscellaneous Charges	146,175	105,300	241,777	86,000
Water Sales	2,472,813	2,528,807	2,536,898	2,518,355
Sewer Service	3,194,150	3,332,215	3,306,098	3,298,438
C.V. Starr Center	750,470	621,800	691,301	672,200
Totals	**$ 11,270,651**	**$ 11,164,547**	**$ 11,318,961**	**$ 9,666,513**

Intergovernmental

Revenue from Intergovernmental charges includes payments, reimbursements, grants and subventions which the City receives from the State and federal governments, as well as other agencies. For FY 2016/17, the revenue from Intergovernmental charges is projected at $2.3 million. Approximately 70% of this revenue is derived from grants. Also included in this category are the COPS Public Safety Allocation that partially funds the Community Service Officer positions and the Highway User's Tax (Gas Tax) for street repair.

In FY 2015/16, the City received payment under SB 90 which reimburses the City for meeting activities mandated by the State. The State has released additional funds for this purpose and it is anticipated that approximately $24k in Intergovernmental revenue will be included in this category from this source.

It should be noted that not all grant revenues budgeted in a fiscal year are actually received and/or expended in that year as many grant-funded activities span multiple years. This revenue category varies greatly from year to year depending on grant activity. The $7 million in revenue received in FY 2014/15 and $5.7 million in FY 2015/16 was largely driven by grant revenue received for construction of the Coastal Trail.



OTHER REVENUES

Other revenues include licenses and permits, fines and forfeitures, use of money and property, and miscellaneous, one-time revenues. Revenues in this category can vary greatly due to the nature of the one-time revenues that are included.

The City invests a portion of available funds in order to earn interest. The total income varies with the market rates of interest and the funds available to invest. Interest earnings continue to be depressed as a consequence of the Federal Reserve's monetary and interest policies.

Use of Money and Property is anticipated to increase in FY 2016/17 primarily due to the sale of surplus property ($20k).

All Funds **Detail of Revenue** **Other Revenues**	**FY 2014/15** **FYE** **AUDITED**	**FY 2015/16** **YTD** **BUDGET**	**FY 2015/16** **FYE** **PROJECTED**	**FY 2016/17** **FORECAST**
Licenses & Permits	$ 256,596	$ 256,062	$ 263,190	$ 263,190
Fines & Forfeitures	29,330	27,200	29,572	33,405
Use of Money & Property	112,634	69,765	70,035	101,109
Other Revenues	147,455	145,000	168,092	154,474
Totals	**$ 546,014**	**$ 498,027**	**$ 530,889**	**$ 552,178**

OPERATING TRANSFERS-IN

At the All Funds level, all transfers in have an equal and corresponding transfer out which is shown as an expenditure. At the All Funds level, all transfers net to zero.

ALL FUNDS
DETAIL OF REVENUES BY FUND
FY 2013/14 THROUGH FY 2016/17

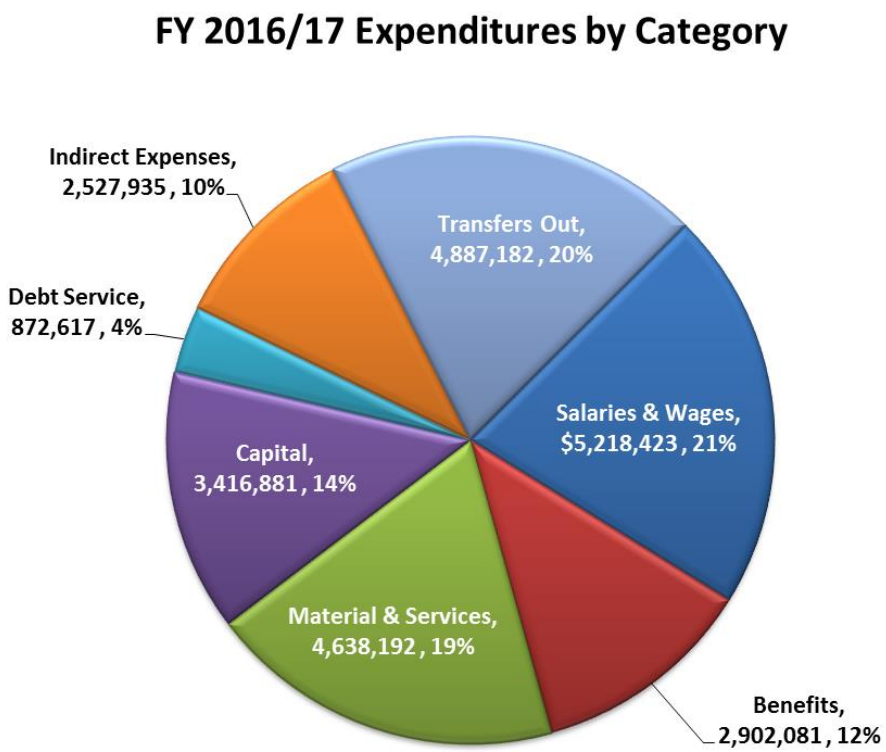
FUND	FY 2013/14 FYE AUDITED	FY 2014/15 FYE AUDITED	FY 2015/16 YTD BUDGET	FY 2015/16 FYE PROJECTED	FY 2016/17 PROPOSED BUDGET	% INCR/ -DECR
General Fund						
Property Taxes	$ 915,268	$ 884,602	$ 878,780	$ 979,912	$ 987,067	0.7%
Sales Taxes	1,625,916	1,666,675	1,744,980	1,740,733	1,716,489	-1.4%
Transient Occupancy Taxes	1,667,580	1,857,831	1,790,060	1,972,081	2,123,931	7.7%
Other Taxes	496,423	493,063	491,000	491,000	491,000	0.0%
Licenses & Permits	233,793	253,970	253,150	260,340	260,340	0.0%
Fines & Forfeitures	30,509	21,550	22,200	24,572	27,479	11.8%
Use of Money & Property	21,737	33,101	31,000	33,270	65,000	95.4%
Intergovernmental	44,391	113,839	81,000	87,793	62,300	-29.0%
Charges for Services	3,433,308	3,666,932	3,438,175	3,409,187	2,317,334	-32.0%
Other Revenues	116,544	59,073	80,000	66,984	89,474	33.6%
Total General Fund	**8,585,468**	**9,050,636**	**8,810,345**	**9,065,871**	**8,140,414**	**-10.2%**
Water						
Charges for Services	2,209,604	2,472,813	2,528,807	2,536,898	2,518,355	-0.7%
Capacity Fees	25,692	55,637	10,000	107,967	10,000	-90.7%
Use of Money and Property	21,782	27,169	15,000	15,000	8,530	-43.1%
Other	13,270	30,902	5,000	38,016	5,000	-86.8%
Total Water	**2,270,347**	**2,586,520**	**2,558,807**	**2,697,881**	**2,541,885**	**-5.8%**
Wastewater						
Charges for Services	2,994,334	3,164,407	3,332,215	3,335,841	3,298,438	-1.1%
Capacity Fees	13,828	21,630	15,000	23,768	15,000	-36.9%
Use of Money and Property	8,146	12,157	5,540	5,540	6,429	16.1%
Other	6,512	57,422	60,000	60,000	60,000	0.0%
Total Wastewater	**3,022,820**	**3,255,616**	**3,412,755**	**3,425,148**	**3,379,867**	**-1.3%**
Total Revenue - Operating Funds	**13,878,636**	**14,892,773**	**14,781,907**	**15,188,901**	**14,062,166**	**-7.4%**
C.V. Starr Center						
Sales and Use Taxes	810,878	806,967	810,000	850,735	890,713	4.7%
Property Taxes	215,472	233,861	230,000	233,089	242,412	4.0%
Charges for Services	667,310	750,470	621,800	691,301	672,200	-2.8%
Use of Money and Property	3,188	2,719	2,000	-	2,321	
Other	19,518	-	-	-	-	0.0%
Total C.V. Starr Center	**1,716,366**	**1,794,017**	**1,663,800**	**1,775,125**	**1,807,646**	**1.8%**
Special Revenue & Capital Project Funds						
Special Revenue, Restricted	1,391,437	1,485,316	1,316,482	1,512,372	1,415,372	-6.4%
Special Revenue, Grants	1,791,774	6,311,198	3,934,350	5,020,594	1,774,771	-64.7%
Capital Projects	919,881	1,440	17,712	22,834	2,249	0.0%
Total Special Revenue & Capital	**4,103,091**	**7,797,955**	**5,268,544**	**6,555,800**	**3,192,392**	**-51.3%**
Subtotal	**19,698,092**	**24,484,745**	**21,714,251**	**23,519,826**	**19,062,205**	**-19.0%**
Internal Service Funds						
Facilities Maintenance	381,016	269,341	239,464	239,464	323,028	34.9%
Information Technology	355,511	331,525	437,967	437,967	273,218	-37.6%
Fleet & Equipment Services	509,007	499,727	511,119	511,119	208,940	-59.1%
Total Internal Service Funds	**1,245,534**	**1,100,593**	**1,188,550**	**1,188,550**	**805,186**	**-32.3%**
Subtotal before Transfers	**20,943,626**	**25,585,338**	**22,902,801**	**24,708,376**	**19,867,391**	**-19.6%**
Transfers	2,313,265	11,388,446	6,239,359	6,863,660	4,887,182	
Total Revenue, All Funds	**$ 23,256,891**	**$ 36,973,784**	**$ 29,142,160**	**$ 31,572,036**	**$ 24,754,573**	**-21.6%**

DISCUSSION OF EXPENDITURE TRENDS

The FY 2016/17 Budget proposes expenditures totaling $19 million when grant activity and transfers are excluded and $19.6 million when grant funds are included. All Funds expenditures are budgeted at a year-over-year decrease of 22%. Proposed expenditures, excluding transfers, for the General Fund total $8.6 million, a decrease of 2.6% over the projected expenditures for FY 2015/16. General Fund revenues and expenditures are discussed in further detail in the next section of the summary.

ALL FUNDS
SUMMARY OF EXPENDITURES BY CATEGORY
FY 2013/14 THROUGH FY 2016/17

ALL FUNDS		FY 2013/14 FYE AUDITED	FY 2014/15 FYE AUDITED	FY 2015/16 YTD BUDGET	FY 2015/16 FYE PROJECTED	FY 2016/17 PROPOSED BUDGET	% INCR/ -DECR
Salaries & Wages		$ 3,929,390	$ 5,010,743	$ 5,208,680	$ 5,080,368	$ 5,218,423	2.7%
Benefits		2,492,175	2,556,617	2,738,881	2,633,282	2,902,081	10.2%
Material & Services		6,630,465	8,034,437	7,216,086	6,391,237	4,638,192	-27.4%
Capital		3,689,523	5,971,909	8,092,287	5,959,806	3,416,881	-42.7%
Debt Service		780,649	737,388	857,348	852,556	872,617	2.4%
	Subtotal	**17,522,202**	**22,311,093**	**24,113,281**	**20,917,248**	**17,048,194**	**-18.5%**
Indirect Expenses		3,695,074	3,617,729	3,746,425	3,744,504	2,527,935	-32.5%
	Subtotal	**21,217,275**	**25,928,822**	**27,859,706**	**24,661,752**	**19,576,129**	**-20.6%**
Transfers Out		2,313,265	11,388,446	6,239,359	6,863,660	4,887,182	-28.8%
TOTAL ALL FUNDS		**$ 23,530,540**	**$ 37,317,268**	**$ 34,099,065**	**$ 31,525,412**	**$ 24,463,311**	**-22.4%**



Personnel Services

The hiring of several new employees in FY 2015/16 at lower salaries than their predecessors will cause salaries and wages in FY 2016/17 to remain relatively flat (0.9% increase); the CV Starr Center expects a salaries and wages increase of 1.1% year-over-year. The cost of total benefits, however, is expected to increase by 10% and workers compensation insurance premiums are expected to increase 43% or $72k.

Health benefit premiums are expected to increase 8% in the coming year. Under current labor agreements, premium costs are shared 80% by the City and 20% by the employee. In addition, the City has 31 covered retirees, 26 of whom receive full health insurance coverage from the City. The remaining retirees pay a portion of the retiree and spousal coverage depending on their date of hire. On average, the City pays 80% of the total retiree medical and dental costs. This expense will diminish over time, as the City has phased out retiree health benefits through its collective bargaining agreements.

The aggregate CalPERS increase (across all plans) in FY 2016/17 is expected to be 11% or $82k. The City's contribution to each employee's pension benefits (i.e., the "employer's share" of CalPERS premiums) are calculated at the following rates: Miscellaneous PEPRA, 6.9%; Miscellaneous Classic, 16.6%; Safety PEPRA 12.1%; Safety Classic, 39.5%.

In FY 2016/17, the City will reclassify the Operations Manager position to Assistant Public Works Director.

The City is a participant in the State of California Direct Reimbursement program for unemployment benefits. Current unemployment programs at the federal and State level provide a combined 63 weeks of coverage. FY 2016/17 costs are estimated to be $10k with no projected increase over FY 2015/16.

Non-personnel Services

Overall materials and services are expected to decrease 27.4% in FY 2016/17. Items of note contributing to the decrease are as follows:

Legal Costs are expected to continue decreasing and are budgeted in FY 2016/17 at a 25% decrease over FY 2015/16. Repairs & Maintenance are budgeted at a decrease of 26% over FY 2015/16 as more repair work will be falling under the category of Capital Projects in the coming year. Travel and Training will increase 47.3% due to the hire of several new employees who will benefit from additional training. Community Contributions will be down 21% due to a lower level of funding for the Public, Education, Government (PEG) access television (-$43k), offset by increased contributions to the Fort Bragg Promotion Committee ($9k). The Waste Management Community Benefit fund does not have any contributions budgeted in FY 2016/17 which will cause a $150k positive variance. Grant administrative costs are expected to decline by $750k due to fewer grant funded capital projects. The Fort Bragg Fire Department made two vehicle purchases in FY 2015/16 whereas none are budgeted for FY 2016/17 causing a positive variance of $112k.

Capital Expenditures are slated to decrease in FY 2016/17 by 42.7%. The decrease is due largely to the completion of the Coastal Trail project which was completed in FY 2015/16 and the Summers Lane Reservoir which was bid and encumbered in FY 2015/16.

Indirect Expenses are comprised of Salary and Benefits allocations as well as Internal Service Fund allocations. In FY 2016/17 this category will decrease 32.5% as a result of the City's new Cost Allocation Plan coupled with improved long-term funding plans in each of the three internal service funds.

ALL FUNDS
EXPENDITURES BY CATEGORY
FY 2013/14 THROUGH FY 2016/17

ALL FUNDS	FY 2013/14 FYE AUDITED	FY 2014/15 FYE AUDITED	FY 2015/16 YTD BUDGET	FY 2015/16 FYE PROJECTED	FY 2016/17 PROPOSED BUDGET	% INCR/ -DECR
Salaries & Wages	$ 3,929,390	$ 5,010,743	$ 5,208,680	$ 5,080,368	$ 5,218,423	2.7%
Benefits	2,492,175	2,556,617	2,738,881	2,633,282	2,902,081	10.2%
Material & Services						
Legal	283,864	261,678	172,000	232,026	175,000	-24.6%
Auditing & Accounting	38,579	47,959	34,650	41,142	40,803	-0.8%
Professional Services	1,329,189	1,495,382	1,702,816	1,288,598	1,206,687	-6.4%
Repair & Maintenance	275,657	267,129	417,442	390,161	288,955	-25.9%
Insurance	125,316	131,035	142,000	150,334	163,589	8.8%
Training/Travel Reimbursement	84,860	65,433	75,800	58,800	86,635	47.3%
Supplies	192,319	124,700	206,015	179,315	130,000	-27.5%
Utilities	407,674	426,589	450,100	451,637	435,050	-3.7%
Community Contributions	69,453	104,166	154,782	165,282	130,691	-20.9%
Other Materials & Services	2,290,047	3,363,007	3,220,906	2,754,516	1,359,801	-50.6%
C.V. Starr Community Center	1,533,507	1,747,358	639,575	679,425	620,981	-8.6%
Capital	3,689,523	5,971,909	8,092,287	5,959,806	3,416,881	-42.7%
Debt Service	780,649	737,388	857,348	852,556	872,617	2.4%
Subtotal	**17,522,202**	**22,311,093**	**24,113,281**	**20,917,248**	**17,048,194**	**-32.5%**
Indirect Expenses	3,695,074	3,617,729	3,746,425	3,744,504	2,527,935	-32.5%
Subtotal	**21,217,275**	**25,928,822**	**27,859,706**	**24,661,752**	**19,576,129**	**-28.8%**
Transfers Out	2,313,265	11,388,446	6,239,359	6,863,660	4,887,182	-28.8%
TOTAL ALL FUNDS	**$ 23,530,540**	**$ 37,317,268**	**$ 34,099,065**	**$ 31,525,412**	**$ 24,463,311**	**-22.4%**

Expenditures by Function/Program

General Government and Non-Departmental categories are budgeted to decrease in FY 2016/17. General Government will decrease 7.5% due to salary and benefits savings coupled with savings in professional services. Non-Departmental will decrease 10.2%. Year-over-year non-departmental professional services will decrease $93k. Additionally no appropriation is requested for the Caspar Landfill closure costs in FY 2016/17. Prior year budget encumbrances, which will continue to roll forward, stand at $390k. Although requested, no invoices have been received or paid in FY 2015/16.

Public Safety shows a year-over-year increase of 7.3%. This increase is due to increases in benefits costs, most notably the CalPERS retirement costs. While the Police Department was not fully staffed in FY 2015/16, it is expected to reach full staffing in FY 2016/17.

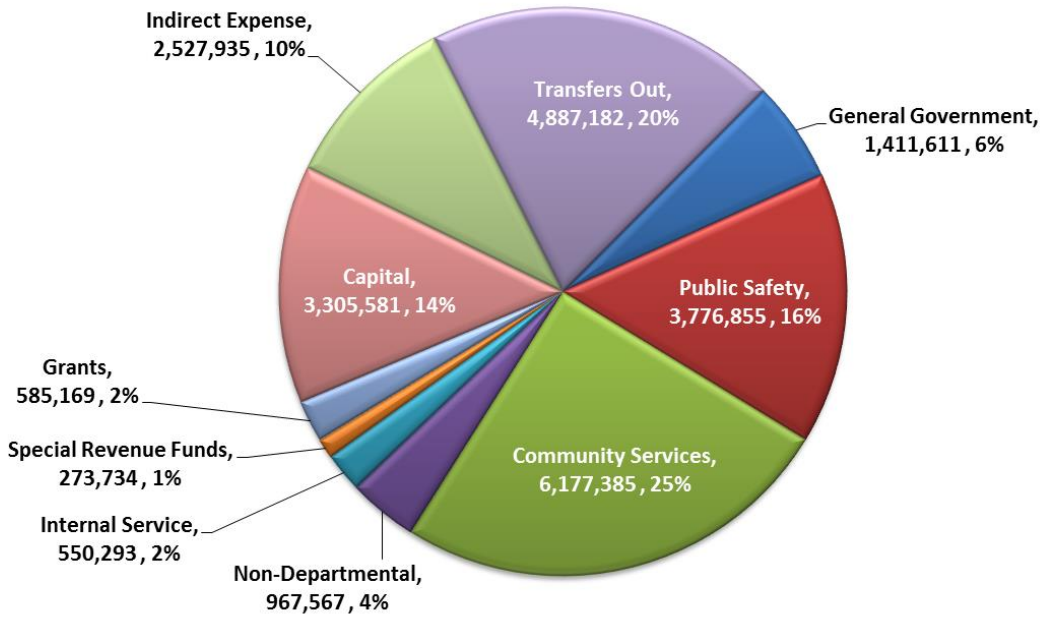
Internal Service expenditures are budgeted to decrease 13.7% in FY 2016/17. Decreases are attributable to lower overhead allocations as well as more capital project work in the Facilities internal service fund.

The Grants and Capital categories will decrease in FY 2016/17 by 44% and 59%, respectively. Both of these decreases are due largely to the completion of the Coastal Trail project which was completed in FY 2015/16 and the Summers Lane Reservoir which was bid and encumbered in FY 2015/16. Additionally, the HCD/HOME grant will be 72% complete in FY 2015/16 leading to lower grant expenditures in FY 2016/17 ($217k).

ALL FUNDS
EXPENDITURE SUMMARIES BY FUNCTION/PROGRAM
FY 2013/14 THROUGH FY 2016/17

ALL FUNDS		FY 2013/14 FYE AUDITED	FY 2014/15 FYE AUDITED	FY 2015/16 YTD BUDGET	FY 2015/16 FYE PROJECTED	FY 2016/17 PROPOSED BUDGET	% INCR/ -DECR
General Government		$ 1,548,928	$ 1,580,726	$ 1,515,286	$ 1,526,215	$ 1,411,611	-7.5%
Public Safety		3,338,851	3,343,959	3,592,598	3,521,492	3,776,855	7.3%
Community Services		6,085,923	7,278,526	6,157,811	5,970,200	6,177,385	3.5%
Non-Departmental		1,031,880	1,058,470	1,475,399	1,078,036	967,567	-10.2%
Internal Service		517,951	541,230	645,976	637,553	550,293	-13.7%
Special Revenue Funds		350,268	201,541	250,675	821,270	273,734	-66.7%
Grants		1,963,362	2,341,702	2,449,468	1,430,389	585,169	-59.1%
Capital		2,685,039	5,964,941	8,026,069	5,932,094	3,305,581	-44.3%
	Subtotal	**17,522,202**	**22,311,093**	**24,113,281**	**20,917,248**	**17,048,194**	**-18.5%**
Indirect Expense		3,695,074	3,617,729	3,746,425	3,744,504	2,527,935	-32.5%
	Subtotal	**21,217,275**	**25,928,822**	**27,859,706**	**24,661,752**	**19,576,129**	**-20.6%**
Transfers Out		2,313,265	11,388,446	6,239,359	6,863,660	4,887,182	-28.8%
TOTAL ALL FUNDS		**$ 23,530,540**	**$ 37,317,268**	**$ 34,099,065**	**$ 31,525,412**	**$ 24,463,311**	**-22.4%**

FY 2016/17 Expenditures by Function



ALL FUNDS
EXPENDITURE DETAIL BY FUNCTION/PROGRAM
FY 2013/14 THROUGH FY 2016/17

ALL FUNDS	FY 2013/14 FYE AUDITED	FY 2014/15 FYE AUDITED	FY 2015/16 YTD BUDGET	FY 2015/16 FYE PROJECTED	FY 2016/17 PROPOSED BUDGET	% INCR/ -DECR
General Government						
City Council	$ 138,868	$ 147,221	$ 141,451	$ 134,293	$ 148,912	10.9%
Administration	898,741	892,834	919,171	886,359	818,972	-7.6%
Litigation Reserve	149,618	113,569	-	70,000	-	
Finance	361,701	427,103	454,664	435,563	443,726	1.9%
General Government Subtotal	**1,548,928**	**1,580,726**	**1,515,286**	**1,526,215**	**1,411,611**	**-7.5%**
Public Safety						
Police Department	2,966,390	2,979,272	3,203,348	3,130,570	3,371,375	7.7%
Fire Department	372,461	364,687	389,250	390,922	405,480	3.7%
Public Safety Subtotal	**3,338,851**	**3,343,959**	**3,592,598**	**3,521,492**	**3,776,855**	**7.3%**
Community Services						
Community Development	387,903	369,180	433,293	405,013	471,922	16.5%
Community Contributions	69,453	104,166	154,782	165,282	130,691	-20.9%
Public Works - Non-Enterprise	1,309,569	1,291,369	1,488,441	1,460,179	1,410,157	-3.4%
Public Works - Enterprise	2,783,577	2,765,181	2,375,526	2,341,865	2,404,367	2.7%
C.V. Starr - Enterprise	1,535,420	2,748,630	1,705,769	1,597,862	1,760,247	10.2%
Community Services Subtotal	**6,085,923**	**7,278,526**	**6,157,811**	**5,970,200**	**6,177,385**	**3.5%**
Non-Departmental						
Caspar Closure & Landfill	233,192	237,764	537,779	147,760	147,779	0.0%
Other Non-Departmental	798,688	820,706	937,620	930,275	819,788	-11.9%
Non-Departmental Subtotal	**1,031,880**	**1,058,470**	**1,475,399**	**1,078,036**	**967,567**	**-10.2%**
Subtotal	**12,005,582**	**13,261,680**	**12,741,094**	**12,095,942**	**12,333,417**	**2.0%**
Internal Service Funds	517,951	541,230	645,976	637,553	550,293	-13.7%
Indirect Expenses	3,695,074	3,617,729	3,746,425	3,744,504	2,527,935	-32.5%
Operating Subtotal	**16,218,607**	**17,420,639**	**17,133,495**	**16,477,999**	**15,411,645**	**-6.5%**
Special Revenue	350,268	201,541	250,675	821,270	273,734	-66.7%
Grants	1,963,362	2,341,702	2,449,468	1,430,389	585,169	-59.1%
Capital	2,685,039	5,964,941	8,026,069	5,932,094	3,305,581	-44.3%
Subtotal	**21,217,275**	**25,928,822**	**27,859,706**	**24,661,752**	**19,576,129**	**-20.6%**
Fund Transfers	2,313,265	11,388,446	6,239,359	6,863,660	4,887,182	-28.8%
TOTAL ALL FUNDS	**$ 23,530,540**	**$ 37,317,268**	**$ 34,099,065**	**$ 31,525,412**	**$ 24,463,311**	**-22.4%**

Note: Administration, as presented above includes Administrative Services, City Manager and City Attorney.

BUDGET SUMMARY – GENERAL FUND

OVERVIEW

The City of Fort Bragg's fiscal year (FY) 2016/17 General Fund operating budget is $8.64 million, including transfers. Core city services such as police, community development, parks, and street maintenance are budgeted in the General Fund. General Fund resources are closely linked to economic and development activity in the City and expenditures fund essential front line and "quality of life" services that our citizens expect.

Fort Bragg's General Fund is reliant on sales tax, transient occupancy tax (TOT), property tax, and fees charged for services rendered to fund operations. As discussed in detail below, General Fund revenues (excluding transfers) are expected to decrease in FY 2016/17 with the total annual revenue projected at $8.14 million. Charges for Services are expected to decrease $1 million or 32%, while TOT is forecast to increase 7.7% or $152k.

As part of the FY 2016/17 budget process, Finance Department staff, with the assistance of outside consultant Ginny Feth-Michel, prepared a new Cost Allocation Plan. The goals were threefold: 1) to help current Finance Department staff understand the logic and methodology of the City's Cost Allocation Plan; 2) once understood, to explain the logic and methodology to Council, the public and other stakeholders; and 3) to ensure that the logic and methodology are relevant and appropriate. In the process, a detailed examination of the past Cost Allocation Plan occurred and the following determinations were made:

- Allocations of Salary and Benefits costs, as calculated in prior years, are appropriate. Allocations of these costs from indirect departments to direct departments are made according to Personnel Staffing Allocation tables presented in each annual budget. The tables represent a fair estimate of the amount of time each City employee spends servicing departments outside of their own.
- Allocations of non-personnel overhead costs, as previously calculated, are made according to the Personnel Staffing Allocation tables presented in each annual budget. While this allocation method is appropriate, as a result of an accounting error, the calculation has not included an allocation to the General Fund and thus a disproportionate share of non-personnel overhead costs have been allocated to the Water and Wastewater Enterprise funds. This accounting error is corrected in the new Cost Allocation Plan.
- Fleet & Equipment Services are allocated according to the number of vehicles in each department. Facilities Repair & Maintenance, as well as Technology Maintenance & Replacement are allocated 50% to the General Fund, 25% to the Water Enterprise and 25% to the Wastewater Enterprise according to prior direction from Council. Staff proposes to re-visit the Facilities and Technology allocations in subsequent years with the intention of proposing an improved methodology

The FY 2016/17 result of using the new Cost Allocation Plan for non-personnel overhead costs is a loss of revenue to the General Fund of about $815k year-over-year. Additionally, in FY 2016/17, the General Fund will receive $160k less in administration fees from the State of California in connection with the winding down of the former Fort Bragg Redevelopment Agency. These two revenue losses are offset somewhat by forecast tax revenue increases as well as budgeted expenditure decreases which result in an overall a $486k General Fund deficit.

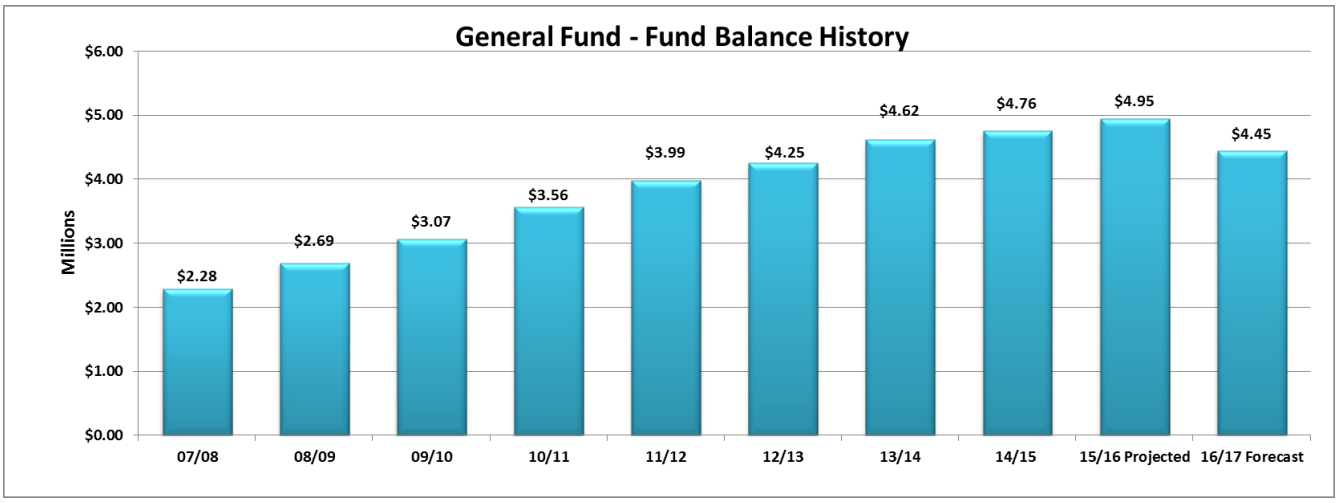
Although the General Fund has sufficient undesignated fund balance to withstand the deficit in FY 2016/17, it is imperative that the City remain focused on enhancing General Fund revenue streams and containing costs in the years to come.

GENERAL FUND - FUND BALANCE

The year-end General Fund balance for FY 2014/15 through FY 2016/17 is shown below.

	FY 2014/15 AUDITED	FY 2015/16 PROJECTED	FY 2016/17 PROJECTED
Total General Fund Balance	$ 4,757,789	$ 4,949,332	$ 4,449,768

General Fund balance has been steadily increasing over the last ten years as shown in the graph below. Fund balance will decrease in FY 2016/17 however, due chiefly to the City's new Cost Allocation Plan. It should be expected that this trend will continue over the next few years. Conversely, the City's Enterprise funds will see increases in fund balance.



GENERAL FUND RESERVES

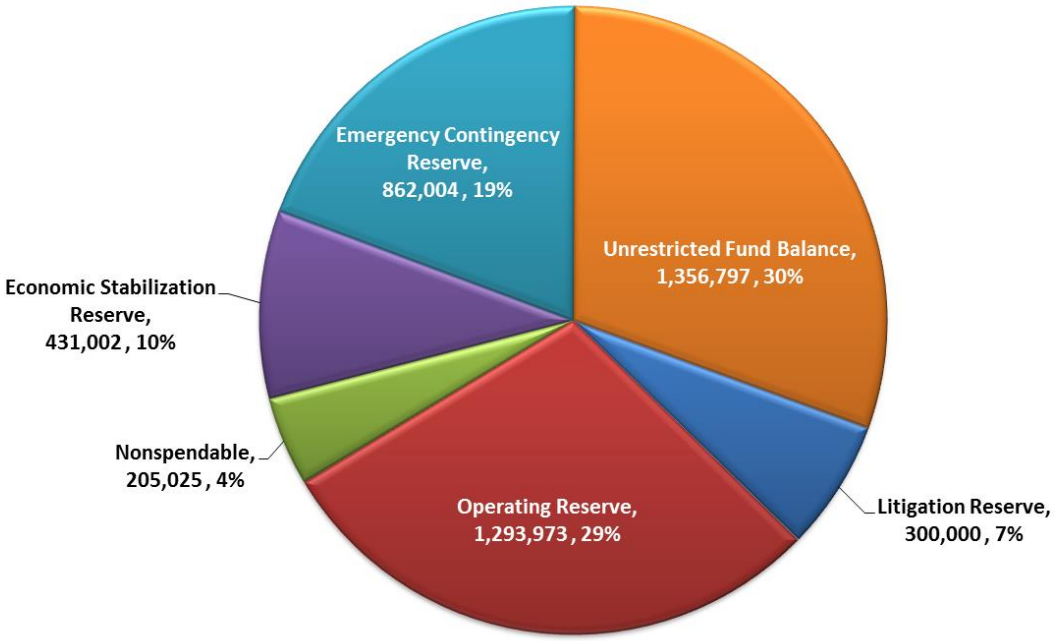
The City's General Fund reserves are established in accordance with the "Fund Balance & Reserve Policies" which are intended to ensure the continued financial well-being of the City by planning for unanticipated emergency and contingency needs. The City Council periodically reviews and updates the reserve policies and budgeted reserve funds to ensure that the City has sufficient resources to adequately address emergencies, economic uncertainties, unforeseen operating or capital needs, economic development opportunities, and cash flow requirements. The FY 2016/17 Budget commits fund balance in the General Fund to the following reserves:

- $862,649 to the Emergency Contingency Reserve
- $431,324 to the Economic Stabilization Reserve
- $1,293,973 to the General Fund Operating Reserve
- $300,000 to the Litigation Reserve

As shown below, the General Fund's "unrestricted fund balance" in FY 2016/17 is estimated at about $1.36 million.

	PROJECTED FY 2016/17
Total General Fund Balance	$ 4,935,843
Less Appropriated Fund Balance	486,075
Sub Total Fund Balance	4,449,768
Less Nonspendable (Inventory, etc.)	205,025
Less Committed Reserves (Set by Council Resolution)	
Emergency Contingency Reserve	862,649
Economic Stabilization Reserve	431,324
Litigation Reserve	300,000
Less Assigned Reserves	
Operating Reserve	1,293,973
Unrestricted Balance	$ 1,356,797

SUMMARY OF FUND BALANCE



GENERAL FUND REVENUE

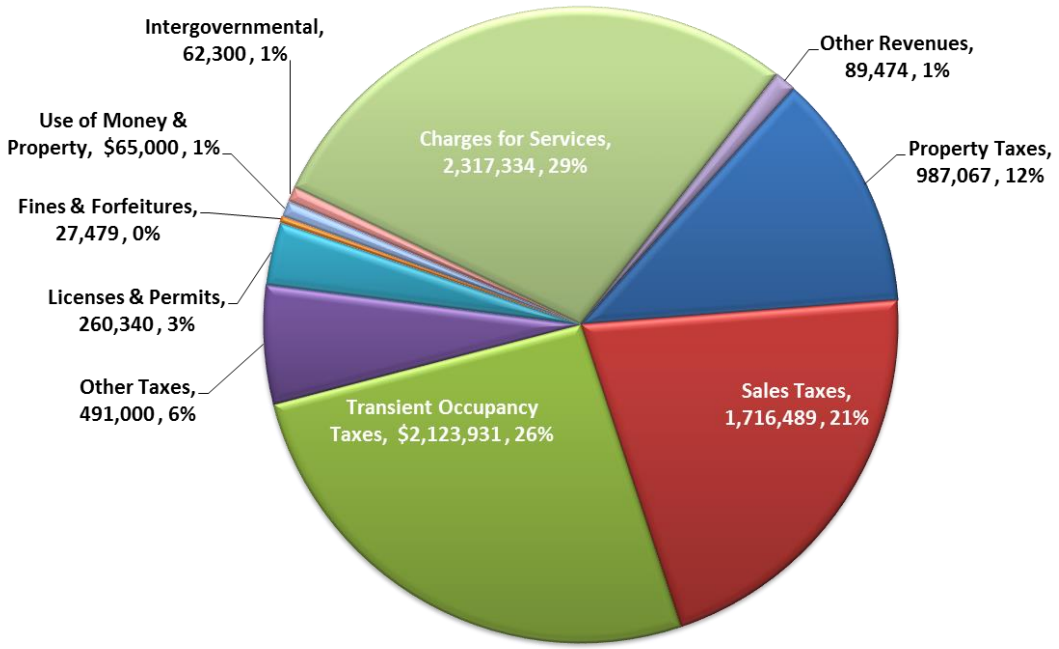
FY 2016/17 General Fund revenues are projected to total $8.14 million, a decrease of 10.2% over projected results for FY 2015/16.

The General Fund is supported by a diverse set of revenue sources including tax revenues, fees charged for services, licenses and permits, and other more minor sources. In the pages that follow, each of the major General Fund revenue sources is described with information about historical trends and current budgeted revenues.

GENERAL FUND
SUMMARY OF REVENUES BY CATEGORY
FY 2013/14 THROUGH FY 2016/17

GENERAL FUND	FY 2013/14 FYE AUDITED	FY 2014/15 FYE AUDITED	FY 2015/16 YTD BUDGET	FY 2015/16 FYE PROJECTED	FY 2016/17 PROPOSED BUDGET	% INCR/ -DECR
Property Taxes	$ 915,268	$ 884,602	$ 878,780	$ 979,912	$ 987,067	0.7%
Sales Taxes	1,625,916	1,666,675	1,744,980	1,740,733	1,716,489	-1.4%
Transient Occupancy Taxes	1,667,580	1,857,831	1,790,060	1,972,081	2,123,931	7.7%
Other Taxes	496,423	493,063	491,000	491,000	491,000	0.0%
Total Taxes	**4,705,187**	**4,902,171**	**4,904,820**	**5,183,726**	**5,318,487**	**2.6%**
Licenses & Permits	233,793	253,970	253,150	260,340	260,340	0.0%
Fines & Forfeitures	30,509	21,550	22,200	24,572	27,479	11.8%
Use of Money & Property	21,737	33,101	31,000	33,270	65,000	95.4%
Intergovernmental	44,391	113,839	81,000	87,793	62,300	-29.0%
Charges for Services	3,433,308	3,666,932	3,438,175	3,409,187	2,317,334	-32.0%
Other Revenues	116,544	59,073	80,000	66,984	89,474	33.6%
TOTAL GENERAL FUND	**$ 8,585,468**	**$ 9,050,636**	**$ 8,810,345**	**$ 9,065,871**	**$ 8,140,414**	**-10.2%**

REVENUES BY CATEGORY FY2016/17



DISCUSSION OF GENERAL FUND REVENUE TRENDS

The General Fund supports many of the City's core services and administrative functions. The major revenue sources for the General Fund are sales tax, Transient Occupancy Tax (TOT), and charges for services.

In FY 2016/17, General Fund operating revenues are expected to decrease when compared to FY 2015/16 projections. Taxes remain the largest resource supporting General Fund operations in the FY 2016/17 Operating Budget. Taxes represent 65% of all General Fund revenues with the primary taxes comprised of sales taxes, TOT, utility franchise taxes, and property taxes.

FY 2016/17 General Fund revenues include an allocation of $30k from the General Plan Maintenance Fee fund to offset costs associated with the Community Development Department's work to keep the City's General Plans and Land Use & Development Codes up to date. Also included is an allocation of $130k from the Asset Forfeiture fund to offset costs associated with the police officer assigned to the Major Crimes Task Force as well as the costs associated with the City's new K-9 unit.

FY 2016/17 General Fund revenues include an allocation of $31k from Fund 221 (Highway User Tax) to cover the cost of two seasonal street maintenance workers. Fund 221, Fund 250 (Special Sales Tax – Street Repair) and Fund 230 (Traffic & Safety) will contribute to two streets capital projects; a structural repair project ($1.6 million), and an alley rehabilitation project ($300k).

For several years, the City has worked to augment its General Fund revenues by focusing significant staff efforts on obtaining grants for capital projects, planning, economic development, and public safety activities, and by retaining as much grant funding as possible in-house to offset staff costs associated with grant administration and activity delivery. It is anticipated that in FY 2016/17, $111k in grant revenues will be transmitted to the General Fund to offset personnel costs related to grant administration. In addition, in FY 2016/17, Developer Deposit Accounts and permit fees will result in approximately $25k in revenue each. A portion of the City's Community Service Officers' personnel costs are offset by an annual $100k COPS grant.

TOT revenues are expected to increase by 7.7% in FY 2016/17. General Fund sales taxes in FY 2016/17 are projected to decrease approximately 1.4%. Sales taxes include the 7.5% statewide sales and use tax, and the Proposition 172 taxes.

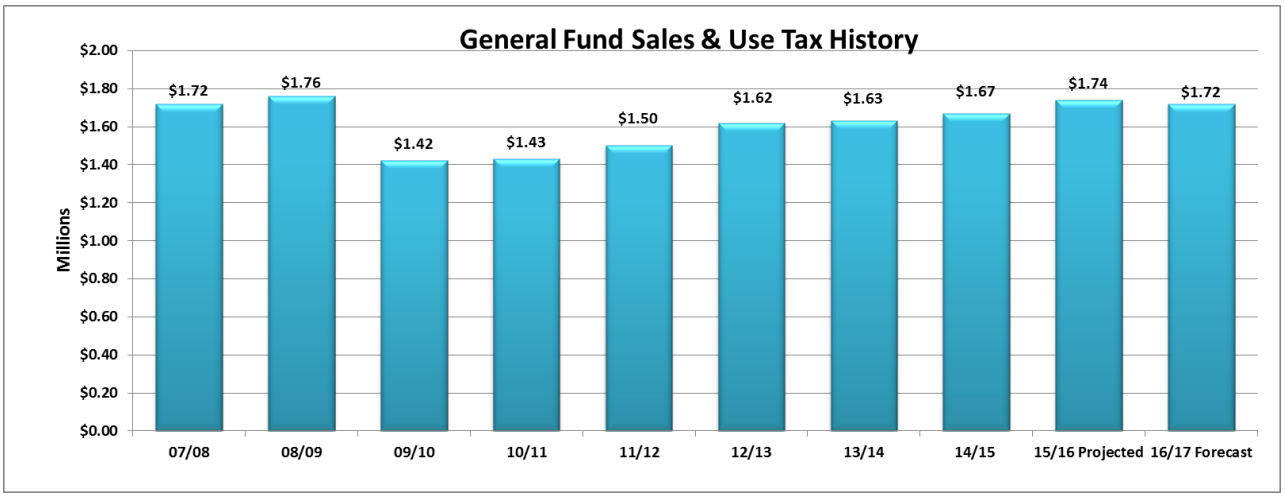
The major revenue General Fund sources are discussed on the following pages.

Sales Tax

The Sales Tax category includes general sales and use taxes and Proposition 172 sales taxes. Sales tax is an excise tax which applies to all retail sales of merchandise. Retailers are liable for reporting and payment of the tax. Use tax is an excise tax imposed on consumers of merchandise that is used, consumed or stored in California and which has been purchased from out-of-state vendors not collecting California sales tax. The statewide sales and use tax rate is 7.5% of which the State receives 6.5% and the City receives approximately 1% (known as the Bradley Burns Local Sales and Use Tax). Since 2005, the City has received 0.75% of the Bradley Burns tax and the remaining 0.25% was remitted to the City twice a year due to a tax transfer known as the "triple flip" that was formulated to pay bonds issued by the State. The sales tax received will revert to the 1% in FY 2016/17 when the bonds that caused the Triple Flip transfer are paid off. Termination of the triple flip will result in more timely payments of sales tax receipts.

Sales tax revenues in FY 2016/17 are expected to decrease compared to FY 2015/16 receipts by approximately 1.4%. The City's outside consultant, MuniServices analyzes trends in year-to-date tax receipts, macroeconomic conditions and local business data when forecasting sales tax revenue. It is anticipated that FY 2016/17 revenues will decrease slightly to $1.71 million as compared to expected receipts of $1.74 million in FY2015/16. The decrease is the result of the transition away from the triple flip discussed above and the final "true up" payment for the triple flip which was received in FY 2015/16. Year over year growth is expected to resume in FY 2017/18.

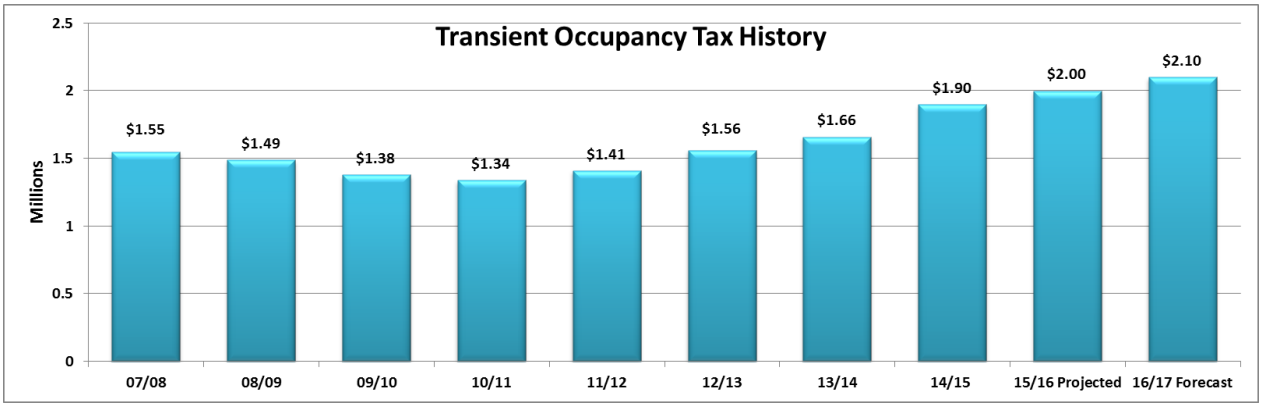
Long-term there are a number of factors resulting in the very slow growth of the City's sales tax. Most notably internet retailing is drawing an ever-increasing share of local sales with little resulting tax revenue. Also, fuel and gasoline sales have fallen considerably due to lower prices in recent year. These trends are likely to continue to exert downward pressure on sales tax growth, a key revenue source that constitutes approximately 21% of General Fund revenue.



Transient Occupancy Tax

Transient Occupancy Tax (TOT) is a 10% local tax that is applied to the cost of hotel or other lodging stays of less than 30 days. TOT is collected by lodging establishments and remitted to the City on a monthly basis. Factors influencing TOT revenues include vacancy rates, changes in business and leisure travel, new hotels, hotel expansion, and room rate increases. TOT is the largest General Fund revenue source and is expected to account for 26% of all projected General Fund resources next year.

Based on year-to-date receipts, FY 2015/16 year-end TOT revenues are projected to be approximately $114k higher than FY 2014/15 totals. The FY 2016/17 Budget projects a 7.7% increase in TOT revenues representing $152k in additional revenues in the next fiscal year. The anticipated TOT revenue total for FY 2016/17 is $2.1 million which is an all-time high for Fort Bragg.



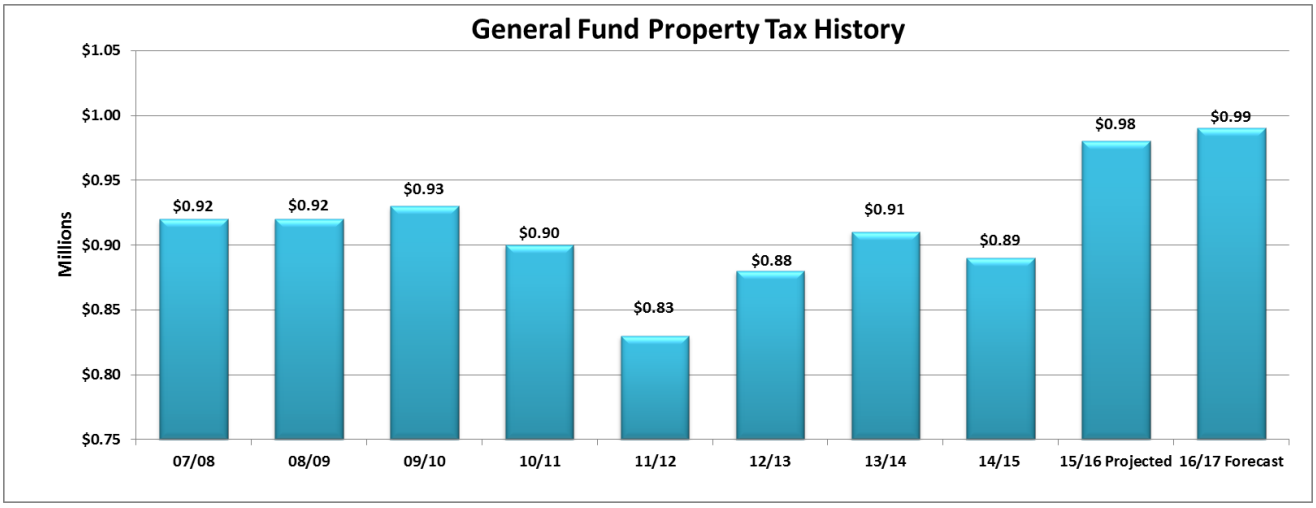
Property Tax

Property tax is an ad valorem (value-based) tax imposed on real property and tangible personal property within the City's jurisdiction. It includes two major elements: secured or real property (e.g., house and land on which the house was built), and unsecured or personal property (e.g., machinery). Under Proposition 13, the general property tax rate cannot exceed 1% of a property's assessed value plus other assessments as approved by the voters. The assessed value of real property that has not changed ownership increases by the change in the California Consumer Price index up to a maximum of 2% per year. Property is assessed at the full market value upon change of ownership. Newly constructed property is assessed at the full market value in the first year in which the construction is completed.

Property tax revenue is collected by the county and allocated according to State law among cities, counties, school districts and special districts.

Throughout the City's history, property tax revenue has grown over time, reflecting both new development and increasing property values in Fort Bragg. As in most of the country, during the recession, property tax revenues declined in the City due to lower sales prices and adjustments in assessments. Data from the local Multiple Listing Service (MLS) indicated a year-over-year increase in number of sales of 10.8% for the "Coastal Area" comparing 2014 to 2015. For the same period and area, a 12% increase in the median home price is indicated. The data reported by the MLS as well as the receipts received from the County in December 2015 indicate that the local housing market continues to strengthen.

Property tax is conservatively budgeted to increase 0.7% in FY 2016/17. The County of Mendocino provides an annual property tax forecast which is typically received in late May after the City budget has been developed. Although FY 2015/16 is expected to show an increase of 11% over FY 2014/15, it remains to see if this will be a sustained multi-year trend.



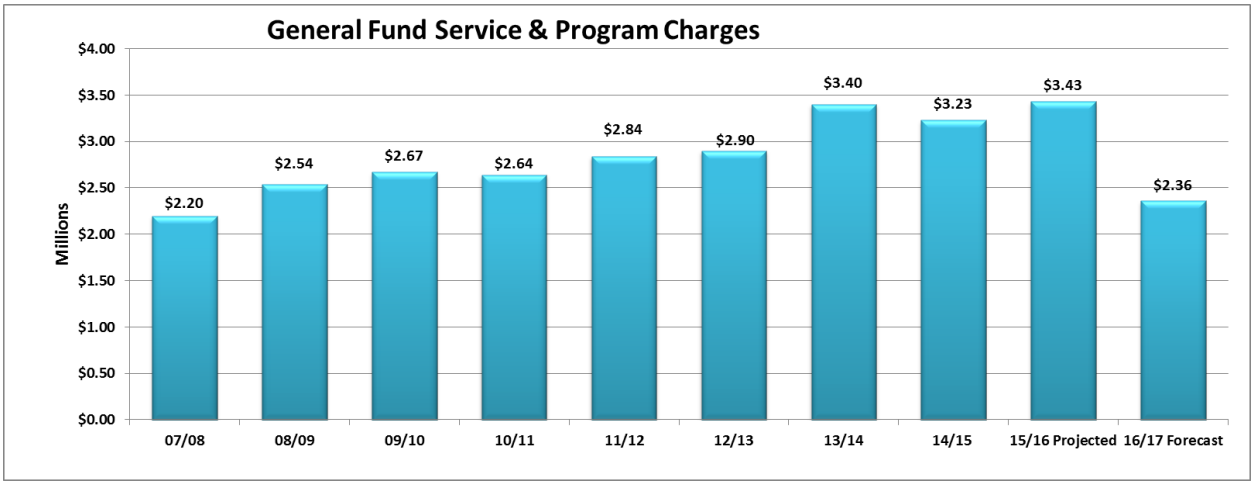
Service and Program Charges

Charges for services include all General Fund services provided to external and internal customers. The City has developed service fees that are designed to recover a specified portion of the service cost. This is referred to as the Cost Allocation Plan and has been revised for FY 2016/17.

Charges for Services revenue represents about 28% of total estimated General Fund revenues in FY 2016/17. The $2.4 million budgeted in FY 2016/17 represents a decrease of approximately $1 million or 32% from the prior year due to both the City's new Cost Allocation Plan and a reduction in administration fees received from the State of California in connection with the wind down of the Fort Bragg Redevelopment Agency. In addition, Interfund Cost Reimbursements are projected to decline from FY 2015/16. This decline results from some revenues being reclassified from a cost reimbursement basis to participate in the Cost Allocation Plan instead. Details of the Interfund Cost Reimbursement line items are found on page B-36, and B-46 through B-45.

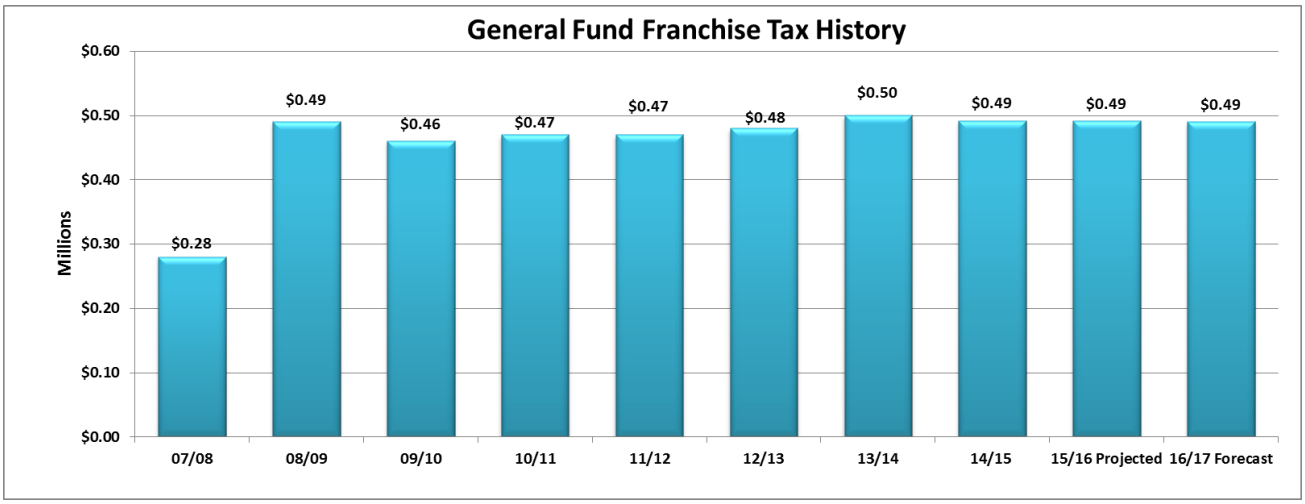
Details of the charges for services are shown in the table below:

General Fund Detail of Revenue Services & Programs	FY 2014/15 FYE AUDITED	FY 2015/16 YTD BUDGET	FY 2015/16 FYE PROJECTED	FY 2016/17 FORECAST
Charges for Services to Other Funds	$ 2,784,699	$ 2,797,875	$ 2,797,875	$ 1,822,356
Interfund Cost Reimbursement	-	450,000	450,000	308,000
Grant Administration	357,918	100,000	87,127	110,678
City Expense Reimbursement - Developers	27,090	40,000	23,885	25,000
Miscellaneous	59,073	80,000	66,984	89,474
Totals	**$ 3,228,779**	**$ 3,467,875**	**$ 3,425,871**	**$ 2,355,508**



Franchise Taxes

Franchise tax revenue consists of taxes on three franchise operations in Fort Bragg: electric, cable television and solid waste disposal. The State sets electric utility tax rates that equal 0.5% of gross annual revenues and 5% of gross cable television revenues from within the City. The franchise fee for solid waste collection was established by the City many years ago when the City and County closed the jointly-owned Caspar Landfill. Franchise taxes have remained fairly stable throughout the recession. Revenue from cable television franchise fees has been slowly declining as more customers move to satellite and internet-based services. Revenue from Pacific Gas & Electric rose steadily until 2009 when it declined slightly and has remained at approximately $38k per year since then. For FY 2016/17, franchise tax revenue is estimated at $491k.

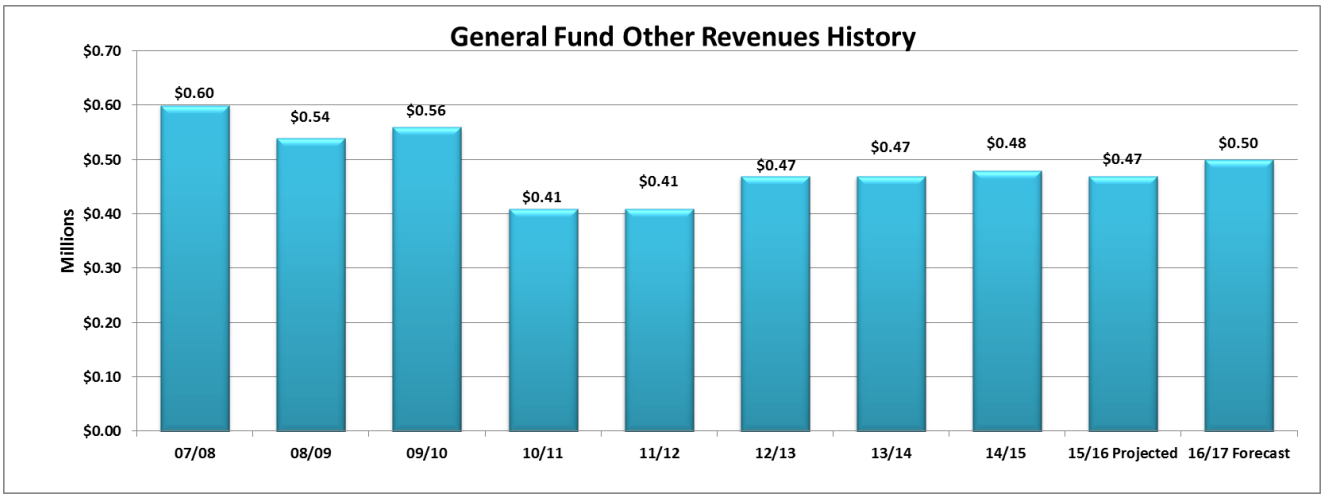


Other Revenues

Other revenues include licenses and permits, fines and forfeitures, interest earned, and miscellaneous, one-time revenues and intergovernmental revenues such as reimbursements for required public safety training. Revenues in this category can vary greatly due to the nature of the one-time revenues that are included.

In FY 2015/16, the City received payment under SB 90 which reimburses the City for meeting activities mandated by the State. The State has released additional funds for this purpose and it is anticipated that reimbursement revenue will continue in FY 2016/17 ($24k). Use of Money and Property is expected to increase due to sale of surplus property ($20k).

General Fund Detail of Revenue Other Revenues	FY 2014/15 FYE AUDITED	FY 2015/16 YTD BUDGET	FY 2015/16 FYE PROJECTED	FY 2016/17 FORECAST
Licenses & Permits	$ 253,970	$ 253,150	$ 260,340	$ 260,340
Intergovernmental	113,839	81,000	87,793	62,300
Use of Money & Property	33,101	31,000	33,270	65,000
Fines & Forfeitures	21,550	22,200	24,572	27,479
Other Revenues	59,073	80,000	66,984	89,474
Totals	**$ 481,533**	**$ 467,350**	**$ 472,958**	**$ 504,593**



GENERAL FUND
DETAIL OF REVENUES BY CATEGORY
FY 2013/14 THROUGH FY 2016/17

	FY 2013/14 FYE AUDITED	FY 2014/15 FYE AUDITED	FY 2015/16 YTD BUDGET	FY 2015/16 FYE PROJECTED	FY 2016/17 PROPOSED BUDGET	% INCR/ -DECR
Taxes						
Property Taxes	$ 349,373	$ 308,597	$ 308,380	$ 393,789	$ 397,867	1.0%
VLF Swap	540,233	545,257	549,000	559,544	565,000	1.0%
Supplement SB 813	782	4,463	2,500	2,819	2,800	-0.7%
Homeowners Property Tax Relief	3,830	3,831	3,900	3,372	3,400	0.8%
Transfer Taxes	21,695	19,441	15,000	15,000	15,000	0.0%
Motor Vehicle In-Lieu Tax	(644)	3,012	-	5,387	3,000	-44.3%
Sales and Use Taxes	1,200,376	1,248,571	1,414,079	1,403,531	1,699,739	21.1%
In-Lieu Sales Taxes - Triple Flip	409,756	401,261	314,901	321,202	-	-100.0%
Proposition 172 Sales Taxes	15,784	16,843	16,000	16,000	16,750	4.7%
Transient Occupancy Taxes	1,667,580	1,857,831	1,790,060	1,972,081	2,123,931	7.7%
Franchise Taxes	496,423	493,063	491,000	491,000	491,000	0.0%
Total Taxes	**4,705,187**	**4,902,171**	**4,904,820**	**5,183,726**	**5,318,487**	**2.6%**
Licenses & Permits						
Business Licenses	204,083	218,271	218,000	225,000	225,000	0.0%
Construction/Building Permits	19,645	26,644	25,500	25,690	25,690	0.0%
Other Licenses & Permits	10,066	9,055	9,650	9,650	9,650	0.0%
Total Licenses & Permits	**233,793**	**253,970**	**253,150**	**260,340**	**260,340**	**0.0%**
Fines & Forfeitures						
Parking Fines	18,980	12,644	11,500	17,132	18,000	5.1%
Miscellaneous Fines	11,529	8,907	10,700	7,440	9,479	27.4%
Total Fines & Forfeitures	**30,509**	**21,550**	**22,200**	**24,572**	**27,479**	**11.8%**
Use of Money and Property						
Investment Interest	10,759	23,975	25,000	25,000	37,900	51.6%
Rents and Concessions	5,525	9,126	6,000	8,270	7,100	-14.1%
Sales of Surplus Assets	5,453	-	-	-	20,000	0.0%
Total Use of Money and Property	**21,737**	**33,101**	**31,000**	**33,270**	**65,000**	**95.4%**
Intergovernmental						
DNA Reimbursement	4,993	7,273	6,000	6,000	6,000	0.0%
PD Post Training Reimbursement	27,648	8,874	17,000	24,993	20,500	-18.0%
SB 90 Reimbursement	-	83,892	47,000	47,000	24,000	-48.9%
Booking Fee Reimbursement	11,750	13,800	11,000	9,800	11,800	20.4%
Total Intergovernmental	**44,391**	**113,839**	**81,000**	**87,793**	**62,300**	**-29.0%**
Charges for Services						
Grant Administration	76,752	357,918	100,000	87,127	110,678	27.0%
City Exp Reimbursement - Developers	23,396	27,090	40,000	23,885	25,000	4.7%
Police Fingerprints	21,347	23,697	22,000	22,000	22,000	0.0%
Community Development Fees	28,030	29,115	20,300	20,300	20,300	0.0%
Successor Agency Admin	250,000	250,000	250,000	250,000	89,607	-64.2%
Internal Charges for Services	2,546,934	2,534,699	2,547,875	2,547,875	1,732,749	-32.0%
Interfund Cost Reimbursement			450,000	450,000	308,000	-31.6%
Other Current Services	12,246	6,644	8,000	8,000	9,000	12.5%
Total Charges for Services	**2,958,705**	**3,229,163**	**3,438,175**	**3,409,187**	**2,317,334**	**-32.0%**
Other Revenues						
Insurance Refund	11,464	-	-	-	-	0.0%
Miscellaneous	105,080	59,073	80,000	66,984	89,474	33.6%
Total Other Revenues	**116,544**	**59,073**	**80,000**	**66,984**	**89,474**	**33.6%**
Total General Fund Revenue	**$ 8,110,865**	**$ 8,612,867**	**$ 8,810,345**	**$ 9,065,871**	**$ 8,140,414**	**-10.2%**

DISCUSSION OF GENERAL FUND EXPENDITURE TRENDS

As shown on the table below, General Fund expenditures (including transfers-out) in FY 2015/16 are projected at $8.8 million. Expenditures are projected to decrease to $8.6 million in FY 2016/17. The FY 2016/17 General Fund budget has a very tight rein on expenditures, resulting in a net decrease of 2.6%, a $233k decrease over FY 2015/16 expenditures. In response to General Fund revenue declines, staff has worked diligently to reduce expenditures for FY 2016/17. Notable budget reductions are found in Administration (-7.6%), Other Non-Departmental (-11.9%) and Allocations to Internal Service Funds (-26.5%).

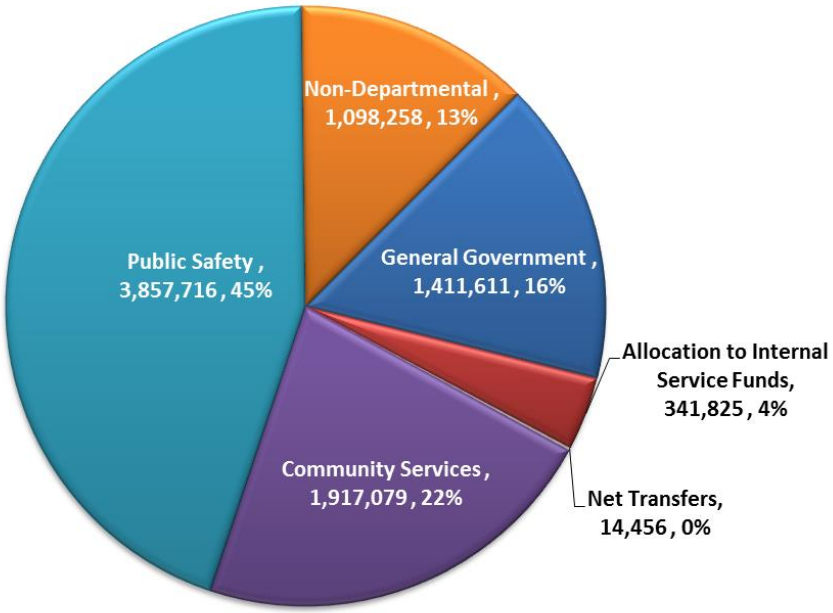
Specific details of expenditures are presented in the Department Details sections of the budget.

GENERAL FUND
EXPENDITURES BY FUNCTION/PROGRAM
FY 2013/14 THROUGH FY 2016/17

GENERAL FUND	FY 2013/14 FYE AUDITED	FY 2014/15 FYE AUDITED	FY 2015/16 YTD BUDGET	FY 2015/16 FYE PROJECTED	FY 2016/17 PROPOSED BUDGET	% INCR/ -DECR
General Government						
City Council	$ 138,868	$ 147,221	$ 141,451	$ 134,293	$ 148,912	10.9%
Administration	898,741	892,834	919,171	886,359	818,972	-7.6%
Litigation Reserve	149,618	113,569	-	70,000	-	-100.0%
Finance	361,701	427,103	454,664	435,563	443,726	1.9%
General Government Subtotal	**1,548,928**	**1,580,726**	**1,515,286**	**1,526,215**	**1,411,611**	**-7.5%**
Public Safety						
Police Department	3,211,987	3,156,430	3,401,154	3,328,376	3,452,236	3.7%
Fire Department	372,461	364,687	389,250	390,922	405,480	3.7%
Public Safety Subtotal	**3,584,448**	**3,521,117**	**3,790,404**	**3,719,298**	**3,857,716**	**3.7%**
Community Services						
Community Development	387,903	369,180	433,293	405,013	471,922	16.5%
Public Works	1,309,807	1,318,122	1,523,441	1,495,179	1,445,157	-3.3%
Community Services Subtotal	**1,697,711**	**1,687,303**	**1,956,734**	**1,900,192**	**1,917,079**	**0.9%**
Non-Departmental						
Community Contributions	69,453	104,166	154,782	165,282	130,691	-20.9%
Caspar Closure & Landfill	233,192	237,764	537,779	147,760	147,779	0.0%
Other Non-Departmental	875,523	820,706	937,620	930,275	819,788	-11.9%
Non-Departmental Subtotal	**1,178,169**	**1,162,636**	**1,630,181**	**1,243,317**	**1,098,258**	**-11.7%**
General Fund Subtotal	**8,009,256**	**7,951,781**	**8,892,605**	**8,389,022**	**8,284,664**	**-1.2%**
Allocation to Internal Service Funds	296,361	410,013	464,872	464,872	341,825	-26.5%
General Fund Subtotal with Allocations	**8,305,617**	**8,361,794**	**9,357,477**	**8,853,894**	**8,626,489**	**-2.6%**
Net Transfers	212,287	112,992	46,806	20,434	14,456	-29.3%
TOTAL GENERAL FUND	**$ 8,517,904**	**$ 8,474,786**	**$ 9,404,283**	**$ 8,874,328**	**$ 8,640,945**	**-2.6%**

Note: Administration, as presented above includes Administrative Services and City Attorney.

EXPENDITURES BY FUNCTION

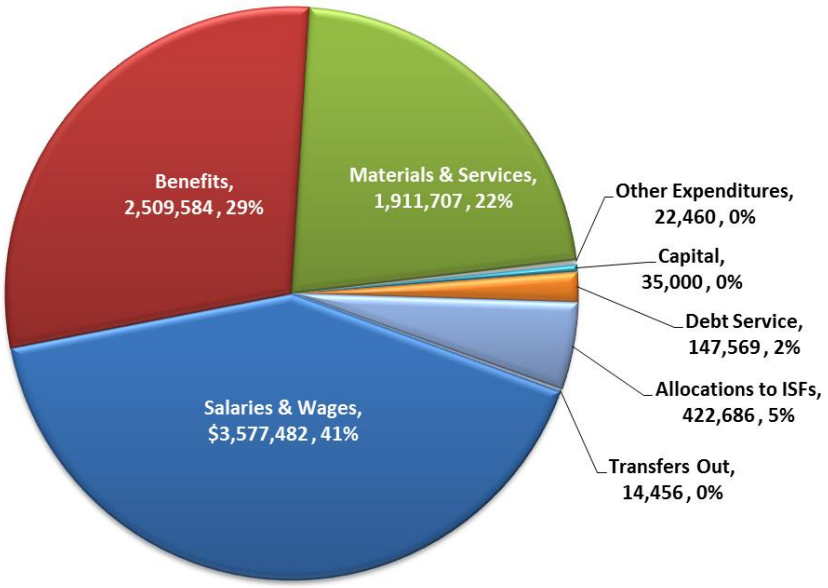


Public Safety represents the largest General Fund function/program at 45% of total General Fund expenditures, followed by Community Services (including Public Works) at 22% and General Government at 16%.

GENERAL FUND
EXPENDITURES BY CATEGORY
FY 2013/14 THROUGH FY 2016/17

GENERAL FUND	FY 2013/14 FYE AUDITED	FY 2014/15 FYE AUDITED	FY 2015/16 YTD BUDGET	FY 2015/16 FYE PROJECTED	FY 2016/17 PROPOSED BUDGET	% INCR/ -DECR
Salaries & Wages	$ 3,347,532	$ 3,351,603	$ 3,581,955	$ 3,545,462	$ 3,577,482	0.9%
Benefits	2,166,750	2,139,274	2,366,262	2,278,426	2,509,584	10.1%
Materials & Services	2,019,482	2,100,175	2,517,553	2,132,417	1,911,707	-10.4%
Other Expenditures	5,156	9,250	46,460	52,341	22,460	-57.1%
Capital	77,074	26,753	35,000	35,000	35,000	0.0%
Debt Service	147,666	147,569	147,569	147,569	147,569	0.0%
General Fund Subtotal	**7,763,659**	**7,774,623**	**8,694,799**	**8,191,216**	**8,203,803**	**0.2%**
Allocations to Internal Service Funds	541,958	587,171	662,678	662,678	422,686	-36.2%
General Fund Subtotal with Allocations	**8,305,617**	**8,361,794**	**9,357,477**	**8,853,894**	**8,626,489**	**-2.6%**
Net Transfers	212,287	112,992	46,806	20,434	14,456	-29.3%
TOTAL GENERAL FUND	**$ 8,517,904**	**$ 8,474,786**	**$ 9,404,283**	**$ 8,874,328**	**$ 8,640,945**	**-2.6%**

EXPENDITURES BY CATEGORY



Personnel Services

Personnel costs are the largest class of expenditures in the General Fund, representing nearly 71% of the expenses in FY 2016/17. Current agreements with the City's two collective bargaining units provide for 1.5% and 2.0% wage increases in FY 2016/17. Some of these costs will be offset by increases in employee contributions to CalPERS premiums.

FY 2016/17 medical and dental rates will increase 8% as compared to those in FY 2015/16. Under current labor agreements, premium costs are shared 80% by the City and 20% by the employee. In addition, the City has 31 covered retirees, 26 of whom receive full health insurance coverage from the City. The remaining retirees pay a portion of the retiree and spousal coverage depending on the date of hire. On average, the City pays 80% of the total retiree medical and dental costs. Retiree health benefits have been phased out through collective bargaining agreements, however there are still a number of current employees who are eligible for such benefits based on their date of hire.

The aggregate CalPERS increase (across all plans) is expected to be 11% or $82k. The City's contribution to each employee's pension benefits (i.e., the "employer's share" of CalPERS premiums) is calculated at the following rates: Miscellaneous PEPRA, 6.9%; Miscellaneous Classic, 16.6%; Safety PEPRA 12.1%; Safety Classic, 39.5%.

The City is a participant in the State of California Direct Reimbursement program for unemployment benefits. Current unemployment programs at the federal and State level provide a combined 63 weeks of overage. FY 2016/17 costs are estimated to be $10k.

Non-Personnel Services

General Fund Materials and Services are budgeted to decrease $227k in FY 2016/17 (11%) and are comprised of the following categories:

General Fund Materials & Services	FY 2015/16 PROJECTED	FY 2016/17 PROPOSED	Change
Professional Services	$ 1,409,508	$ 1,225,870	$ (183,638)
Utilities	214,787	202,100	(12,687)
Insurance	150,334	163,589	13,255
Supplies	115,104	79,700	(35,404)
Training/Travel	79,281	89,635	10,354
Equipment Repair and Maintenance	30,240	26,875	(3,365)
Equipment Leases and Rental	40,151	33,700	(6,451)
Dues and Memberships	24,353	17,188	(7,165)
Small Tools and Equipment	23,049	27,150	4,101
Postage	9,236	9,000	(236)
Other	36,374	36,900	526
Total General Fund Materials & Services	**$ 2,132,417**	**$ 1,911,707**	**$ (220,710)**

Professional fees (including legal and audit expenses) make up approximately 64% of General Fund non-personnel expenditures totaling $1.22 million in FY 2016/17. The most notable change is in the charges for the Caspar Landfill closure monitoring costs. No appropriation is requested for the Caspar Landfill closure costs in FY 2016/17. Prior year budget encumbrances, which will continue to roll forward, stand at $390k. Although we have repeatedly requested invoices from Mendocino County (our partner in the closed landfill), no invoices have been received or paid since FY 2010/11. Year over year non-departmental professional services will decrease $93k as no appropriation is included in FY 2016/17 for Mill Site remediation peer review services. Also notable is the anticipated decrease in legal costs.

Additional details of professional fees are presented in the table below:

General Fund Professional Fees and Services	FY 2015/16 PROJECTED	FY 2016/17 PROPOSED	Change
Fire Department	$ 386,250	$ 402,180	$ 15,930
Dispatch Services	310,000	325,500	15,500
Legal Services	225,741	150,000	(75,741)
Mendocino County, Caspar Landfill	-	-	-
Promotion Committee	72,570	81,423	8,853
Public Education Government Access Television	61,391	18,500	(42,891)
Animal Care and Control	29,000	39,500	10,500
Recruitment and Pre-Employment	27,495	22,000	(5,495)
Auditing and Accounting	26,220	24,729	(1,491)
Janitorial	-	3,000	3,000
Chamber of Commerce	8,321	9,268	947
Other Professional Services	262,521	149,770	(112,751)
Total Professional Fees and Services	$ 1,409,508	$ 1,225,870	**$ (183,638)**

CITY OF FORT BRAGG - FY 2016/17
Operating Transfers - All Funds

Fund Type/Name		Transfers In	Transfers Out	Net Transfers
110 General Fund				
To 114 - Litigation Reserve			$ (70,000)	
To 610 - Water-School Playing Fields			(11,000)	
To 146 - OJP Bulletproof Vest Partnership			(3,456)	
From 112 - Economic Stabilization Reserve		8,676		
From 113 - Emergency Contingency Reserve		17,351		
	Total	26,027	(84,456)	(58,429)
112 Economic Stabilization Reserve				
To 110 - General Fund			(8,676)	
	Total	-	(8,676)	(8,676)
113 Emergency Contingency Reserve				
To 110 - General Fund			(17,351)	
	Total	-	(17,351)	(17,351)
114 Lititgation Reserve				
From 110 - General Fund		70,000	-	
	Total	70,000	-	70,000
120 Parking Permits				
To 121 Parking-in-Lieu - Skunk Depot Parking Lot Lease		-	(8,300)	
	Total	-	(8,300)	(8,300)
121 Parking-in-Lieu				
From 120 Parking Permits - Skunk Depot Parking Lot Lease		8,300	-	
	Total	8,300	-	8,300
146 - OJP Bulletproof Vest Partnership				
From 120 Parking Permits - Skunk Depot Parking Lot Lease		3,456	-	
	Total	3,456	-	3,456
162 CDBG Program Income				
To 315- CDBG 2012 Super NOFA			(80,370)	
	Total	-	(80,370)	(80,370)
167 Asset Forfeiture				
To 521 - Technology ISF - for EOC			(10,000)	
	Total	-	(10,000)	(10,000)
221 Highway User Tax				
To 414 - Alley Rehab Project			(125,000)	
	Total	-	(125,000)	(125,000)
230 Traffic & Safety				
To 405- Street Sales Tax - Crosswalk Rehab			(6,800)	
	Total	-	(6,800)	(6,800)
250 Special Sales Tax - Street Repair				
To 405- Street Resurfacing Project			(1,500,000)	
To 405- Crosswalk Rehab			(43,200)	
To 414 - Alley Rehab Project			(175,000)	
	Total	-	(1,718,200)	(1,718,200)
315 CDBG 2014 Super NOFA				
From 162 CDBG Program Income		80,370	-	
To 419 - Bainbridge Park Improvements			(75,000)	
	Total	80,370	(75,000)	5,370
320 State Parks Prop 84				
To 415- Central Coastal Trail & Restoration Project		-	(75,231)	
	Total	-	(75,231)	(75,231)

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CITY OF FORT BRAGG - FY 2016/17
Operating Transfers - All Funds

Fund Type/Name		Transfers In	Transfers Out	Net Transfers
405 Street Resurfacing/ Crosswalk Rehab Projects				
From 250 Special Sales Tax - Street Repair		1,543,200		
From 230 Traffic & Safety		6,800		
	Total	1,550,000	-	1,550,000
414 Alley Rehab Project				
From 221 Highway User Tax		125,000		
From 250 Special Sales Tax - Street Repair		175,000		
	Total	300,000	-	300,000
415 Central Coastal Trail & Restoration Project				
From 320 State Parks Prop 84		75,231		
	Total	75,231	-	75,231
416 Guest House Rehab Capital Project				
From 530 - Facilities ISF Reserve		270,000		
	Total	270,000	-	270,000
417 City Hall Rehabilitation Project				
From 520 - Facilities ISF		164,768		
From 530 - Facilities ISF Reserve		20,232		
	Total	185,000	-	185,000
418 City Hall East Rehabilitation Project				
From 530 - Facilities ISF Reserve		127,000		
	Total	127,000	-	127,000
419 Bainbridge Park Improvments				
From 315 CDBG 2014 Super NOFA		75,000		
	Total	75,000	-	75,000
520 Facilities Internal Service Fund				
To 417 - City Hall Rehabilitation Project			(164,768)	
	Total	-	(164,768)	(164,768)
521 Technology Internal Service Fund				
From 167 - Asset Forfeiture		10,000		
From 531 - Technology ISF Reserve		84,090		
	Total	94,090	-	94,090
522 Fleet Internal Service Fund				
To 532 - Fleet ISF Reserve		-	(431,570)	
	Total	-	(431,570)	(431,570)
530 Facilities Maintenance Reserve Fund				
To 416 - Guest House Rehab Capital Project			(270,000)	
To 417 - City Hall Rehabilitation Project			(20,232)	
To 418 - City Hall East Rehabilitation Project			(127,000)	
	Total	-	(417,232)	(417,232)
531 Technology ISF Reserve Fund				
To 521 Technology Internal Service Fund		-	(84,090)	
	Total	-	(84,090)	(84,090)
532 Fleet ISF Reserve Fund				
From 522 Fleet Internal Service Fund		431,570	-	
	Total	431,570	-	431,570

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CITY OF FORT BRAGG - FY 2016/17
Operating Transfers - All Funds

Fund Type/Name		Transfers In	Transfers Out	Net Transfers
610 Water O&M				
From 110 - School Playing Fields		11,000		
To 614- Non-Routine Maintenance			(142,422)	
To 615 - Groundwater Production Wells Project			(66,000)	
To 615 - Sweep Excess Fund Balance to Capital Reserve			(159,925)	
	Total	11,000	(368,347)	(357,347)
614 Water Enterprise Non Routine Maintenance				
From 610 Water O&M		142,422		
	Total	142,422	-	142,422
615 Water Enterprise Capital Reserve				
From 610 - Groundwater Production Wells Project		66,000		
From 610 - Sweep Excess Fund Balance to Capital Reserve		159,925		
	Total	225,925	-	225,925
710 Wastewater O&M				
To 714- Non-Routine Maintenance			(268,500)	
To 715 - Sweep Excess Fund Balance to Capital Reserve			(943,291)	
	Total	-	(1,211,791)	(1,211,791)
714 WW Enterprise Non-Routine Maintenance				
From 710- WW, Non-Routine Maintenance		268,500		
	Total	268,500	-	268,500
715 WW Enterprise Capital Reserve				
From 710 - Sweep Excess Fund Balance to Capital Reserve		943,291		
	Total	943,291	-	943,291
	Total Transfers	$ 4,887,182	$ (4,887,182)	$ -

GENERAL FUND INTERFUND COST REIMBURSMENT

General Plan Maintenance Fees	$ 30,000
COPS AB 1913 Allocation	100,000
Asset Forfeiture (TFO and K-9 costs)	130,000
Highway User's Tax (Gas Tax) - Seasonal street maint. workers	31,000
MCOG D1 Funds (street repairs -St. Maint dept.)	15,000
Construction/Demolition Ordinance Fees (new trash/recycle cans)	2,000
To General Fund	**$ 308,000**

COST ALLOCATION PLAN
Fiscal Year 2016-17

INTRODUCTION

Purpose of the Plan

The purpose of the City's Cost Allocation Plan is to identify the total costs of providing specific City services and appropriately allocate these costs to the Departments and or Funds who benefit from the identified services. Why is a separate cost accounting analysis required to do this? Because in almost all organizations—whether in the private or the public sector—the cost of producing goods or delivering services can be classified into two basic categories: direct and indirect costs. Programs that incur only direct costs benefit from the City's administrative structure and therefore should be charged for that support.

"Direct costs" by their nature are usually easy to identify and relate to a specific service. However, this is not the case for "indirect costs." As such, if we want to know the "total cost" of providing a specific service, then we need to develop an approach—a plan—for reasonably allocating indirect costs to direct cost programs.

What Are Direct and Indirect Costs? Direct costs are those that can be specifically identified with a particular cost objective, such as street maintenance, police protection and water service. Indirect costs are not readily identifiable with a direct operating program, but rather, are incurred for a joint purpose that benefits more than one cost objective. Although indirect costs are generally not readily identifiable with direct cost programs, their cost should be included if we want to know the total cost of delivering specific services.

Common examples of indirect costs provided by City departments include: the Finance Department provides accounting and utility billing services, the Administrative Services Department provides legal services and personnel administration and the City's Public Works department provides engineering and building and street maintenance.

Budgeting and Accounting for Indirect Costs. Theoretically, all indirect costs could be directly charged to specific cost objectives; however, practical difficulties generally preclude such an approach for organizational and accounting reasons. As such, almost all organizations separately budget and account for direct and indirect costs, depending on their financial reporting needs and the complexity of their operations.

Distributing Indirect Costs. In order to determine the total cost of delivering specific services, some methodology for determining and distributing indirect costs must be developed, and that is the purpose of cost allocation plans: to identify indirect costs and to allocate them to benefiting direct cost programs in a logical, consistent and reasonable manner.

Plan Goal: Reasonable Allocation of Costs. The goal of most Cost Allocation Plans is to provide a clear, consistent and reasonable basis for allocating indirect costs. It is important to stress that the goal of the Cost Allocation Plan is a reasonable allocation of indirect costs, not a "perfect" one. By their very nature, indirect costs are difficult to link with direct costs. As such, in developing an allocation approach, it is important to keep this goal in mind: balancing the cost and effort of complicated allocation methods with the likely benefits from the end results.

INDIRECT COST ALLOCATION STRATEGIES

There are several ways of allocating indirect costs, including:

Internal Service Funds. Many cities allocate costs through formal internal service funds for services like facility maintenance, information technology and fleet maintenance. Typically with this approach, the internal service fund provides services to the organization and charges back departments based on their actual usage of the service at standard per unit billing rates, like a private company would (except the goal is to break even rather than earn a profit). In this case, for the operating programs, indirect costs become direct costs, like they would if they contracted-out for the service.

While this approach can result in added accounting costs to develop internal billing rates and track actual usage, it has the advantage of encouraging more efficient use of internal services by allocating costs based on actual usage, setting aside funds for long-term capital replacement needs and helping measure performance.

As shown in the side bar, the City uses three internal service funds to allocate organization-wide support costs.

City Internal Service Funds

- Facilities Repair and Maintenance
- Technology Maintenance and Replacement
- Fleet and Equipment Services

Payroll Allocations. Some organizations allocate percentages of key support staff to selected funds through direct payroll allocations, such as 15% of the City Manager to the Water Fund or 20% of the Public Works Director to the Wastewater Fund, with direct cost distributions of non-staffing costs via accounts payable where possible.

While this practice is not uncommon, it has some drawbacks, such as the basis for the percentage allocations. Using this method requires a tracking of staff time by task, which requires a detailed method or program, which can be costly or time consuming.

Direct Cost Allocations. Even where internal service funds are used, cost allocation plans are still often needed in allocating indirect costs to the internal service funds (so their costs reflect the full cost of providing services to the organization) and in allocating other indirect costs not typically recovered through internal service funds, such as city manager, city attorney, city clerk, human resources and accounting. In this case, direct cost are sometimes allocated to indirect cost departments based on a percentage of indirect costs or payroll costs and direct costs.

Combination of the Three. Some agencies use a combination of these three approaches as is the case with the City of Fort Bragg.

DETERMINING DIRECT AND INDIRECT COSTS

The first step in preparing the City's Cost Allocation Plan is determining direct and indirect costs. Program costs that primarily provide service to the public are identified as direct costs, whereas the cost of programs that primarily provide services to the organization are identified as indirect costs.

In accordance with generally accepted accounting principles, only operating costs are considered in the determination of indirect costs. As such, capital outlay, debt service, interfund transfers and “pass-through” costs are excluded from the calculations.

The City’s indirect costs departments are: City Council, Administration (Including City Attorney), Finance, Public Works - Administration, Public Works – Corporation Yard and Non-Departmental.

BASES OF ALLOCATION

The City’s method of cost allocation is based primarily on the Personnel Staffing Allocation and therefore assumes that all indirect costs are incurred proportionately to the amount of time each staff member spends on direct cost program. However, this may not be a reasonable assumption in all cases, as the benefit received from certain types of support service programs may be more closely related to another indicator of activity than cost.

For example, if a program service is primarily delivered through contract and does not have any City staffing directly associated with it, distributing human resources costs to it may result in an inequitable allocation of costs. Because of this, the City’s Cost Allocation Plan firsts allocates indirect personnel costs and then bases the allocation of non-personnel costs on the relationship of total personnel costs (both direct and allocated) so that total personnel effort is reflected in the indirect costs allocations.

Some of these costs lend themselves to an easily justified allocation method, other costs may not be as intuitive; however, the allocation of costs are consistent with generally accepted accounting principles and recognize the concept that the cost of developing the information necessary to perform the cost allocations should not exceed the benefits likely to be gained.

INDIRECT COST ALLOCATIONS

Historically the City has estimated the percentage of time each staff member spends in each of the direct costs areas and presented this estimate in the City’s budget. Personnel costs are allocated based on

these allocations. The personnel staffing allocations reflect the City's estimate of the percentage of time each staff member spends working in areas that benefit each of the City's costs centers that receive an allocation from indirect cost departments. These estimates have been determined by the department director based on staffing, anticipated work load and departmental project plans. In future years the City's project management system in conjunction with the payroll system will provide actual time spent on various activities and projects and will be the basis for determining estimates of time spent in direct cost areas.

Non personnel costs, such as professional fees, supplies and repairs and maintenance are allocated based on the department's personnel cost percentage applied to the total non-personnel costs to be allocated.

A summary of the indirect cost allocations is presented on page B-43.

SIMPLE METHOD OF ALLOCATING COSTS

With a sophisticated cost allocation system, the cost of one indirect program would be allocated to the other indirect costs programs and iterative allocations then made to direct cost programs until all indirect costs are distributed. However, this process is extremely time consuming and places a higher level of reliance on the underlying significance of the allocation bases than may be appropriate.

The City has opted to use a "simple method" of cost allocation. In performing the cost allocations, all indirect personnel costs have been allocated first to direct cost programs including the City's internal service funds. Then a secondary allocation is performed to allocate non-personnel costs direct cost programs. This method is simpler than the multiple iterations employed in a complex system. . For example, Administration personnel costs are allocated solely to direct cost programs based on the Personnel Staffing Allocations presented in the budget. However, as Administration also benefits other indirect cost programs such as Finance and Public Works Administration, the cost allocations could appear to be distorted since no allocations are made to them.

Although there are some conceptual difficulties with the simple approach, it has been determined that the cost of preparation, review and audit for a more complex allocation plan is significantly higher than the City's approach and outweighs the corresponding increase in benefit Again, as noted above, the plan's goal is a reasonable allocation of indirect costs, not a "perfect" one.

USES OF THE COST ALLOCATION PLAN

By identifying total program costs, the Cost Allocation Plan can be used as an analytical tool in many financial decision-making situations, including:

- **Reimbursement of Cost Transfers.** The Cost Allocation Plan identifies the costs incurred by the General Fund in providing administrative support services to the City's other funds such as enterprise operations and special revenue funds. For example, although the City's administrative, legal services, human resources and accounting funds are budgeted and accounted for in the General Fund, these programs provide support services to other City funds. The Cost Allocation Plan provides a clear methodology for determining this level of support and a basis for reimbursing these costs.
- **General Fund User Charges.** Similar to ensuring that enterprise fund revenues fully recover their costs, the Cost Allocation Plan can also be used in determining appropriate user fees for General Fund services, such as planning applications, building permits and recreation activities, in ensuring that the full cost of services are considered in setting rates.

PLAN PREPARATION

In a true cost accounting system, indirect costs would be computed and allocated on an ongoing basis throughout the fiscal year based on actual costs. However, frequent updating in municipal finance would not serve any specific purpose—such as unit price control in a manufacturing company—but it would consume significant accounting resources. As such, the City's Cost Allocation Plan is prepared annually based on the current years budgeted costs.

This approach works well when significant variances are not expected between budget and actual. However, where large variances are possible, at end of the fiscal year, a "true-up" should be calculated

based on actual costs. Any variances (either over or under the Cost Allocation Plan amounts) can then be recorded in the current operating costs.

At the end of each year, the City will assess whether there were any significant variances between budget and actual, and prepare a “true-up” adjustment to reflect such variances.

SUMMARY

The Cost Allocation Plan helps make determining total program costs possible by establishing a reasonable methodology for identifying and allocating indirect costs to direct cost programs. Because of this, the Cost Allocation Plan can be a valuable analytical tool in a number of situations, including establishing fees designed for full cost recovery and reimbursing support service costs provided by the General Fund to other funds. The allocation of costs is summarized on the following page.

FY 2016/17 PERSONNEL STAFFING ALLOCATIONS

Description	Number of Employees	General Fund	Fleet Services	IT ISF	Facilities ISF	Streets	Storm Drains	Water Enterprise	Sewer Enterprise	TOTAL
		- - - Percent of Time Allocated By Fund - - -								
CITY COUNCIL										
Councilmembers (5)		55.0%				5.0%		20.0%	20.0%	100%
CITY MANAGER										
City Manager	1	60.0%						20.0%	20.0%	100%
Administrative Services Director	1	65.0%		15.0%				10.0%	10.0%	100%
Human Resources Technician	1	70.0%						15.0%	15.0%	100%
City Clerk	1	70.0%						15.0%	15.0%	100%
Administrative Assistant	1	80.0%						10.0%	10.0%	100%
Technology Support Technician	1			100.0%						100%
Audi-Visual Tech	1			100.0%						100%
TOTAL	***6.5***									
FINANCE										
Finance Director/City Treasurer	1	36.0%	3.0%	3.0%	3.0%	3.0%	2.0%	25.0%	25.0%	100%
Government Accountant II	1	36.0%	3.0%	3.0%	3.0%	3.0%	2.0%	25.0%	25.0%	100%
Government Accountant I	1	36.0%	3.0%	3.0%	3.0%	3.0%	2.0%	25.0%	25.0%	100%
Finance Technician I	1	18.0%	2.0%					40.0%	40.0%	100%
TOTAL	***4***									
POLICE										
Police Chief	1	100.0%								100%
Lieutenant	1	100.0%								100%
Administrative Coordinator	1	100.0%								100%
Police Sergeant	4	100.0%								100%
Police Officer	10	100.0%								100%
Community Service Officers	3	100.0%								100%
Police Service Technician	2	100.0%								100%
Parking Enforcement (Seasonal)	Hourly	100.0%								100%
TOTAL	***22***									
COMMUNITY DEVELOPMENT										
Community Development Director	1	90.0%						5.0%	5.0%	100%
Associate Planner	1	90.0%						5.0%	5.0%	100%
Special Projects Manager	1	100.0%								100%
Grants Assistant	0.5	100.0%								100%
Administrative Assistant	1	100.0%								100%
TOTAL	***4.5***									

FY 2016/17 PERSONNEL STAFFING ALLOCATIONS

Description	Number of Employees	General Fund	Fleet Services	IT ISF	Facilities ISF	Streets	Storm Drains	Water Enterprise	Sewer Enterprise	TOTAL
		- - - Percent of Time Allocated By Fund - - -								
PUBLIC WORKS										
Public Works Director	1	10.0%	5.0%		15.0%	20.0%	5.0%	20.0%	25.0%	100%
Engineering Technician	1	25.0%				20.0%		35.0%	20.0%	100%
Public Works Project Analyst	1	40.0%				20.0%		20.0%	20.0%	100%
Water Project Coordinator	0.8	10.0%					50.0%	25.0%	15.0%	100%
Assistant Director of Public Works	1	15.0%	5.0%		10.0%	15.0%	5.0%	20.0%	30.0%	100%
Lead Maintenance Worker	1	30.0%			10.0%	15.0%	5.0%	20.0%	20.0%	100%
Maintenance Worker III	1	30.0%				10.0%	5.0%	25.0%	30.0%	100%
Maintenance Worker II	1	30.0%				10.0%	5.0%	25.0%	30.0%	100%
Maintenance Worker II	1	40.0%			15.0%			20.0%	25.0%	100%
Maintenance Worker II	1	25.0%			25.0%			25.0%	25.0%	100%
Maintenance Worker I	1	25.0%			25.0%			25.0%	25.0%	100%
Maintenance Worker I	1	20.0%						40.0%	40.0%	100%
Mechanic	1		100.0%							100%
Seasonal Worker (2)	Hourly					85.0%		15.0%		100%
TOTAL	***12.8***									
WATER & WASTEWATER TREATMENT										
Lead Treatment Operator-WCD	1							85.0%	15.0%	100%
Lead Treatment Operator-WW	1							5.0%	95.0%	100%
Treatment Plant Operator II	1							5.0%	95.0%	100%
Treatment Plant Operator II	1							25.0%	75.0%	100%
Treatment Plant Operator II	1							25.0%	75.0%	100%
Treatment Plant Operator II /Electrician	1							25.0%	75.0%	100%
Env. Compliance Coordinator	1							5.0%	95.0%	100%
OIT	1							5.0%	95.0%	100%
Seasonal Worker (1)	Hourly							10.0%	90.0%	100%
TOTAL	***8***									
TOTAL APPROVED POSITIONS	**57.80**									

Direct Cost Department	Fund Personnel Expenditures	Personnel Costs Allocated	Total Personnel Costs Including Salary and Benefit Allocations	% of Allocated Costs	Non-Personnel Costs Allocated	Total Allocations
General Fund	$ 4,221,952		$ 4,221,952	64%	$ 698,515	$ 698,515
Streets		$ 133,998	133,998	2%	22,170	156,168
Facilities Repair & Maint ISF		105,762	105,762	2%	17,498	123,260
Technology Maint & Replacement ISF	141,464	31,251	172,715	3%	28,575	59,827
Fleet & Equipment Services ISF	91,712	24,475	116,187	2%	19,223	43,698
Water Enterprise		683,822	683,822	10%	113,137	796,959
Wastewater Enterprise	798,526	352,415	1,150,941	17%	190,421	542,836
	$ 5,253,654	$ 1,331,724	$ 6,585,378	100%	$ 1,089,540	$ 1,722,749

Indirect Non Personnel General Fund Cost to be	
City Council	$ 24,500
Administrative Services	42,673
City Attorney	150,000
Finance	36,879
Public Works Administration	14,700
Public Works Corp Yard	14,250
Non-Departmental *	816,538
	1,099,540
Less Allocation to C.V. Starr Enterprise	10,000
	$ 1,089,540

* Excludes Transfers, Allocations, Caspar and Community Support

Allocated To	Facilities Repair and Maintenance	Technology Maintenance And Replacement
General Fund - 50%	$ 161,514	$ 136,609
Water - 25%	80,757	68,305
Wastewater - 25%	80,757	68,305
Total	$ 323,028	$ 273,218

Allocated To	Fleet and Equipment Services
Police Department	$ 80,861
Public Works: Admin	2,296
Public Works: Parks	21,271
Public Works: Streets	5,475
Public Works: Storm Drai	5,829
Public Works: Corp Yard	7,065
Public Works: Traffic Safe	1,766
Water	41,457
Wastewater	42,919
	$ 208,940

NOTE: Fleet allocations are based on the number of vehicles used by each department.

CITY OF FORT BRAGG - FY 2016/17
Salary/Benefit & Overhead Allocations

Fund Type/Name	Transfers In	Transfers Out
110 General Fund		
From Facilities Maintenance, Salary/Benefit	$ 105,762	
From Facilities Maintenance, Overhead	17,498	
From Information Technology, Salary/Benefit	31,251	
From Information Technology, Overhead	28,575	
From Fleet Internal Service Fund, Salary/Benefit	24,475	
From Fleet Internal Service Fund, Overhead	19,223	
From Street Repair Capital Project, Salary/Benefit	133,998	
From Street Repair Capital Project, Overhead	22,170	
From Water Enterprise, Salary/Benefit	509,282	
From Water Enterprise, Overhead	131,877	
From Wastewater Enterprise, Salary/Benefit	526,954	
From Wastewater Enterprise, Overhead	171,681	
From Successor Agency, Overhead	89,607	
From C.V. Starr, Overhead	10,000	
Total - General Fund	1,822,356	-
175 Successor Agency		
To General Fund, Overhead		(89,607)
Total - Successor Agency	-	(89,607)
405 Street Resurfacing Projects		
To General Fund, Salary/Benefit		(112,269)
To General Fund, Overhead		(18,575)
Total - Successor Agency	-	(130,844)
414 Alley Rehabilitation		
To General Fund, Salary/Benefit		(21,729)
To General Fund, Overhead		(3,595)
Total - Successor Agency	-	(25,325)
520 Facilities Maintenance		
To General Fund, Salary/Benefit		$ (105,762)
To General Fund, Overhead		(17,498)
Total - Facilities Maintenance	-	(123,260)
521 Information Technology		
To General Fund, Salary/Benefit		(31,251)
To General Fund, Overhead		(28,575)
Total - Information Technology	-	(59,827)
522 Fleet Internal Service Fund		
To General Fund, Salary/Benefit		(24,475)
To General Fund, Overhead		(19,223)
Total - Fleet Internal Service Fund	-	(43,698)
610 Water Enterprise		
To General Fund, Salary/Benefit		(509,282)
To Wastewater, Salary/Benefit		(174,539)
To General Fund, Overhead		(131,877)
Total - Water Enterprise	-	(815,699)
710 Wastewater Enterprise		
To General Fund, Salary/Benefit		(526,954)
To General Fund, Overhead		(171,681)
From Water, Salary/Benefit	174,539	
Total - Wastewater Enterprise	174,539	(698,636)
810 C.V. Starr Center		
To General Fund, Overhead		(10,000)
Total - C.V. Starr Center	-	(10,000)
Total Allocations	$ 1,996,895	$ (1,996,895)

TEN-YEAR AUTHORIZED STAFF POSITION COMPARISON

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
General Government										
Administrative Services	5.00	5.00	5.00	4.80	4.80	6.00	6.00	6.00	6.50	6.50
Finance Department	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Sub-Total	**10.00**	**10.00**	**10.00**	**8.80**	**8.80**	**10.00**	**10.00**	**10.00**	**10.50**	**10.50**
Public Safety										
Police Department	24.00	23.00	23.00	21.00	21.00	21.00	22.00	22.00	22.00	22.00
Sub-Total	**24.00**	**23.00**	**23.00**	**21.00**	**21.00**	**21.00**	**22.00**	**22.00**	**22.00**	**22.00**
Community Services										
Community Development	5.75	5.75	4.75	3.80	3.80	3.80	4.30	4.00	4.30	4.50
Public Works	13.00	13.00	14.50	12.60	12.60	12.60	13.60	12.60	12.80	12.80
Enterprise Funds	9.00	9.00	8.00	7.00	8.00	8.00	8.00	8.00	8.00	8.00
Sub-Total	**27.75**	**27.75**	**27.25**	**23.40**	**24.40**	**24.40**	**25.90**	**24.60**	**25.10**	**25.30**
Total Authorized Positions	**61.75**	**60.75**	**60.25**	**53.20**	**54.20**	**55.40**	**57.90**	**56.60**	**57.60**	**57.80**

Note 1: Staffing comparison excludes Seasonal and Temporary positions.

Note 2: FY 2007/08 and FY 2008/09 include an unfilled, but funded, grants-related position in the Community Development Department. The position was moved to Public Works in FY 2009/10.

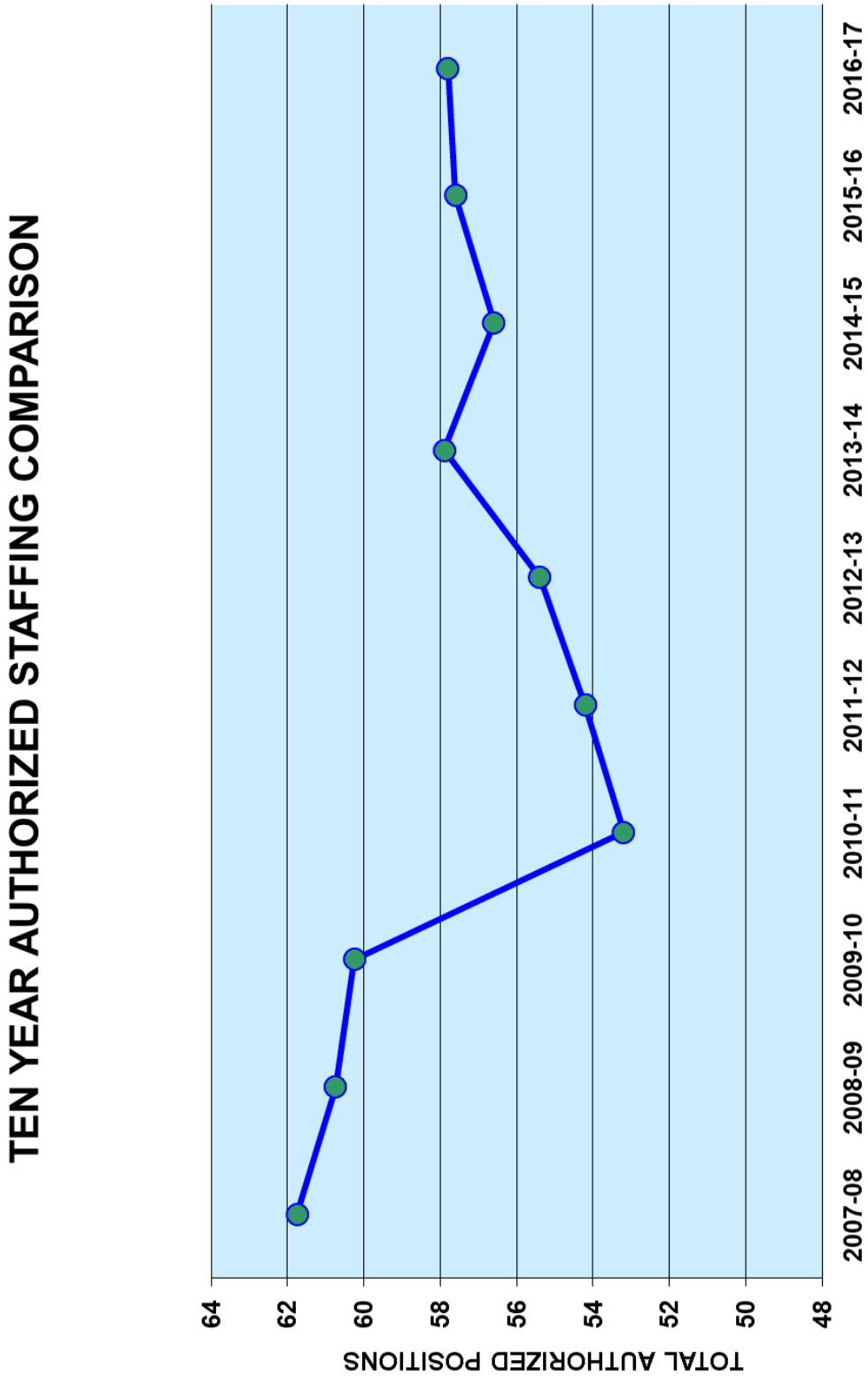
Note 3: In FY2012/13 an Information Technology Technician position was added to Administrative Services.

Note 4: In FY2013/14, a Community Service Officer position was added to the Police Department; an Operator in Training was added to the Wastewater Enterprise; and a part-time grant-funded Grants Assistant was added to Community Development.

Note 5: FY 2014/15 reflects reclassification of the Housing & Economic Development Coordinator to full time, and deauthorization of a part-time Grants Assistant in Community Development. The Public Works Manager position was eliminated in Public Works.

Note 6: FY 2015/16 reflects the authorization of a part-time Grants Assistant in Community Development, a part-time Audio-Visual Tech in

Note 7: FY 2016/17 reflect reclassification of the Operations Manager to the Assistant Public Works Director


TEN YEAR AUTHORIZED STAFFING COMPARISON
TOTAL AUTHORIZED POSITIONS
64
62
60
58
56
54
52
50
48
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13
2013-14
2014-15
2015-16
2016-17

FY 2016/17 ARTICLE XIIIB APPROPRATIONS LIMIT

The Appropriations Limit imposed by Proposition 4 and modified by Propositions 98 and 111 creates a restriction on the amount of revenue that can be appropriated in any fiscal year. The Appropriations Limit is based on actual appropriations during FY 1978/79 and is increased each year using the growth of population and inflation. The only revenues that are restricted by the Appropriations Limit are those referred to as "proceeds of taxes." Some examples of taxes are sales tax, property tax, transient occupancy tax and State motor vehicles in lieu tax.

During any fiscal year, a city may not appropriate any proceeds of taxes it receives in excess of its Appropriations Limit. If the city receives excess funds in any one year, it can carry them into the subsequent year to be used if the city falls below its Appropriations Limit in that year. Any excess funds remaining after the second year must be returned to the taxpayers by reducing tax rates or fees. As an alternative, a majority of the voters may approve an "override" to increase the Appropriations Limit. The City of Fort Bragg's budgeted expenditures have always been well below its annual Appropriations Limit.

The factors used are:

- **Population Factor –** At the City's choice, either the annual change in City or County population.
- **Price Factor –** At the City's choice, either the change in California per capita income or increase in non-residential assessed valuation due to new construction.

The formula to be used in calculating the growth rate is:

$$\frac{\text{\% change in population} + 100.00}{100.00}$$

Multiplied by either

$$\frac{\$\text{ change in per capita income} + 100.00}{100.00}$$

or

$$\frac{\text{Change in non-residential assessments} + 100.00}{100.00}$$

The resultant rate multiplied by the previous appropriation limit equals the new appropriation limit. In May 2016, the California State Department of Finance notified cities of the population change and the per capital personal income factor to be used to determine the appropriation limit. Using the change in per capita income method, the calculation as applied to the City of Fort Bragg for FY 2016/17 is:

- The population change at January 1 of the previous year for the County is .24% and for the City is .51%. The City population change is the greater of the two therefore it is the percentage that will be used.
- The per capita income percentage change is 3.82%.

The factor for determining the year-to-year increase is computed as:

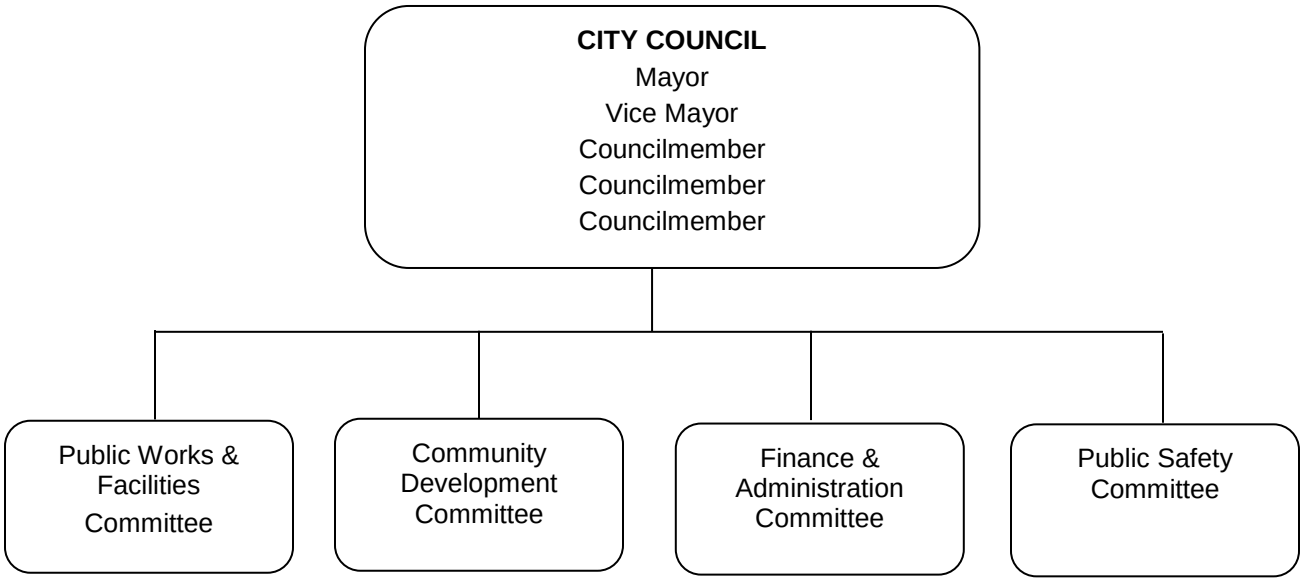
$$\frac{5.37 + 100.00}{100.00} \quad X \quad \frac{0.51 + 100.00}{100.00} = 1.05907$$

Applying this year's factor to last year's limit of $8,851,838, the appropriations limit for FY 2016/17 is $9,374,716. With appropriations subject to the limitation totaling approximately $5,509,137, the City of Fort Bragg is not at risk of exceeding the Gann Limit.

City of Fort Bragg Appropriation Limit
Applied to FY 2016/17 Budget

Proceeds of Taxes		
Property & Other Taxes		
Property Taxes	$	972,067
Sales & Use Taxes, Prop 172 Taxes		1,716,489
Transient Occupancy Taxes		2,123,931
Franchise Taxes		491,000
Transfer Taxes		15,000
Business License Taxes		165,000
Subtotal - Taxes		5,483,487
Non Proceeds of Taxes		
Licenses & Permits		95,340
Fines & Forfeitures		27,479
Use of Money & Property (less interest earned)		27,100
Intergovernmental		62,300
Charges for Services		2,317,334
Other Revenues		89,474
Subtotal - Non Taxes		2,619,027
Total Non Taxes & Taxes		**8,102,514**
Allocate Interest Based on Ratios		
Non Taxes (36%)		12,251
Taxes (64%)		25,649
Total Interest		**37,900**
Total Revenue		**8,140,414**
FY 2016/17 Appropriations Limit		9,374,716
Less Proceeds of Taxes		5,509,137
Under Maximum Appropriation Limit	$	3,865,579

CITY COUNCIL



CITY COUNCIL

PURPOSE

A five-member elected City Council provides governance over the City of Fort Bragg's services to a population of approximately 7,000 residents. Each Councilmember is elected at-large and serves a four-year term. The Mayor is elected by the members of the City Council and serves a two-year term. The Council convenes in regular session on the 2nd and 4th Mondays of each month. All regular meetings are held in Fort Bragg Town Hall and are open to the public.

SUMMARY OF SERVICES

The Council establishes policies for City operations, approves all budgets, and ensures appropriate representation and responses to community interests. The City Council appoints the City Manager who supports the City Council in its policy development functions and ensures that the City Council's policies, programs, and priorities are addressed through the work of City staff.

GOALS AND OBJECTIVES

- Maintain and improve City infrastructure, including ongoing maintenance and repair of streets and alleys, increasing water storage capacity, and constructing improvements to the City's water distribution and wastewater treatment facilities.
- Implement ongoing upgrades to the City's information technology services.
- Create a walkable and bike-friendly community and promote healthy lifestyles.
- Integrate concepts of sustainability into City plans, projects and purchases.
- Foster a strong, resilient and prosperous local economy.
- Continue to plan for reuse of the Mill Site property.
- Develop a long-term financial plan for the City which links the budget to Council goals.
- Improve community access to City services.
- Strengthen neighborhoods and increase public safety on our streets.
- Ensure that City is prepared to respond to natural disasters and emergencies.

BUDGET OVERVIEW

The FY 2016/17 proposed budget for the Council is approximately $148k, an increase of $15k from the projected FY 2015/16 year end total. The increase is due primarily to the scheduled election in FY 2016/17. Councilmembers are paid a small stipend per meeting attended. The budget for FY 2016/17 is based on the maximum number of meetings anticipated for the year.

FY 2015/16 TOP ACCOMPLISHMENTS

- The Council responded to a critical shortage in the City's water supply by declaring a Stage 3 Water Emergency in the fall of 2015. The Council successfully navigated the crisis.
- The Council prioritized improvements to the City's water and wastewater infrastructure. Funding was authorized for design and engineering of the Wastewater Treatment Plan upgrade project and for construction of the Summers Lane Reservoir project.
- The Council continued to make maintenance and improvement of the City's streets and sidewalks a key priority. The Council appropriated funds for the 2016 Streets & Alleys Rehabilitation project and provided direction to staff regarding priority streets and alleys for repair.
- The Council continues to provide strategic vision for numerous parks and recreation projects serving our coastal community including the Fort Bragg Coastal Restoration and Trail Project, the Chestnut Street Multi-Use Trail project, the C.V. Starr Community Center, the City of Trails Plan,

the Athletic Fields Master Plan, the C.V. Starr Center Phase 3 Master Plan, and the Bainbridge Park Master Plan.

- The Council continues to place a strong emphasis on community safety and support for the Fort Bragg Police Department's operations. Through the budget process, the Council funded the reclassification of a Police Officer position to a Sergeant, an officer assigned to the Mendocino County Major Crimes Task Force to help pro-actively address drug and gang-related issues in our community. The Council also supported establishment of the Police Department's K-9 program.
- The Council provided leadership on a number of important community issues including: coordination of a fundraising dinner for victims of the Valley Fire in Lake County, support for rural broadband efforts and improved fiber access in Fort Bragg, implementation of the Downtown Wifi project, the search for a new commercial transfer station site, environmental clean-up of the Georgia Pacific mill site property, and implementation of the Noyo Center for Marine Science.

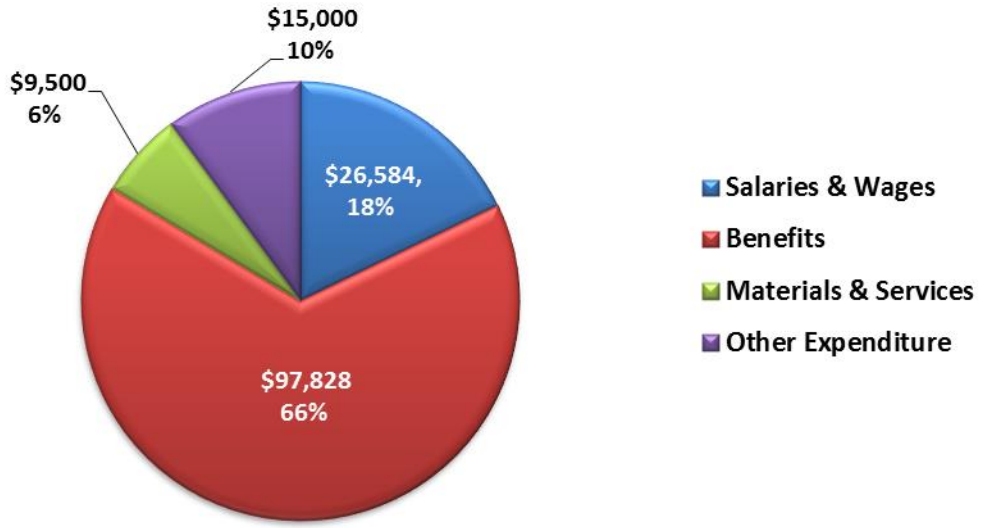
FY 2016/17 TOP PRIORITIES

- Through the budget process and the mid-year budget review process, the Council provides strategic vision to guide the City organization and communicates its priorities for each of the City's service areas. The Council's priorities are expressed throughout the FY 2016/17 Budget.

CITY COUNCIL DEPARTMENTAL BUDGET SUMMARY
FUND 110
DEPARTMENT: 4110

Description	FY 2014/15 Audited	FY 2015/16 Amended Budget	15/16 FYE Projected	FY 2016/17 Proposed Budget	% + /-
Personnel Services	126,119	131,451	125,630	$ 124,412	-1%
Non-Personnel Services	21,102	10,000	8,663	24,500	183%
Total	147,221	$ 141,451	$ 134,293	$ 148,912	11%

FY 2016/17 EXPENDITURES BY CATEGORY



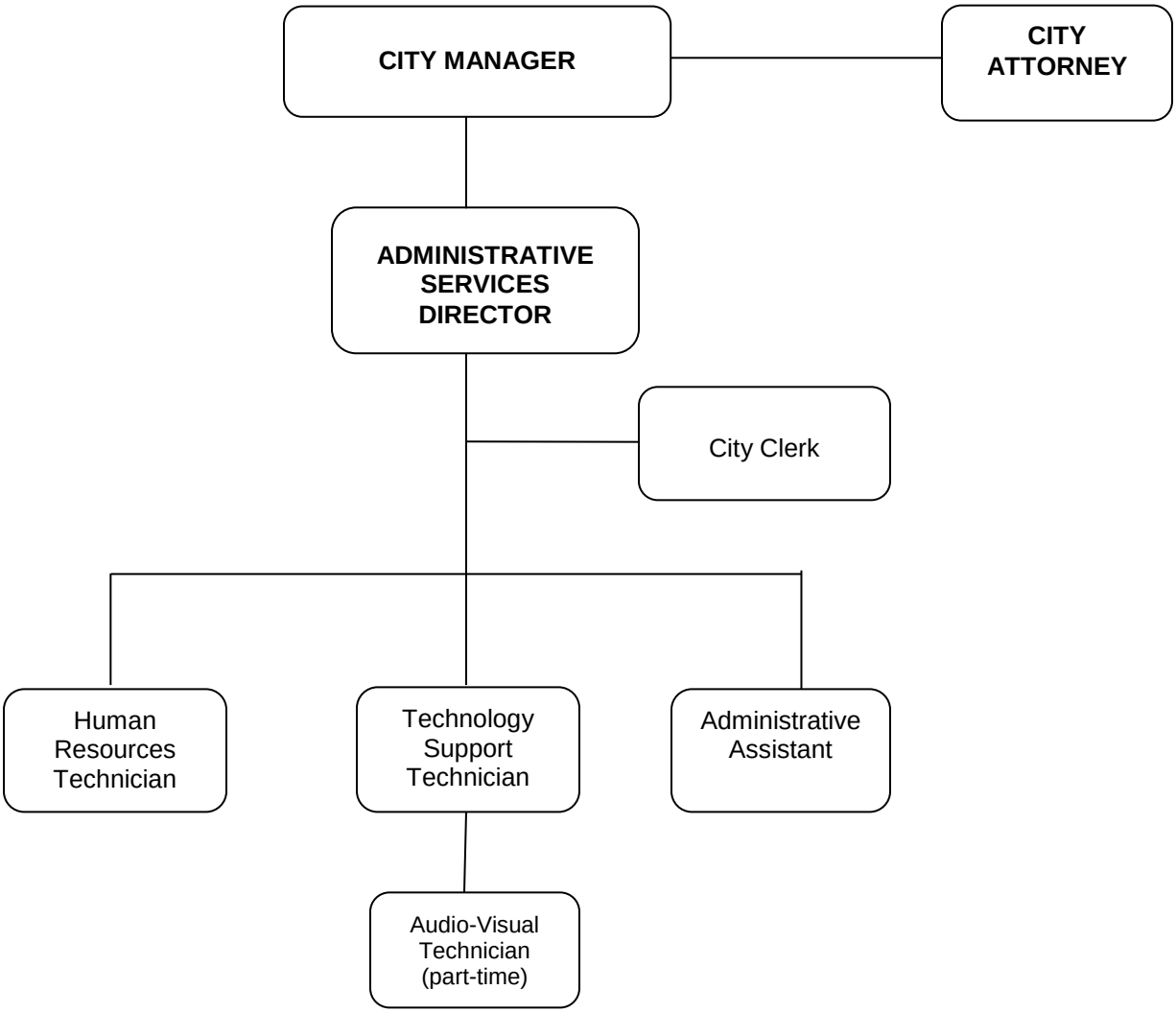
BUDGET DETAIL:
Fund #110
Department: 4110

Object	Description	FY 2014/15 Audited	FY 2015/16 Amended Budget	15/16 FYE Projected	FY 2016/17 Proposed Budget	% + /-
0100	Salaries & Wages	$ 21,829	$ 26,584	$ 24,551	$ 26,584	8%
0200	Employee Benefits	104,291	104,867	101,079	97,828	-3%
	Personnel Services	**126,119**	**131,451**	**125,630**	**124,412**	-1%
0315	Election Costs	2,968	-	-	10,000	100%
0319	Professional Services	4,500	-	-	5,000	100%
0366	Training/Travel Reimbursement	7,356	7,500	5,810	7,500	29%
0371	Meetings/City Business	6,278	2,000	2,602	2,000	-23%
0619	Miscellaneous	0	500	250	-	-100%
	Non-Personnel Services	**21,102**	**10,000**	**8,663**	**24,500**	183%
	Total City Council	$ 147,221	$ 141,451	$ 134,293	$ 148,912	11%

Line Item Detail

Fund #110 Department: 4110		Account Detail	Category Detail	FY 2016/17 Proposed Budget
Personnel Costs				
	Salaries & Wages, Regular		$ 26,584	
	Employee Benefits		97,828	
	Total Personnel Costs			**$ 124,412**
Materials & Services				
110-4110-0366	Training/Travel Reimbursement		7,500	
110-4110-0371	Meetings/City Business		2,000	
	Total Material & Services			**9,500**
Other Expenditures				
110-4110-0619	Professional Services		5,000	
110-4110-0315	Election costs		10,000	
	Total Other Expenditures			**15,000**
	Total - City Council			**$ 148,912**

ADMINISTRATION



Note: The Technology Support Technician and the part-time Audio-Visual Technician positions are budgeted in Technology Maintenance & Replacement Internal Service Fund

ADMINISTRATION

PURPOSE

The City's Administration includes the City Attorney, City Manager, and the Administrative Services Department. Each entity contributes to the professional leadership of the organization, implementation of City Council policy objectives, and administration of City services and programs. The City's Administration works with closely with and provides support to other City departments with the goals of ensuring the professional delivery of quality public services; an efficient, responsive, and accountable government; fiscal stability; economic vitality; quality of life; and citizen involvement.

SUMMARY OF SERVICES

The City's Administration is a General Government support function. In addition to the City Manager and City Attorney, the City's Administration is comprised of the Administrative Services Department which has five full-time staff members: Administrative Services Director, City Clerk, Human Resources Technician, Administrative Assistant, Technology Support Technician, and one half-time staff member (Audio-Visual Technician). The Administration budget includes appropriations for the City Manager, the City Attorney (which is a contracted position), and the Administrative Services Department. Funding for the Technology Support Technician and the part-time Audio-Visual Technician is provided in the City's Technology Maintenance & Replacement Internal Service Fund.

Fort Bragg has a Council-Manager form of government whereby the Council establishes key City policies and priorities and the City Manager is responsible for ensuring sound and effective management of the City and for implementation of the Council's goals, policies and priorities.

The City contracts with Burke, Williams, Sorenson, LLP, a firm specializing in municipal law, for City Attorney services. The City Attorney is appointed by the City Council. The City Attorney provides professional legal services to the City Council, the City Manager, the departments of the City, and Council-appointed boards and commissions. Services include attending public meetings, providing legal opinions, reviewing and drafting legal documents and contracts, resolving disputes, providing advice regarding public officials' conflicts of interest, providing advice regarding personnel and labor law issues, and representing the City in litigation and before courts and administrative agencies. The City Attorney assigns legal work to various specialists in the firm or to outside counsel, as needed.

The Administrative Services Department is responsible for a wide array of administrative services including: technology infrastructure development and management; employee/labor relations; contract negotiations; personnel and administrative polices and regulations; employee benefits administration; personnel recruitment and retention; employee classification, compensation and evaluations; risk management; assistance with budget preparation and monitoring; preparing agenda packets and maintaining official records, including responding to public records requests; monitoring compliance with Fair Political Practices Commission requirements; preparing ordinances for codification; maintaining and developing of the City's official website and social media pages; and maintaining updates to the Fort Bragg Municipal Code.

GOALS AND OBJECTIVES

- Exercise overall responsibility for sound and effective management by City government. Recommend administrative, fiscal and operational policies to the City Council to improve the efficiency and effectiveness of the City's operations.
- Ensure items prepared for placement on the City Council's agenda are complete and sufficient for Council decision-making, and make appropriate recommendations on each item.
- Implement the City Council's goals and objectives by assuring that the actions and programs necessary to achieve the Council's priorities are integrated into the day-to-day work programs of City departments.

- Work with the Finance Director to ensure the timely submittal of an annual operating budget and a proposed capital budget for consideration and adoption by the City Council and Municipal Improvement District Board.
- Ensure that sound fiscal management policies are implemented throughout the organization.
- Direct administration of City personnel policies and administrative procedures including employee recruitment, retention, examination, appointment and dismissal.
- Encourage the professional development and training of all employees in order to develop competency to perform in accordance with the values of leadership, performance excellence, team building, , and customer service.
- Monitor and work with other City Departments to ensure the City's safety programs are deployed and compliant with requirements.
- Provide responsive, forward thinking technology services to the City's departments and secure and stable access to electronic communication, archives and documents.
- Ensure that the City is prepared for natural, civil and other emergencies and disaster by coordinating planning, training and emergency operations drills.

BUDGET OVERVIEW

The FY 2016/17 proposed budget for Administration is approximately $819k, a decrease of approximately $67k from the FY 2015/16 projected total. This decrease is due to a decrease in personnel costs as well as an expected decrease in costs associated with personnel recruitment. Additionally, the Department trimmed its professional services and training budgets to help control costs.

FY 2015/16 TOP ACCOMPLISHMENTS

- Monitored the City's financial stability including close monitoring of revenues and expenditures.
- Successfully installed a free, reliable public Wi-Fi network in the Central Business District.
- Implemented additional social media channels including Twitter and Instagram to better communicate with the public and residents of Fort Bragg.
- Supported the City Council and other City departments in the update of several ordinances including Water Conservation, Water & Sewer Source Control, Social Host, Mobile Vending, Fire Sprinklers, Informal Bidding, Purchasing, and Preservation of Parks.
- Conducted recruitments for 11 staff positions, including the Finance Director/Treasurer, Police Officer, Community Service Officer, Temporary Office Assistant, Seasonal Maintenance Workers, temporary Parking Enforcement Attendant, Government Accountant, Associate Planner, Administrative Assistant, and Grant Assistant. Also supported the Mendocino Recreation and Park District's search for a new District Administrator.
- Implemented REMIF's new employee health benefit program.
- Coordinated safety training and compliance process.
- Provided support for technology upgrades in the Emergency Operations Center and updated the City's Emergency Operations Plan.
- Provided interdepartmental support and coordination, as well as assistance to businesses, visitors and residents during the Stage 3 water emergency.
- Installed an upgraded city-wide phone system.
- Participated in newly formed "Downtown Business Watch" group.
- Preserved delicate and irreplaceable historical City documents including original Ordinances, Council minutes and other documents related to the incorporation and beginnings of the City of Fort Bragg.

FY 2016/17 TOP PRIORITIES

- Exercise overall responsibility for sound and effective City government. Recommend administrative, fiscal and operational policies to the City Council to improve the efficiency and effectiveness of the City's operations.
- Implement the City Council's goals and objectives by ensuring that actions and programs necessary to achieve the Council's priorities are integrated into the day-to-day work programs of City departments.

- Direct the administration of City personnel policies and procedures including recruitment, examination, appointment and dismissal.
- Negotiate labor agreements with all of the City's employee groups (current agreements expire June 30, 2017).
- Monitor the City's safety programs for compliance.
- Encourage the professional development and training of all employees in order to develop competency to perform in accordance with the values of leadership, performance excellence, team building, and customer service.
- Ensure that the City is prepared for potential natural, civil and other emergencies and disasters by coordinating planning, training and emergency operation exercises.
- Expand free, downtown WiFi network in both accessibility and dependency.
- Continue to enhance overall communication channels and effectiveness with the Public including increased social media activity and website.
- Provide support to Public Works to coordinate installation of electric charging stations throughout the City.
- Provide support and assistance to Community Development Department for the City's marketing and promotion efforts.
- Be role models for ethical, honest and accountable behavior and practices.

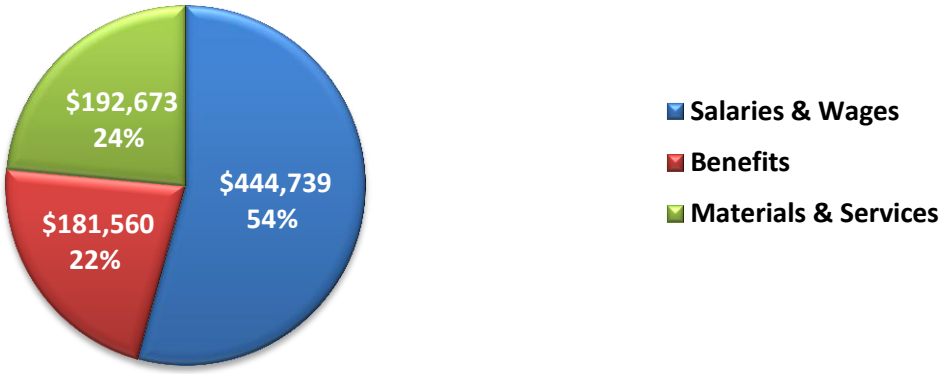
ADMINISTRATION - DEPARTMENTAL BUDGET SUMMARY

FUND 110

DEPARTMENT: 4130

Description	FY 2014/15 Audited	FY 2015/16 Amended Budget	15/16 FYE Projected	FY 2016/17 Proposed Budget	% + /-
Personnel Services	654,330	694,816	670,501	$ 626,299	-7%
Non-Personnel Services	238,503	224,355	215,859	192,673	-11%
Total	$ 892,834	$ 919,171	$ 886,359	$ 818,972	-8%

FY 2016/17 EXPENDITURES BY CATEGORY

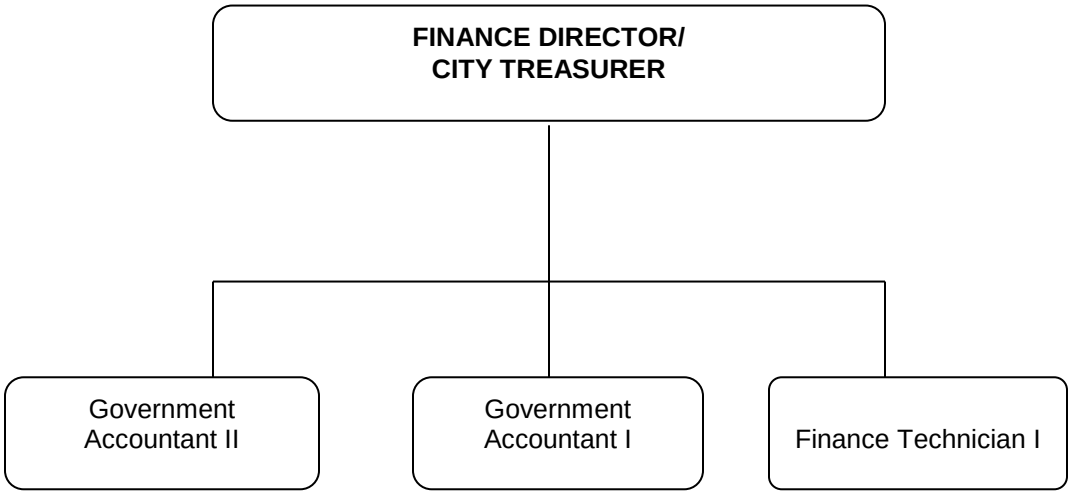


BUDGET DETAIL:
Fund #110
Department: 4130

Object	Description	FY 2014/15 Audited	FY 2015/16 Amended Budget	15/16 FYE Projected	FY 2016/17 Proposed Budget	% + /-
0100	Salaries & Wages	$ 475,473	$ 495,673	$ 483,815	$ 444,739	-8%
0200	Employee Benefits	178,857	199,143	186,686	181,560	-3%
	Personnel Services	**654,330**	**694,816**	**670,501**	**626,299**	-7%
0311	Legal	141,316	170,000	155,741	150,000	-4%
0316	Pre-Employment Costs	12,585	7,000	12,495	12,000	-4%
0317	Recruitment Costs	42,035	18,500	15,000	10,000	-33%
0319	Professional Services	30,952	14,300	14,532	-	-100%
0320	Dues & Memberships	1,080	2,055	1,731	2,588	50%
0364	Legal Notices	2,052	2,500	2,500	2,500	0%
0366	Training/Travel Reimbursement	7,336	8,550	12,727	14,635	15%
0371	Meetings/City Business	695	500	767	700	-9%
0376	Medical/Safety Supplies	394	500	-	-	0%
0384	Books & Subscriptions	-	450	367	250	-32%
0619	Miscellaneous	59	-	-	-	0%
	Non-Personnel Services	**238,503**	**224,355**	**215,859**	**192,673**	-11%
Total - Administration		$ 892,834	$ 919,171	$ 886,359	$ 818,972	-8%

Line Item Detail Fund #110 Department: 4130			Account Detail	Category Detail	FY 2016/17 Proposed Budget
Personnel Costs					
		Salaries & Wages, Regular		$ 444,739	
		Employee Benefits		181,560	
		Total Personnel Costs			**$ 626,299**
Materials & Services					
	110-4130-0311	City Attorney Services		150,000	
	110-4130-0316	Pre-Employment Costs		12,000	
		Live Scan	$ 500		
		Occu-Med	10,000		
		Polygraph & Background	1,500		
			12,000		
	110-4130-0317	Recruitment Costs		10,000	
	110-4130-0320	Dues & Memberships		2,588	
		MMANC	$ 75		
		CCAC	90		
		Notary Republic	120		
		IIMC	155		
		IPMA-HR	318		
		SHRM	380		
		CMF	400		
		CalPELRA	1,050		
			2,588		
	110-4130-0364	Legal Notices		2,500	
	110-4130-0366	Training/Travel Reimbursement		14,635	
		LCW Consortium x2	$ 200		
		LCW Webinars	250		
		CALPERS	400		
		Consortium Municipla HR Exec	750		
		LCW Annual employee conference	2,000		
		CalPELRA labor Academy	2,035		
		CCAC Conference	1,600		
		City Manager	2,000		
		City Clerk	5,400		
			14,635		
	110-4130-0371	Meetings/City Business		700	
	110-4130-0384	Books & Subscriptions		250	
		Total Material & Services			**192,673**
		Total - Administration			**$ 818,972**

FINANCE


FINANCE DIRECTOR/
CITY TREASURER
Government
Accountant II
Government
Accountant I
Finance Technician I

FINANCE

PURPOSE

The Finance Department is responsible for maintaining the financial integrity of the City by providing oversight to the City's fiscal management; maintaining accurate fiscal records and reports; and providing advice regarding fiscal policies and transactions.

SUMMARY OF SERVICES

The Finance Department is a General Government support function. The Department has four full-time staff members: the Finance Director, two Government Accountants, and a Finance Technician.

The Finance Department coordinates and directs all fiscal operations of the City. This includes directing, monitoring and controlling all assets and financial operations and providing a framework for financial planning and analysis to support the operation and management of City departments. The functions of the Finance Department include utility billing, business licensing, Transient Occupancy Tax collections, accounts payable, accounts receivable, payroll, purchase orders, financial reporting to federal, State and other outside agencies, treasury and cash management, budget preparation, budgetary control, audit liaison and oversight of other fiscal activities of the City, Municipal Improvement District, and the Successor Agency to the Fort Bragg Redevelopment Agency.

GOALS AND OBJECTIVES

- Maintain the City's fiscal health and ensure the provision of adequate resources to fund City services for the community.
- Perform financial responsibilities in accordance with statutory regulations and standards required by State and federal regulatory agencies.
- Account for the City's fiscal activities in an accurate and timely manner within generally accepted accounting principles (GAAP) and other legal requirements.
- Ensure completion of the City's financial statements in a timely manner.
- Assist the City Manager in preparation of a balanced budget and implementation of fiscal and budget policies established by the City Council.
- Safeguard the City's assets and invest available cash in accordance with the City Council's adopted investment policy.
- Provide financial services such as accounts payable, payroll, cash receipting.
- Accurately bill utility customers and provide friendly and helpful customer service.

BUDGET OVERVIEW

The FY 2016/17 proposed budget for the Finance Department is $444k, an increase of $8k over the projected year-end total for FY 2015/16. Department costs are expected to increase by 2% over FY 2015/16 projected expenditures. FY 2015/16 saw savings in benefits costs due to staffing vacancies and the use of temporary staff, while FY 2016/17 is expected to return to normal benefits levels with the Department now fully staffed. In FY 2016/17, a small increase is proposed in the training budget which will benefit the Department's new hires.

FY 2015/16 TOP ACCOMPLISHMENTS

- Reduced the number of audit findings from five to zero.
- Received Government Finance Officers Association award for FY 2014/15 Comprehensive Annual Financial Report (CAFR).
- Cross-trained staff in the payroll function to improve work flow and ensure staff coverage for all departmental functions in the event of planned and/or unplanned absences.
- Successfully filled the Finance Director and Government Accountant II positions,
- Assumed responsibility from the Administrative Services Department for fiscal oversight of the CV Starr Center.

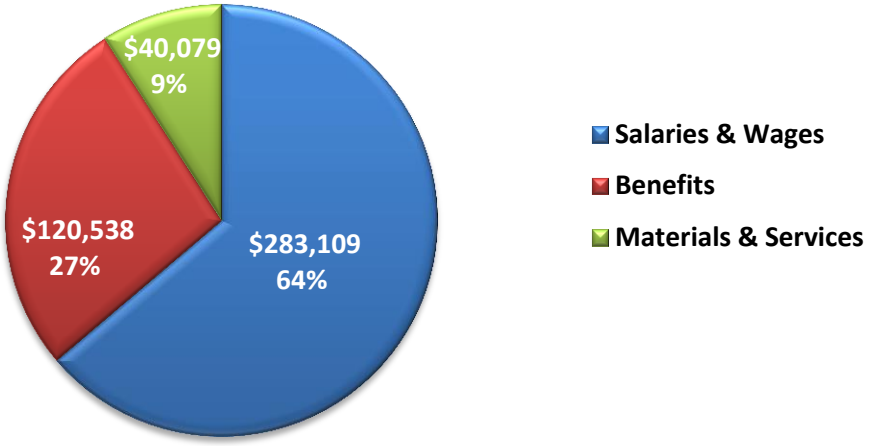
FY 2016/17 TOP PRIORITIES

- Complete Comprehensive Annual Financial Report by December 31, 2016.
- Process accounts payable consistently every Friday (excluding holiday weeks). Enforce weekly cutoff of invoice submission to Finance (Wednesdays at noon).
- Reconcile capital project, grant and special revenue funds monthly.
- Develop and implement continuing education plan for Finance staff.
- Continue to work with all City departments to contain costs and identify new revenue sources.

FINANCE DEPARTMENTAL BUDGET SUMMARY
FUND 110
DEPARTMENT: 4150

Description	FY 2014/15 Audited	FY 2015/16 Amended Budget	15/16 FYE Projected	FY 2016/17 Proposed Budget	% + /-
Personnel Services	$ 375,918	$ 421,464	$ 403,242	$ 403,647	0%
Non-Personnel Services	51,185	33,200	32,320	40,079	24%
Total	$ 427,103	$ 454,664	$ 435,563	$ 443,726	2%

FY 2016/17 EXPENDITURES BY CATEGORY



BUDGET DETAIL:

Fund #110

Department: 4150

Object	Description	FY 2014/15 Audited	FY 2015/16 Amended Budget	15/16 FYE Projected	FY 2016/17 Proposed Budget	% + /-
0100	Salaries & Wages	$ 280,318	$ 309,294	$ 305,543	$ 283,109	-7%
0200	Employee Benefits	95,600	112,170	97,699	120,538	23%
	Personnel Services	**375,918**	**421,464**	**403,242**	**403,647**	0%
0312	Auditing & Accounting	34,452	21,000	26,220	24,729	-6%
0319	Professional Services	13,216	7,500	4,684	8,200	75%
0320	Dues & Memberships	540	600	600	600	0%
0364	Legal Notices	796	500	767	800	4%
0366	Training/Travel Reimbursement	2,181	3,500	-	5,000	100%
0381	Small Tools & Equipment	-	-	-	650	100%
0384	Books & Subscriptions	-	100	50	100	100%
	Non-Personnel Services	**51,185**	**33,200**	**32,320**	**40,079**	24%
	Total Finance Department	$ 427,103	$ 454,664	$ 435,563	$ 443,726	2%

Line Item Detail

Fund #110 Department: 4150		Account Detail	Category Detail	FY 2016/17 Proposed Budget
Personnel Costs				
	Salaries & Wages		$ 283,109	
	Employee Benefits		120,538	
	Total Personnel Costs			**$ 403,647**
Materials & Services				
110-4150-0312	Auditing & Accounting		24,729	
110-4150-0319	Professional Services		8,200	
	Sales tax audit and analysis	$ 2,500		
	Statistics for CAFR (MuniServices)	2,500		
	SCO Street report	2,000		
	Filing for SB90 claims	1,200		
		8,200		
110-4150-0320	Dues & Memberships		600	
	GFOA	$ 350		
	CSMFO	250		
		600		
110-4150-0364	Legal Notices		800	
110-4150-0366	Training/Travel Reimbursement		5,000	
110-4150-0381	Small Tools & Equipment		650	
110-4150-0384	Books & Subscriptions		100	
	Total Material & Services			**40,079**
	Total - Finance Department			**$443,726**

NON-DEPARTMENTAL

PURPOSE

The following expenses are included in the Non-Departmental budget: costs associated with the City's support of two Community Organizations: (1) Fort Bragg-Mendocino Coast Chamber of Commerce and (2) Fort Bragg Promotion Committee; Also included in the Non-Departmental are the Public Education and Government (PEG) television services; Caspar Landfill closure and Caspar Transfer Station costs; retiree health benefits; liability and property insurance premiums; and materials and services procured for the benefit of all City departments.

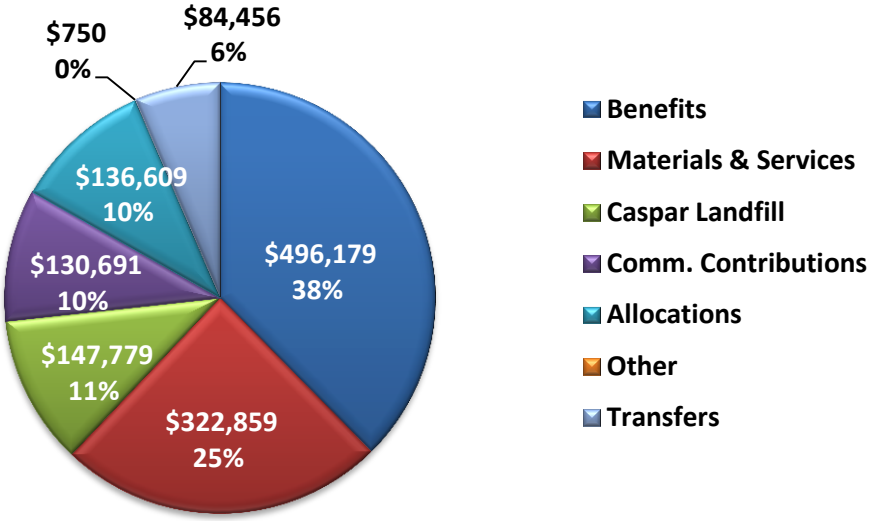
BUDGET OVERVIEW

The FY 2016/17 proposed budget for City-Wide Non-Departmental (excluding transfers out) is $1.3 million, a decrease of $229k or 15% compared to the FY 2015/16 projected total. The decrease consists largely of three items: A decrease in the allocation to the Technology Internal Service Fund according to the Information Technology long term plan ($82k); no payment was made on the Caspar Landfill closure costs ($130k budgeted); payoff of a CalPERS side fund budgeted in FY2015/16 was a one-time cost that will not be budgeted in FY 2016/17 ($33k).

NON-DEPARTMENTAL BUDGET SUMMARY
FUND 110
DEPARTMENT: 4190, 4390, 4391, 4915

Description	FY 2014/15 Audited	FY 2015/16 Amended Budget	15/16 FYE Projected	FY 2016/17 Proposed Budget	% +/-
Personnel Services	$ 481,377	$ 489,300	$ 486,658	$ 496,179	2%
Non-Personnel Services	847,009	1,359,864	975,642	738,688	-24%
Transfers	1,553,855	112,500	86,128	84,456	-2%
Total	$2,882,241	$ 1,961,664	$ 1,548,429	$ 1,319,323	-15%

FY 2016/17 EXPENDITURES BY CATEGORY



BUDGET DETAIL:
Fund #110
Department: 4190, 4390, 4391, 4915

Object	Description	FY 2014/15 Audited	FY 2015/16 Amended Budget	15/16 FYE Projected	FY 2016/17 Proposed Budget	% + /-
0200	Employee Benefits	$ 481,377	$ 489,300	$ 486,658	$ 496,179	2%
	Personnel Services	**481,377**	**489,300**	**486,658**	**496,179**	2%
	Caspar Landfill & Transfer Station					
0319	Professional Services	90,000	390,000	-	-	0%
0607	Caspar Landfill Property Tax	195	210	191	210	0%
0911	Principal	116,542	121,418	121,418	126,509	4%
0912	Interest	31,027	26,151	26,151	21,060	-19%
	Total Caspar Landfill & Transfer Station	**237,764**	**537,779**	**147,760**	**147,779**	0%
	Community Contributions					
0621	Chamber of Commerce	7,729	8,321	8,321	9,268	11%
0619	Miscellaneous	-	12,500	23,000	21,500	-7%
0623	PEG TV	28,609	61,391	61,391	18,500	-70%
0319	Promotion Committee	67,828	72,570	72,570	81,423	12%
	Total Community Organizations	**104,166**	**154,782**	**165,282**	**130,691**	-21%
	City-Wide Costs					
0319	Professional Services	71,365	122,070	116,522	30,220	-74%
0320	Dues & Memberships	11,962	20,000	20,000	12,450	-38%
0355	Equipment Leases	30,251	34,000	34,000	27,600	-19%
0356	Rentals - Equipment & Vehicles	2,094	-	-	-	0%
0358	Liability Premium	101,642	102,000	115,334	128,589	11%
0359	Liability Deductible	6,152	10,000	5,000	5,000	0%
0360	Property Premium	23,241	30,000	30,000	30,000	0%
0362	Telephone & Communication	12,340	14,000	14,000	14,000	0%
0365	Copying/Printing Bid Docs	4,343	5,000	4,005	3,000	-25%
0371	Meetings/City Business	10,132	5,500	5,500	7,500	36%
0372	Postage	7,400	7,000	7,000	7,000	0%
0375	General Supplies	11,530	15,000	12,500	12,000	-4%
0380	Finance Charges	370	-	356	-	-100%
0383	Utilities	45,527	50,000	50,000	45,000	-10%
0384	Books & Subscriptions	397	500	500	500	0%
0396	Allocation to IT Int Serv Fund	165,750	218,983	218,983	136,609	-38%
0601	Direct Liability Claims	-	-	100	-	-100%
0619	Other Expenditures	582	33,250	28,800	750	-97%
	Total City-Wide Costs	**505,079**	**667,303**	**662,600**	**460,218**	-31%
	Non-Personnel Services	**847,009**	**1,359,864**	**975,642**	**738,688**	-24%
	Total Non-Departmental before Transfers	**1,328,386**	**1,849,164**	**1,462,300**	**1,234,867**	-16%
0799	Transfers to Other Funds	1,553,855	112,500	86,128	84,456	-2%
	Total Non-Departmental	**$2,882,241**	**$ 1,961,664**	**$ 1,548,429**	**$ 1,319,323**	-15%

Line Item Detail

Fund #110 Department: 4190			Account Detail	Category Detail	FY 2016/17 Proposed Budget
Personnel Costs					
110-4190-0224	Retiree Medical Benefits			$ 236,179	
110-4190-0225	OPEB Funding			250,000	
110-4190-0251	Unemployment Insurance			10,000	
		Total Employee Benefits			**$ 496,179**
Materials & Services					
110-4190-0319	Professional Services			30,220	
		AED PAD Program renewal	$ 1,000		
		Alarm Monitoring	4,150		
		County Tax Administration	5,000		
		Document shredding	800		
		DTSC	5,000		
		GASB 68 Reports	3,250		
		Janitorial	3,000		
		REMIF Safety Program	5,020		
		Safety Training	3,000		
			30,220		
110-4190-0320	Dues & Memberships			12,450	
		Chamber of Commerce	$ 150		
		LAFCO - Share of costs	8,100		
		League of Cities	4,200		
			12,450		
110-4190-0355	Equipment Leases			27,600	
110-4190-0358	Liability Premium			128,589	
110-4190-0359	Liability Deductible			5,000	
110-4190-0360	Property Premium			30,000	
110-4190-0362	Telephone & Communication			14,000	
110-4190-0365	Copying/Printing Bid Docs			3,000	
110-4190-0371	Meetings/City Business			7,500	
		Employee recognition	7,500		
			7,500		
110-4190-0372	Postage			7,000	
110-4190-0375	General Supplies			12,000	
110-4190-0383	Utilities			45,000	
110-4190-0384	Books & Subscriptions			500	
		Total Material & Services			**322,859**
Other Expenditures					
110-4190-0619	Other Expenditures			750	
		Graffiti removal	$ 750		
			750		
		Total Other Expenditures			**$ 750**

(continued, next page)

Line Item Detail

Fund #110 Department: 4190 - Continued		Account Detail	Category Detail	FY 2016/17 Proposed Budget
Allocations				
110-4190-0396	IT Internal Service Fund		$ 136,609	
	Total Allocations			**$ 136,609**
Transfers to Other Funds				
110-7999-0799	Transfers to Other Funds		84,456	
	Total Transfers to Other Funds			**84,456**
	Total - Non-Departmental			**$ 1,040,853**

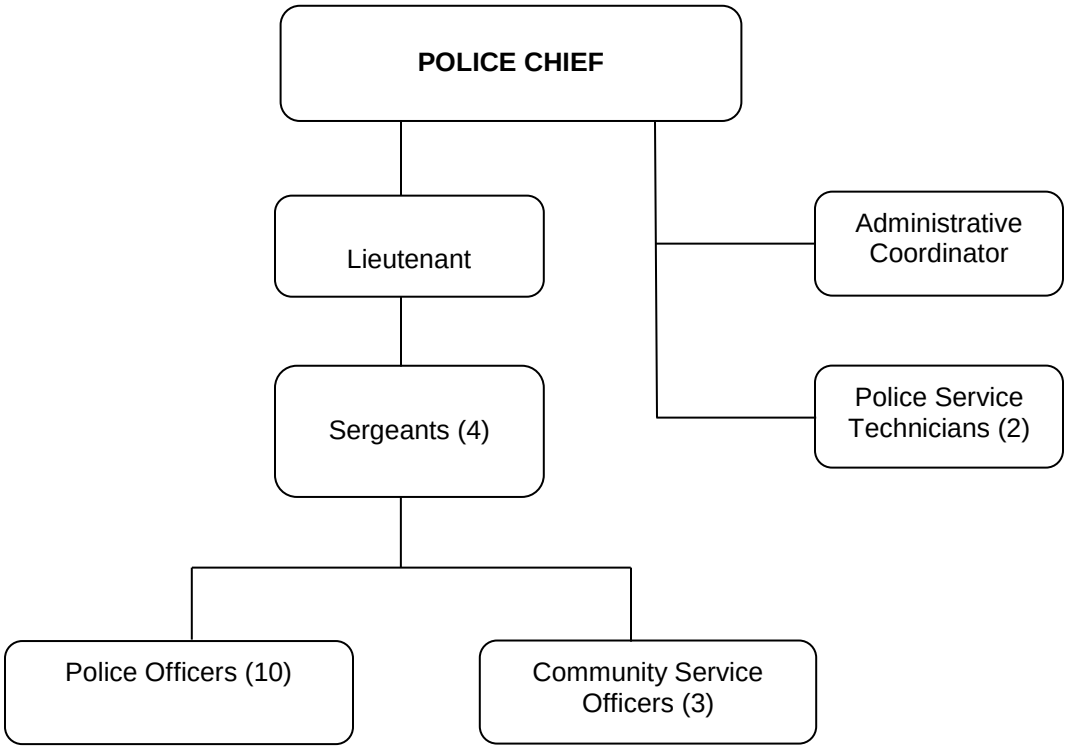
Line Item Detail

Fund #110 Department: 4915		Account Detail	Category Detail	FY 2016/17 Proposed Budget
Other Expenditures				
110-4915-0607	Caspar Landfill Property Tax		210	
	Total Other Expenditures			**210**
Debt Service				
110-4915-0911	Principal		$ 126,509	
110-4915-0912	Interest		21,060	
	Total Debt Service			**147,569**
	Total - Caspar Closure and Transfer Station			**$ 147,779**

Line Item Detail

Fund #110 Department: 4390 & 4391		Account Detail	Category Detail	FY 2016/17 Proposed Budget
Professional Services				
110-4391-0319	Fort Bragg Promotion Committee		$ 81,423	
Community Organizations				
110-4390-0621	Chamber of Commerce		9,268	
110-4390-0623	PEG TV*		18,500	
110-4390-0619	Miscellaneous		21,500	
	Otsuchi	$ 3,000		
	Fireworks	18,000		
	Leadership Mendocinno Scholarship	500		
		21,500		
			130,691	
*Annual Contribution =50% of Cable Franchise Fees from City and County				
	Total - Community Organization Support			**$ 130,691**

POLICE



Note: One Police Officer is assigned to serve on the Mendocino County Major Crimes Task Force. In FY 2015/16, one Police Officer position was reclassified as a Sergeant.

PUBLIC SAFETY - POLICE

PURPOSE

The Police Department renders front line emergency and non-emergency police services to the community through uniformed police officers and community service officers, who provide public safety, investigate crimes and traffic accidents, arrest law violators, enforce traffic and parking regulations and provide a variety of other community-oriented policing services. The Department also provides customer service to the community and supports police operations through the administrative and business offices of the Police Department including; executive leadership, management and supervision, management of reports, telephone inquiries, statistics, employee training, property and evidence management, fingerprinting and court coordination.

SUMMARY OF SERVICES

The Police Department currently functions with five administrative staff consisting of the Chief of Police, the Police Lieutenant, an Administrative Coordinator and two Police Service Technicians. The operations staff is comprised of four Sergeants, 10 Police Officers, and three Community Service Officers. The Department has one Police Officer assigned to work with the Mendocino County Major Crimes Task Force.

The Chief and Lieutenant, with the support of the Administrative Coordinator, are responsible for providing Department personnel with strategic goals and objectives, ensuring adequate staffing and equipment, ensuring training and certification in accordance with California Peace Officers Standards and Training regulations (POST), managing the Department's budget, and providing leadership direction. They also serve as a liaison between the Police Department and other City departments and with community members.

The Police Service Technicians (PSTs) ensure that all police records are kept, filed, released and purged in accordance with laws governing those matters. They are responsible for numerous State reports and validations, provide Live Scan fingerprinting services to the public, process and forward criminal reports to the appropriate agencies, and provide information to the public. They assist the public with a wide variety of inquiries both over the phone and in person. One of the PSTs is the Department’s Property and Evidence Technician who assists with the intake of property for safe keeping and property held as evidence and oversees the release and purging/destruction of Department property. She is also the Department’s subpoena clerk and is responsible for all criminal and civil subpoenas received by the Department. The Department’s other PST is the Department’s Records Supervisor and is responsible for overseeing all Records activities.

The Department provides public safety services on a 24-hour a day, seven-day a week basis. The Police Officers and Community Service Officers, under the day-to-day supervision of the Sergeants, respond to calls for service, conduct investigations, and write police reports relating to those calls. They also respond to traffic accidents, traffic/parking complaints and animal control issues. They deliver a variety of prevention and awareness information to community members, service organizations and schools.

GOALS AND OBJECTIVES

- Provide the community with excellent public safety services, education and collaborative partnerships to safeguard both citizens and property.
- Maintain and enhance current service levels while providing continuing attention to employee and organizational development and community problem solving.
- Reach out to the youth in our community by continued partnership with the Mendocino Youth Project.
- Continue to work with the Neighborhood Watch and Downtown Watch groups to enhance communication and address needs in our community.
- Continue our work to educate the public on gang/criminal activity and prevention and provide support for CGAP (Coalition for Gang Awareness and Prevention).
- Provide mandated services for general law enforcement, code administration and emergency response.

BUDGET OVERVIEW

The FY 2016/17 proposed budget for the Police Department is $3.5 million, a 4% increase from the projected FY 2015/16 total of $3.3 million. The increase is primarily due to increases in benefits costs. In FY 2016/17, premiums for the "classic" CalPERS Safety Plan will increase from 33% to 39% of salaries which results in $56k additional costs. Additionally REMIF has increased workers compensation rates in response to a spike in claims in prior years and a surcharge to build additional reserves. The rate increase will result in a higher cost to the City and a $61k increase for the Police Department in particular.

FY 2015/16 TOP ACCOMPLISHMENTS

- Converted one Police Officer positions to a Sergeant position in order to provide uninterrupted continuity of leadership and supervision due to 24/7 staffing.
- Completed the upgrade of the City's Emergency Operations Center to create better communications and improve the City's ability to effectively respond to disasters and emergencies in our community.
- Purchased a Drone to assist with emergency responses on the Coastal Trail and other law enforcement purposes.
- Implemented a Canine Program with one dog and one handler.
- Continued to increase community awareness on a variety of issues including traffic safety and traffic enforcement in and around our schools. Identified patterns of crimes and worked with community partnerships for prevention through informational pamphlets, probation/parole gang compliance checks on local offenders, and involvement with our Neighborhood Watch program.
- Continued to collaborate with social service agencies to define effective ways to address issues related to the local homeless population which impact public safety, emergency services, personal well-being and the quality of life in our community.
- Continued to foster a strong relationship with the Mendocino County District Attorney's Office who, in turn, has committed time and resources to assist the Department with criminal prosecutions.
- Provided successful operational oversight of a multitude of specialty events including the Fourth of July Fireworks, the Holiday Lights Parade, Paul Bunyan Days weekend and the Whale Festival.
- Continued to recruit and train a diverse and talented team of law enforcement professionals with a significant emphasis on mandated training and mentorship geared around a "Community Oriented" approach.
- Continued to work with our local school district and the Coalition for Gang Awareness and Prevention (CGAP) on creative ways to prevent alcohol and drug use from impacting youth and young adults, including preparation of a Social Host ordinance.

FY 2016/17 TOP PRIORITIES

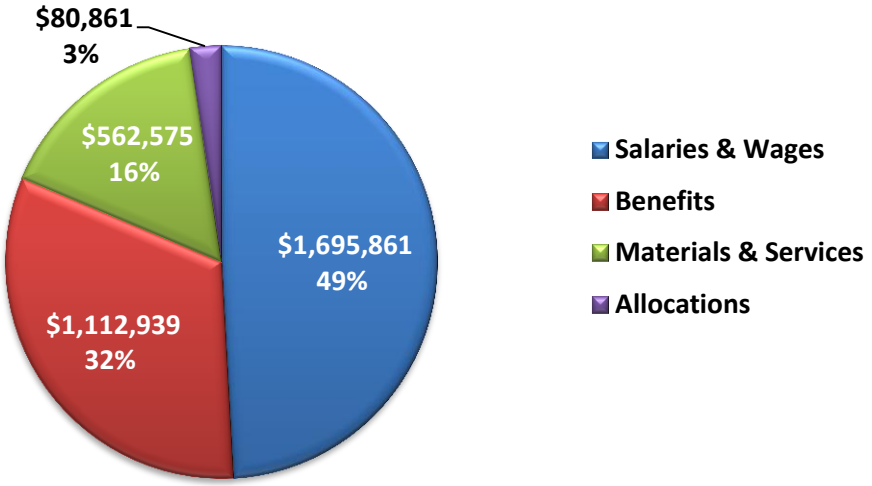
- Consider expansion of the Department's Canine Program to include two dogs and two handlers.
- Establish a small downtown sub-station at the Mendocino Coast Hospitality Center on Franklin Street.
- Establish and develop a new motor unit consisting of electric motorcycles.
- Upgrade one of the Police Department offices to a soft interview room for interacting with children and non-suspects.
- Consider establishing a Detective position for more timely and thorough felony investigations.
- Seek funding to re-establish a School Resource Officer (SRO) position.
- Obtain grant funds to purchase OHVs to be used on trails and beaches and the forest during search and rescue operations.
- Continue to place a high emphasis on recruitment and retention of police employees and maintenance of a professional and respectful work environment.
- Continue to develop the skills of support staff, officers, and supervisors through training, employee development, coaching and mentoring and continue to train Department supervisors and line officers to be future leaders within the Police Department.
- Address "quality of life" issues by supporting the Neighborhood Watch program and proactively working with other City departments and community members to identify problems within our city and to develop creative approaches to resolving those issues.

- Continue proactive enforcement efforts on drug and gang-related criminal activity and continue our involvement in and support of CGAP (Coalition for Gang Awareness and Prevention).
- Continue to be proactive in addressing issues relating to transients in commercial districts and City parks.
- Continue to assign a full time officer to the Mendocino County Major Crimes Task Force to assist with narcotics investigations and major crime cases.
- Continue to work collaboratively with the schools and service agencies to address crime prevention and public safety issues involving local youth.
- Conduct increased foot and bicycle patrols in the downtown business district.
- Continue to proactively address public safety issues on the new Coastal Trail and coordinate with other City departments on adaptive management strategies.
- Update the Department Policy Manual, Training Plan and General Orders.
- Work with Public Works to eliminate vehicles that have reached the end of their service life and continue the vehicle replacement program by purchasing new vehicles.
- Continue to explore prisoner transport service options such as contract, retired officers, reserve officers and working with MCSO.
- Continue to work collaboratively with county-wide law enforcement agencies.

POLICE DEPARTMENTAL BUDGET SUMMARY
FUND 110
DEPARTMENT: 4200

Description	FY 2014/15 Audited	FY 2015/16 Amended Budget	15/16 FYE Projected	FY 2016/17 Proposed Budget	% + /-
Personnel Services	$ 2,465,310	$ 2,666,373	$ 2,594,374	$ 2,808,800	8%
Non-Personnel Services	691,120	734,781	734,002	643,436	-12%
Total	$ 3,156,430	$ 3,401,154	$ 3,328,376	$ 3,452,236	4%

FY 2016/17 EXPENDITURES BY CATEGORY



BUDGET DETAIL:

Fund #110

Department: 4200

Object	Description	FY 2014/15 Audited	FY 2015/16 Amended Budget	15/16 FYE Projected	FY 2016/17 Proposed Budget	% +/-
0100	Salaries & Wages	$ 1,607,066	$ 1,669,149	$ 1,644,674	$ 1,695,861	3%
0200	Employee Benefits	858,244	997,224	949,700	1,112,939	17%
	Personnel Services	**2,465,310**	**2,666,373**	**2,594,374**	**2,808,800**	8%
0313	Laboratory	1,243	2,500	1,558	2,000	28%
0314	Animal Care & Control	16,836	38,000	29,000	39,500	36%
0318	Investigative Medical Serv	-	5,000	2,500	5,000	100%
0319	Professional Services	349,892	335,100	335,100	350,600	5%
0320	Dues & Memberships	789	1,000	1,285	1,000	-22%
0322	Fleet Services	177,158	197,806	197,806	80,861	-59%
0351	Equipment Repair & Maint	21,910	26,875	30,140	26,875	-11%
0356	Rental-Equip & Vehicles	1,680	1,800	1,410	1,800	28%
0357	Rentals - Space	4,896	4,300	4,741	4,300	-9%
0362	Telephone & Communication	23,924	29,100	27,164	29,100	7%
0363	Advertising & Publishing	-	200	100	200	100%
0365	Copying/Printing	3,169	3,900	2,697	3,000	11%
0366	Training/Travel Reimbursement	24,780	24,000	24,000	35,000	46%
0367	PD Recruit Training	20,214	20,000	31,160	20,000	-36%
0371	Meetings/City Business	809	1,000	709	1,000	41%
0372	Postage	1,357	2,500	2,236	2,000	-11%
0374	Evidence Supplies	700	1,000	1,261	1,200	-5%
0375	General Supplies	8,910	14,000	12,779	11,000	-14%
0376	Medical/Safety Supplies	4,274	4,000	4,243	4,000	-6%
0381	Small Tools & Equipment	17,105	17,700	19,907	20,000	0%
0383	Utilities	2,341	4,000	3,631	4,000	10%
0384	Books & Subscriptions	720	1,000	574	1,000	74%
0619	Miscellaneous	8,413	-	-	-	0%
	Non-Personnel Services	**691,120**	**734,781**	**734,002**	**643,436**	-12%
	Total Police Department	$ 3,156,430	$ 3,401,154	$ 3,328,376	$ 3,452,236	4%

Line Item Detail

Fund #110 Department: 4200		Account Detail	Category Account Detail	FY 2016/17 Proposed Budget
Personnel Costs:				
	Salaries & Wages		$ 1,695,861	
	Employee Benefits		1,112,939	
	Medical & Dental Insurance Premiums; Pers; Employment Taxes			
	Total Personnel Costs			**$ 2,808,800**
Materials & Services				
110-4200-0313	Laboratory		2,000	
110-4200-0314	Animal Care & Control		39,500	
110-4200-0318	Investigative Medical Service		5,000	
110-4200-0319	Professional Services		350,600	
	Car washing	$ 900		
	Dispatch services	325,500		
	DOJ Livescan	12,000		
	Evidence towing	1,000		
	Integrity Shred	700		
	Investigative services	2,600		
	MMCTF Annual donation	4,500		
	Parking administration	1,200		
	Reporting subscriptions	1,700		
	Whispering Pines Water	500		
		350,600		
110-4200-0320	Dues & Memberships		1,000	
110-4200-0351	Equipment Repair & Maintenance		26,875	
110-4200-0356	Rentals - Equipment		1,800	
110-4200-0357	Rentals - Off Site Storage		4,300	
110-4200-0362	Telephone & Communication		29,100	
110-4200-0363	Advertising & Publishing		200	
110-4200-0365	Copying/Printing		3,000	
110-4200-0366	Training/Travel Reimbursement		35,000	
110-4200-0367	Recruit Training		20,000	
110-4200-0371	Meetings/City Business		1,000	
110-4200-0372	Postage		2,000	
110-4200-0374	Evidence Supplies		1,200	
110-4200-0375	General Supplies		11,000	
110-4200-0376	Medical/Safety Supplies		4,000	
110-4200-0381	Small Tools & Equipment		20,000	
110-4200-0383	Utilities		4,000	
110-4200-0384	Books & Subscriptions		1,000	
	Total Material & Services			**562,575**
Allocations				
110-4200-0322	Fleet Services		80,861	
	Total Allocations			**80,861**
	Total - Police Department			**$ 3,452,236**

PUBLIC SAFETY - FIRE

PURPOSE

The City of Fort Bragg and the Fort Bragg Rural Fire Protection District (Rural Fire District) have agreed to jointly provide fire services within their respective boundaries under a Joint Powers Authority (JPA) known as the Fort Bragg Fire Protection Authority (FBFPA). The JPA was formed in FY 1989/90. The FBFPA is a public entity that is separate and apart from both the City and the Rural Fire District. FBFPA has all of the powers relating to fire protection, fire suppression and emergency rescue authorized by law and has the power to contract for the purchase, lease, or rental of whatever services or equipment that it may consider appropriate for its mission. Debts, liabilities or other obligations of the FBFPA do not accrue to the two agencies that entered into the JPA.

The FBFPA's budget is approved by the FBFPA Board of Directors, the City Council, and the Rural Fire District Board. Funding responsibility is shared by the City and the Rural Fire District with the breakdown of operating costs based on a three-year average call ratio. Typically, the City averages a higher percentage of calls and therefore pays a higher percentage of the FBFPA's budget.

The paid staff of the FBFPA consists of a Fire Chief, Fire Prevention Officer, Maintenance Engineer and an Office Manager. The FBFPA also has 35 volunteer firefighters who are considered employees. Neither the Rural Fire District nor the City has employees whose job responsibilities include provision of fire services.

BUDGET OVERVIEW

The FY 2016/17 proposed budget for the Fire Department is $405,480 which is an increase of $15k, or 4% compared to the FY 2015/16 projected total.

BUDGET DETAIL:

Fund #110

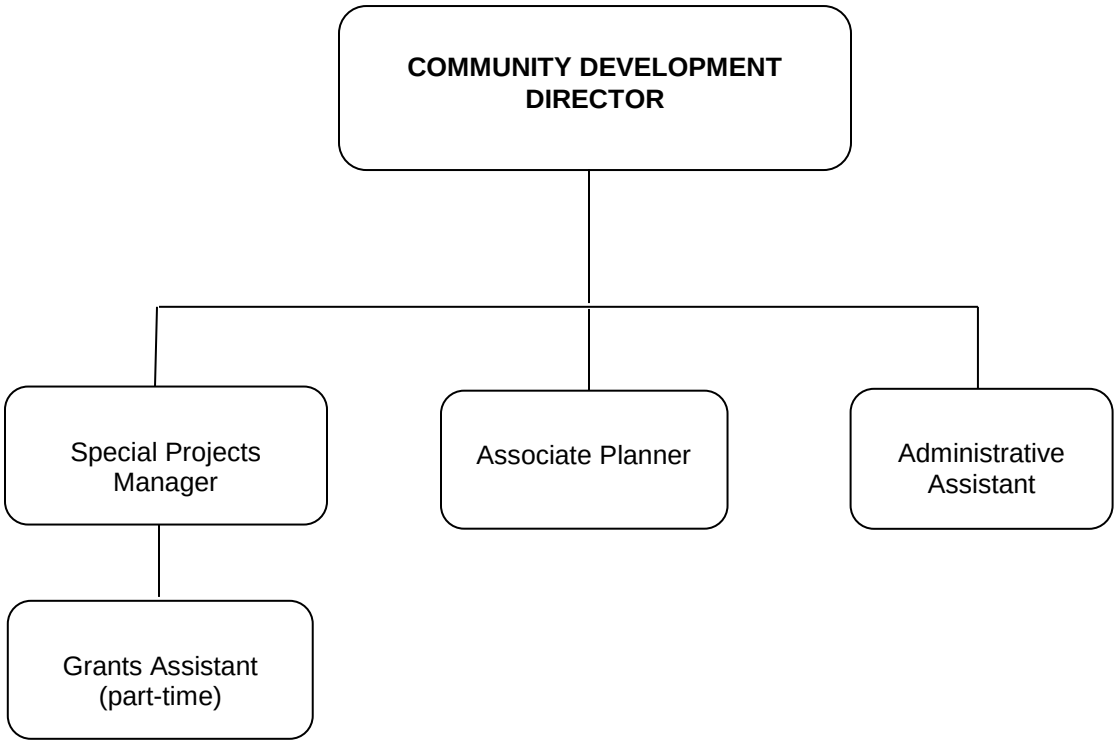
Department: 4220

Object	Description	FY 2014/15 Audited	FY 2015/16 Amended Budget	15/16 FYE Projected	FY 2016/17 Proposed Budget	% + /-
0220	Pers	$ 2,677	$ 3,000	$ 4,672	$ 3,300	-29%
0319	Professional Services	362,010	386,250	386,250	402,180	4%
	Total Fire Department	$ 364,687	$ 389,250	$ 390,922	$ 405,480	4%

Line Item Detail

Fund #110 Department: 4220		Account Detail	Category Detail	FY 2016/17 Proposed Budget
Personnel Costs				
110-4220-0220	Pers		$ 3,300	
	Total Employee Benefits			**$ 3,300**
Materials & Services				
110-4220-0319	Professional Services		402,180	
	Contribution to the Fire Protection District			
	Total Material & Services			**402,180**
	Total - Fort Bragg Fire Protection District			**$ 405,480**

COMMUNITY DEVELOPMENT



COMMUNITY DEVELOPMENT

PURPOSE

Support development and preservation of an attractive and functional built environment, a vibrant economy, and needed community and environmental amenities by providing effective long-range and current planning; implementation of special projects; and excellent permitting, economic development, grant writing, and grant administration services.

SUMMARY OF SERVICES

The Community Development Department includes four full-time employees: a Community Development Director, Special Projects Manager, Associate Planner, and Administrative Assistant and one part-time employee, a Grants Assistant.

The Community Development Department serves the community by facilitating, guiding, and regulating development in Fort Bragg and assisting with planning and implementation of City projects. The work of the department spans a wide range of activities:

- In the area of current planning, the Department works with developers, business owners, and property owners to ensure that new development proposals comply with the City's planning and zoning regulations. The Department also manages building permit activities, and undertakes code enforcement.
- In the area of economic development, the Department has primary responsibility for implementation of the City's Economic Development Strategy (which is focused on jobs, tourism, arts and quality of life), obtains and administers grants for community development, economic development, planning, and capital projects and coordinates the City's housing rehabilitation and business loan programs.
- In the area of special projects, the Department seeks funding for, and oversees the conceptual planning and design process, permitting and environmental review for special projects in our community including: the Fort Bragg Coastal Trail, the Chestnut Street Multi-Use Trail, a gymnasium at the CV Starr Center, and other similar projects. For Phase 1 of the Coastal Trail project, the Department was integrally involved in construction management as well.
- In the area of long-range planning, the Department engages the community and Council to prepare and implement long-range plans such as: the Inland General Plan Update, the Mill Site Specific Plan, the Fort Bragg Wayfinding Plan, the Guesthouse Master Plan and the Climate Action Plan.

GOALS AND OBJECTIVES

- Implement the City's Economic Development Strategy.
- Continue efforts to obtain grant funding for the Fort Bragg Coastal Trail project (phase II) and collaborate with Public Works on management of the design, engineering and construction of improvements.
- Process new development applications, planning permits, CEQA review, building permits and sign permits in a timely manner with exceptional customer service
- Work on the Mill Site Reuse project, as directed by the City Council.
- Complete planning, environmental review, permitting and community outreach for new City projects.
- Work with other City departments to implement the Wayfinding Plan and the Climate Action Plan.
- Update the Inland General Plan, Coastal General Plan, Inland Land Use and Development Code and Coastal Land Use and Development Code.

BUDGET OVERVIEW

The FY 2016/17 proposed budget for the Community Development Department is $472k, an increase of $67k over the FY 2015/16 projected total of $405k. The difference is primarily related to the cost of personnel services. While FY 2015/16 saw some staff positions unfilled for part of the year, the department expects to be fully staffed for all of FY 2016/17.

FY 2015/16 TOP ACCOMPLISHMENTS

- Phase I of the Fort Bragg Coastal Trail & Restoration Project was completed, culminating many years of effort by staff in the Community Development Department (along with Administration and Public Works).
- Initiated design of Phase II of the Fort Bragg Coastal Trail.
- Completed the Fort Bragg Wayfinding Plan, the C.V. Starr Center Phase 3 Master Plan, the Bainbridge Park Master Plan, and the Athletic Fields Master Plan
- Continued work on the City of Trails project.
- Continued to implement a $500,000 HOME grant which provides low-interest, deferred loans for owner-occupied housing rehabilitation.
- Continued to implement CDBG-funded activities from the 2014 grant including acquisition and rehabilitation of a homeless facility project, implementation of three programs including the Giving Garden Employment Training Program, HELP Plus (Home Energy Link Program with water conservation), HELP H2O (payment assistance program), and Microenterprise Assistance program support to West Company.
- Completed all activities funded by the 2012 CDBG grant and conducted close-out activities for the Homeless Transitional Housing Facility, Homeless Mental Health Intervention Program (HMHIP), and a Microenterprise Assistance Program. Four Supplemental Activities funded through the 2012 grant, including the Food Bank Service Equipment Activity, Project Sanctuary Building Safety Project, Senior Center Kitchen Rehabilitation, and Hospitality House Solar/Floor project were also completed during the fiscal year.
- Continued loan development, loan servicing, and loan portfolio management services funded by General Administration allocations from the City's 2014 Over-the-Count (OTC) loan award .
- Processed and reviewed 72 building permit applications (from June 2014 to March 2015), 32 development permits, and 71 code enforcement cases.

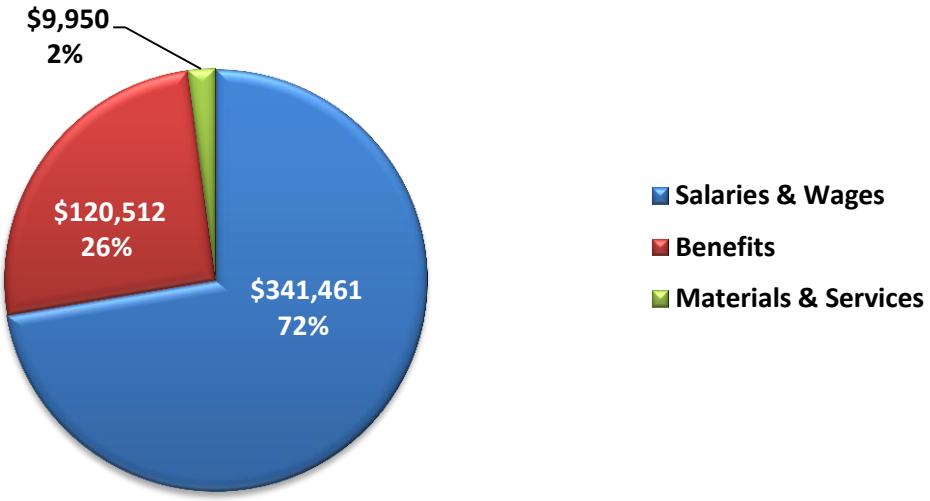
FY 2016/17 TOP PRIORITIES

- Implement the 2016/17 tasks identified in the City's Economic Development Strategy.
- Assist with implementation of the Fort Bragg Coastal Trail construction project.
- Work on the Mill Site Reuse project, as directed by the City Council.
- Provide exceptional customer service in the processing of all new development applications, planning permits, CEQA review, building permits and sign permits.
- Work with other City departments to implement the Climate Action Plan and the Fort Bragg Wayfinding Plan
- Update the Coastal General Plan, Inland General Plan, Coastal Land Use and Development Code, and Inland Land Use and Development Code.
- Expend all available funding from the HOME Housing Rehabilitation Loan program and seek additional funding to extend the program into 2017 and beyond.
- Continue implementation of CDBG 2014 grant-funded activities including the homeless facility rehabilitation project, HELP Plus and HELP H2O programs, Giving Garden Program, and Microenterprise Assistance; as well as CDBG Program Income-funded activities including the Food Bank Solar Project and the Bainbridge Park Enhancement Project.
- Submit a successful 2016 CDBG application to fund a variety of CDBG-eligible City Council and community priorities.
- Seek funding for other City Council priorities.

COMMUNITY DEVELOPMENT DEPARTMENTAL BUDGET SUMMARY
FUND 110
DEPARTMENT: 4320

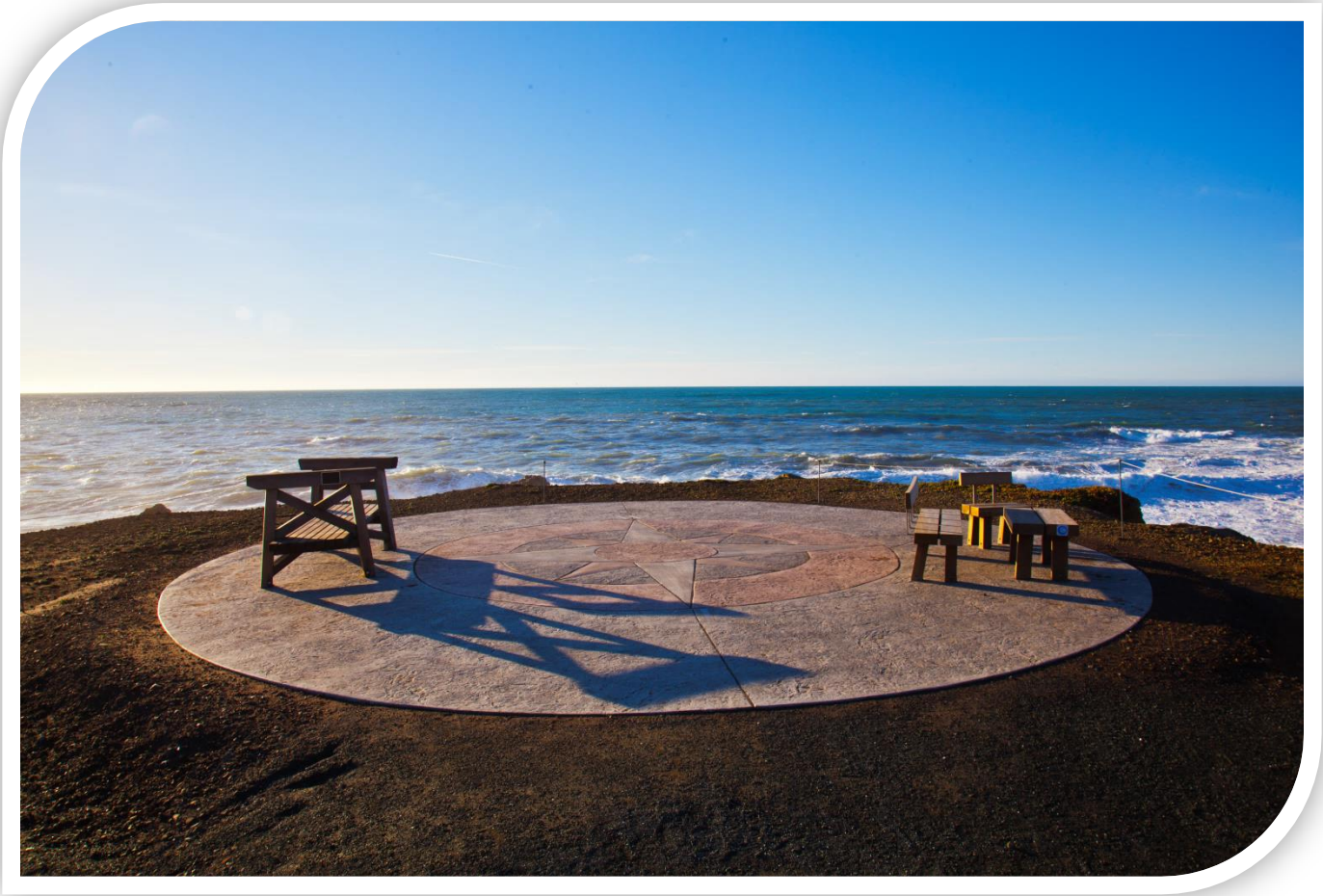
Description	FY 2014/15 Audited	FY 2015/16 Amended Budget	15/16 FYE Projected	FY 2016/17 Proposed Budget	% + /-
Personnel Services	$ 360,326	$ 417,261	$ 389,314	$ 461,972	19%
Non-Personnel Services	8,854	16,032	15,699	9,950	-37%
Total	$ 369,180	$ 433,293	$ 405,013	$ 471,922	17%

FY 2016/17 EXPENDITURES BY CATEGORY

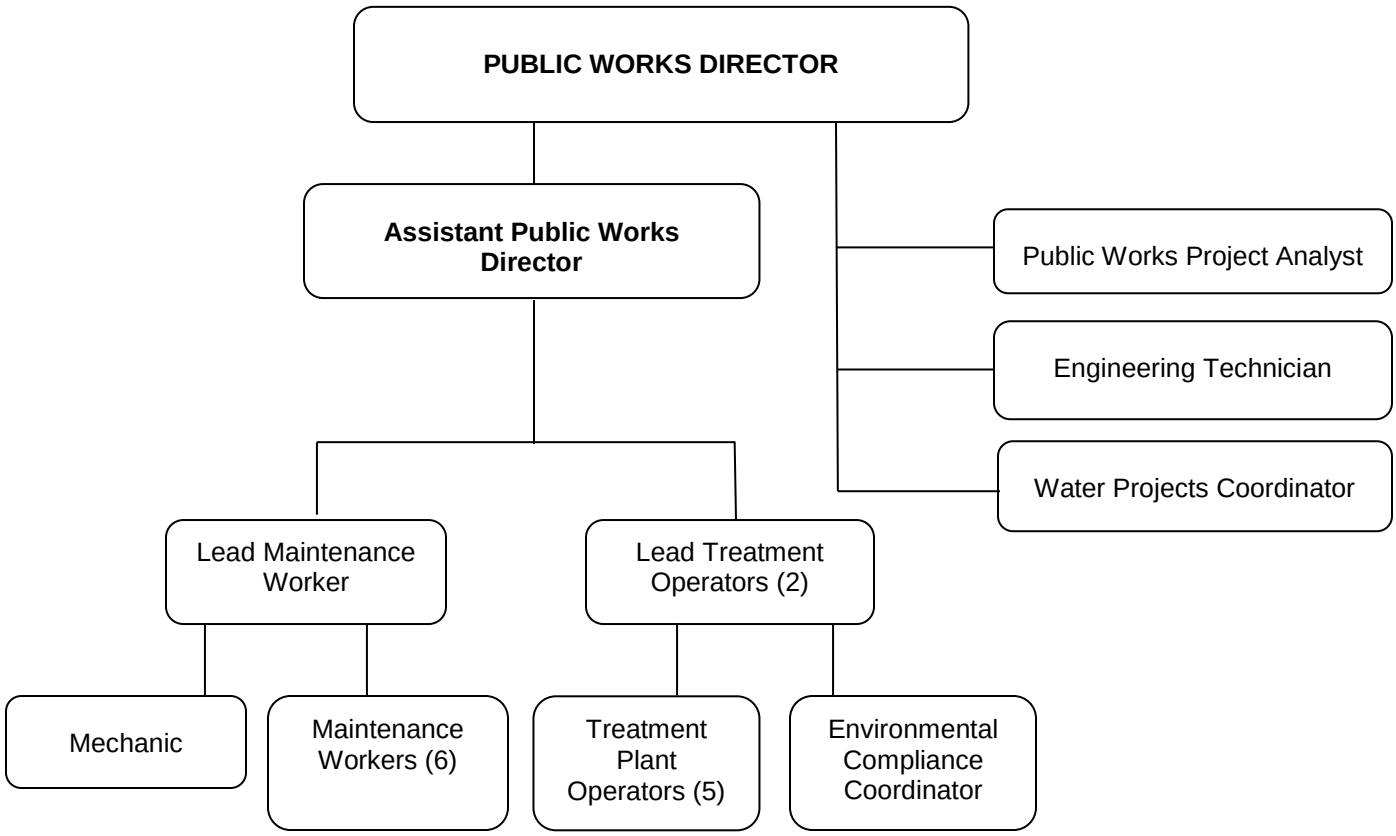


Line Item Detail

Fund #110 Department: 4320		Account Detail	Category Detail	FY 2016/17 Proposed Budget
Personnel Costs				
	Salaries & Wages		$ 341,461	
	Employee Benefits		120,512	
	Total Personnel Costs			**$ 461,972**
Materials & Services				
110-4320-0319	Professional Services		2,000	
110-4320-0320	Dues & Memberships		200	
110-4320-0364	Legal Notices		3,000	
110-4320-0366	Training/Travel Reimbursement		2,500	
110-4320-0371	Meetings/City Business		1,000	
110-4320-0381	Small Tools & Equipment		1,000	
110-4320-0384	Books & Subscriptions		250	
			9,950	
	Total Material & Services			**9,950**
	Total - Community Development Department			**$ 471,922**



PUBLIC WORKS



Notes: The Operations Manager position is reclassified as Assistant Public Works Director in FY 2016/17.
The Water Projects Coordinator position is budgeted at 0.8 FTE in FY 2016/17.
The Mechanic position is budgeted in the Fleet & Equipment Internal Service Fund.

PUBLIC WORKS

PURPOSE

Provide, operate and maintain essential public infrastructure facilities and services to make everyday life as safe and convenient as possible. The basic services provided by the Public Works Department include surveying, mapping, drafting, City-owned facility and park maintenance, street maintenance and repair, traffic signage, water intake, treatment and distribution, storm water runoff management, and wastewater collection, treatment and discharge.

SUMMARY OF SERVICES

The Public Works Department is organized in six divisions - Administration/Engineering, Parks and Facilities, Corporation Yard/Fleet, Street Maintenance, Water Enterprise, and Wastewater Enterprise. The Administration/Engineering Division provides administrative support, fiscal management and engineering services to the entire Public Works Department. It also is responsible for implementation of the City's Capital Improvement Program and works closely with various regulatory agencies to maintain permit compliance. The Parks & Facilities Division provides maintenance and repairs for City facilities and grounds, parks and street trees and also assists with capital projects, as needed. The Corp Yard/Fleet Division is responsible for maintenance of city streets, including painted curbs, crosswalks, and signage; maintenance and repairs of the City's wastewater collection lines, storm drains, water distribution system, utility meters, and fire hydrants. The crew also responds to sewage spills and water service line leaks. Fleet is responsible for the maintenance of all City vehicles, heavy equipment, and other large pieces of equipment throughout the City. The Public Works crew also provides support for many civic and community events. The Water and Wastewater Enterprises are operated as separate enterprises and are presented in separate sections of this budget.

GOALS AND OBJECTIVES

- Provide coordinated oversight and management of six divisions within the Public Works Department.
- Ensure that employees are given essential safety training and job-skills training. Provide employees with adequate resources to safely and effectively complete their work. Implement employee policies and procedures in accordance with all federal, State, and local rules and regulations.
- Perform necessary physical and operational activities at each City-owned facility and for the City's infrastructure to meet or exceed all regulatory requirements.
- Manage and inspect the City's capital projects to ensure quality of workmanship, timeliness, and conformance with plans and technical specifications and budgetary constraints.
- Pursue additional revenue sources, strive for cost-efficiencies, and reduce costs to the General Fund and Enterprise Funds.
- Strive for energy-efficiency in the operation of all City-owned facilities and work towards implementation of sustainability measures.
- Enhance public travel by providing a safe and durable road network including pedestrian, bicycling and other modes of transportation. Provide for a smooth flow of traffic throughout the City.
- Maintain customer satisfaction and continue to be responsive to citizen inquiries and concerns.

BUDGET OVERVIEW

The Public Works budget for FY 2016/17 totals $1.65 million which is a slight decrease over FY 2015/16 projected totals of $1.74 million. Street maintenance costs are expected to decrease by $50k as the Department shifts focus from maintenance to capital improvement in FY 2016/17. Additionally the Traffic & Safety division expects a decrease in cost of $50k. The variance is caused by two FY 2015/16 projects; tree removal ($21k) and wayfinding signs ($32k). Similar projects are not budgeted in FY 2016/17.

FY 2015/16 TOP ACCOMPLISHMENTS

- Constructed the City's first Low Impact Development (Green) Alley Project. Original alleys improved were: the Purity Alley from Redwood Avenue to Alder Street just east of Franklin Street, and an alley from Oak Street to Madrone Street east of Harrison Street. Additional alleys included: the Columbi Alley from Oak Street to Madrone Street east of Whipple Streets and the alley behind the CV Starr Center from Willow Street to Wall Street. In addition, several storm drain inlets, with supplementary infiltration, were installed in various locations.
- Completed construction of the southern segment of the Coastal Trails, (Noyo Headlands Park) with much assistance from Community Development Department.
- Completed the design of the Chestnut Street Corridor multi-use trail.
- On-going maintenance and emergency repairs at the Guest House. This includes letting the contract for the roof repairs.
- Developed and implemented a long range funding plan for the Building & Facilities Internal Service Fund (ISF).
- Implemented the Fleet Replacement Reserve Plan.
- Ongoing maintenance and repair of the City's, facilities, parks, fleet, storm drain, and street infrastructure.
- Restarted the street and alley rehabilitation plans by designing the next round of improvements: N Sanderson Street, S. Franklin Street, Boatyard Drive, "Sears" alley, "Starbucks" alley, and a residential neighborhood alley.
- Processed National Pollution Discharge Elimination System (NPDES) permit changes and performed on-going permit compliance.
- Hired a temporary Associate City Engineer to help manage a large design workload.
- Continue to assist the C.V. Starr Center with its major maintenance projects and its Capital projects program.

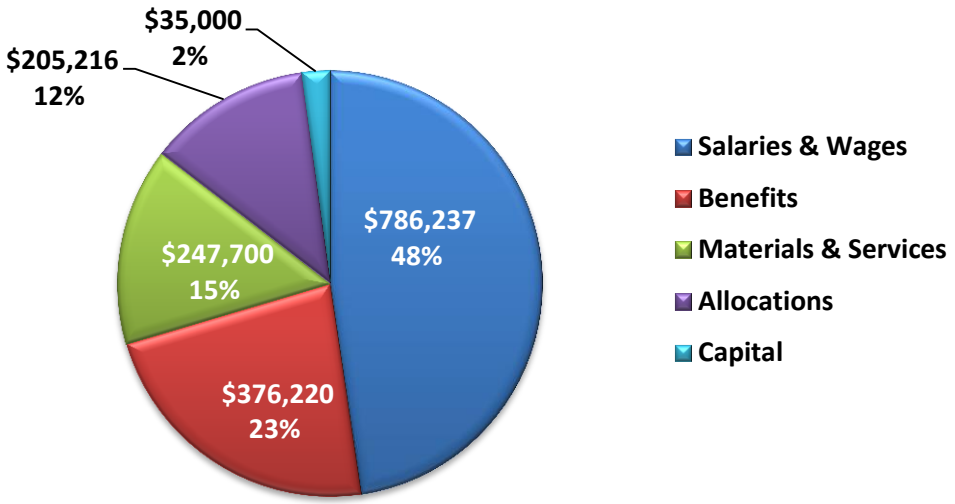
FY 2016/17 TOP PRIORITIES

- Complete construction of the Chestnut Street Multi-Use Trail Project.
- Construct the 2016 Streets and Alley Rehabilitation Project.
- Assist Community Development with the funding and design of the next phase of the Coastal Trail.
- Implement the Bainbridge Park improvement project.
- Undertake design of the next round of alley rehabilitation work.
- Continue with essential repair and maintenance work at the Guest House. This will include exterior painting, siding repairs and improvements to the foundation.
- Perform needed exterior maintenance and painting of City Hall.
- Construct necessary improvements to stabilize City Hall East.
- Continue pothole repair as part of a focused street maintenance program.
- Continue minor storm drainage repairs/improvement program.
- Continue to provide assistance for C.V. Starr Center for maintenance and capital projects.
- Continue coordination with Community Development to provide timely processing of development applications.

PUBLIC WORKS DEPARTMENTAL BUDGET SUMMARY
FUND 110
DEPARTMENT: 4330, 4392, 4520, 4522, 4570, 4840

Description	FY 2014/15 Audited	FY 2015/16 Amended Budget	15/16 FYE Projected	FY 2016/17 Proposed Budget	% + /-
Personnel Services	$ 1,024,818	$ 1,124,552	$ 1,149,497	$ 1,162,457	1%
Non-Personnel Services	537,567	644,778	591,571	487,916	-18%
Total	$ 1,562,386	$ 1,769,330	$ 1,741,068	$ 1,650,373	-5%

FY 2016/17 EXPENDITURES BY CATEGORY



BUDGET DETAIL:
Fund #110
Department: 4330, 4392, 4520, 4522, 4570, 4840

Object	Description	FY 2014/15 Audited	FY 2015/16 Amended Budget	15/16 FY Projected	FY 2016/17 Proposed Budget	% +/-
0100	Salaries & Wages	$ 703,276	$ 772,390	$ 797,088	$ 786,237	-1.4%
0200	Employee Benefits	321,542	352,162	352,409	376,220	6.8%
	Personnel Services	**1,024,818**	**1,124,552**	**1,149,497**	**1,162,457**	1.1%
Administration, Engineering, Corp Yard						
0319	Professional Services	56,886	19,771	(10,007)	11,500	-214.9%
0320	Dues & Memberships	153	550	438	350	-20.0%
0322	Fleet Services	19,700	22,899	22,899	9,361	-59.1%
0365	Copying/Printing	-	50	25	-	-100.0%
0366	Training/Travel Reimbursement	2,838	6,000	3,383	4,000	18.2%
0373	Licenses & Permits	1,119	2,600	1,450	2,100	44.8%
0375	General Supplies	5,072	5,000	4,747	5,000	5.3%
0376	Medical/Safety Supplies	1,608	2,500	1,686	1,500	-11.0%
0377	Boot Expense	954	1,400	1,079	2,000	85.3%
0378	Uniforms Expense	93	-	-	-	0.0%
0381	Small Tools & Equipment	1,346	2,000	1,539	2,000	29.9%
0384	Books & Subscriptions	561	700	413	500	21.2%
	Total Administration, Engineering, Corp Yard	**90,329**	**63,470**	**27,652**	**38,311**	38.5%
Parks & Facilities						
0319	Professional Services	10,852	25,750	15,448	15,250	-1.3%
0322	Fleet Services	44,766	52,035	52,035	21,271	-59.1%
0366	Training/Travel Reimbursement	-	1,000	500	1,000	100.0%
0375	General Supplies	14,389	15,000	15,000	17,000	13.3%
0381	Small Tools & Equipment	1,549	1,700	1,097	3,500	219.2%
0397	Alloc to Facilities Maint	132,741	138,982	138,982	161,514	16.2%
	Total Parks & Facilities	**204,297**	**234,467**	**223,062**	**219,535**	-1.6%
Street Maintenance						
0319	Professional Services	17,180	59,492	57,713	32,000	-44.6%
0322	Fleet Services	11,523	13,394	13,394	5,475	-59.1%
0375	General Supplies	9,567	15,000	12,700	8,000	-37.0%
0383	Utilities	106,308	105,000	115,255	105,000	-8.9%
	Total Street Maintenance	**144,579**	**192,886**	**199,061**	**150,475**	-24.4%
Storm Drains						
0319	Professional Services	1,610	6,000	2,481	5,500	121.7%
0322	Fleet Services	31,816	14,258	14,258	5,829	-59.1%
0366	Training/Travel Reimbursement	-	400	200	-	-100.0%
0373	Licenses & Permits	6,116	7,275	8,217	7,500	-8.7%
0375	General Supplies	4,106	6,600	4,258	4,000	-6.1%
0751	Infrastructure	26,753	35,000	35,000	35,000	0.0%
	Total Storm Drains	**70,401**	**69,533**	**64,413**	**57,829**	-10.2%
Traffic & Safety						
0319	Professional Services	230	21,694	23,474	1,000	-95.7%
0322	Fleet Services	3,717	4,321	4,321	1,766	-59.1%
0375	General Supplies	17,578	53,407	44,850	14,000	-68.8%
0383	Utilities	6,437	5,000	4,737	5,000	5.6%
	Total Traffic & Safety	**27,962**	**84,422**	**77,382**	**21,766**	-71.9%
	Non-Personnel Services	**537,567**	**644,778**	**591,571**	**487,916**	-17.5%
	Total Public Works Department	**$ 1,562,386**	**$ 1,769,330**	**$ 1,741,068**	**$ 1,650,373**	-5.2%

Administration & Engineering Department
Line Item Detail

Fund #110 Department: 4330		Account Detail	Category Detail	FY 2016/17 Proposed Budget
Personnel Costs				
	Salaries & Wages		$ 394,403	
	Employee Benefits		148,866	
			543,269	
	Total Personnel Costs			**$ 543,269**
Materials & Services				
110-4330-0310	Engineering		10,000	
110-4330-0366	Training/Travel Reimbursement		3,000	
110-4330-0373	Licenses & Permits		600	
110-4330-0377	Boot Expense		400	
110-4330-0381	Small Tools & Equipment		500	
110-4330-0384	Books & Subscriptions		200	
			14,700	
	Total Material & Services			**14,700**
Allocation Transfers				
110-4330-0322	Fleet Services		2,296	
	Total Allocation Transfers			**2,296**
	Total - Admin. & Engineering Department			**$ 560,265**

Parks & Facilities Department
Line Item Detail

Fund #110 Department: 4392		Account Detail	Category Detail	FY 2016/17 Proposed Budget
Materials & Services				
110-4392-0319	Professional Services		$ 15,250	
	Decorations	1,000		
	Fire extinguisher maintenance	750		
	Harbor Light path maintenance	4,500		
	Parlin Fork work crew	2,000		
	Porta- potty maintenance	2,000		
	Tree maintenance	5,000		
		15,250		
110-4392-0366	Training/Travel Reimbursement		1,000	
110-4392-0375	General Supplies		17,000	
110-4392-0381	Small Tools & Equipment		3,500	
	Total Material & Services			**$ 36,750**
Allocations				
110-4392-0322	Fleet Services		$ 21,271	
110-4392-0397	Facilities Maintenance & Repair		161,514	
			182,785	
	Total Allocations			**182,785**
	Total - Parks & Facilities Department			**$ 219,535**

Street Maintenance Department
Line Item Detail

Fund #110 Department: 4520		Account Detail	Category Detail	FY 2016/17 Proposed Budget
Materials & Services				
110-4520-0319	Professional Services		32,000	
	Engineering	$ 7,000.00		
	Material disposal	10,000		
	Street structural repairs	15,000		
		32,000		
110-4520-0375	General Supplies		8,000	
110-4520-0383	Utilities		105,000	
	Total Material & Services			**145,000**
Allocations				
110-4520-0322	Fleet Services		5,475	
	Total Allocations			**5,475**
	Total - Street Maintenance Department			**$ 150,475**

Storm Drain Department
Line Item Detail

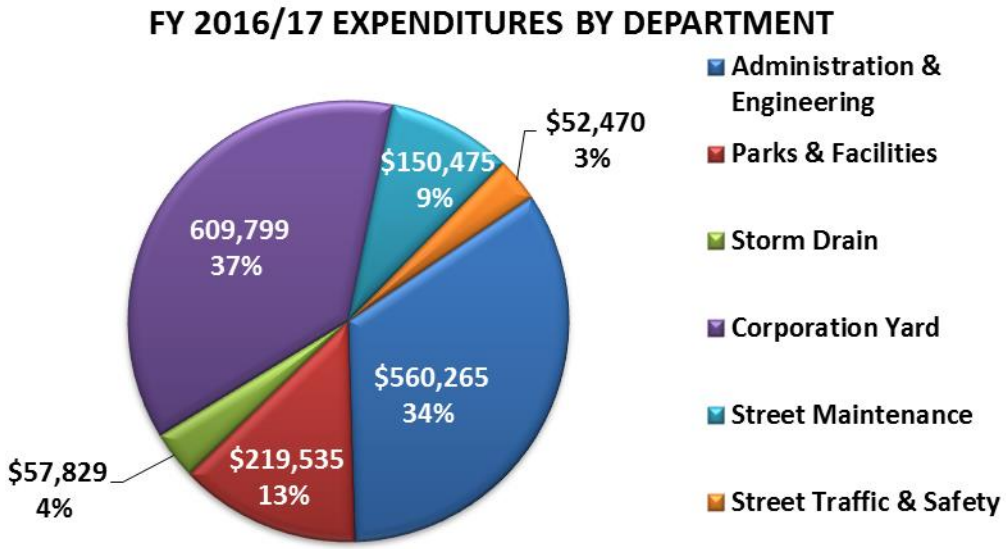
Fund #110 Department: 4522		Account Detail	Category Detail	FY 2016/17 Proposed Budget
Materials & Services				
110-4522-0319	Professional Services		$ 5,500	
	Engineering	$ 3,700		
	Outreach/workshops	1,500		
	Stormwater hotline	300		
		5,500		
110-4522-0373	Licenses & Permits		7,500	
	NPDES permit	7,000		
	CASQA	500		
		7,500		
110-4522-0375	General Supplies		4,000	
	Total Materials & Services			**$ 17,000**
Capital				
110-4522-0751	Infrastructure			**35,000**
	Storm Drain Repairs			
Allocations				
110-4522-0322	Fleet Services		5,829	
	Total Allocations			**5,829**
	Total - Storm Drain Department			**$ 57,829**

Corporation Yard Department
Line Item Detail

Fund #110 Department: 4570			Account Detail	Category Detail	FY 2016/17 Proposed Budget
Personnel Costs					
	Salaries & Wages			$ 363,835	
	Employee Benefits			224,650	
		Total Personnel Costs			**$ 588,484**
Materials & Services					
110-4570-0319	Professional Services			1,500	
		Material disposal	$ 1,000		
		Fire extinguisher maintenance	500		
			1,500		
110-4570-0320	Dues & Memberships			350	
		USA (Underground Service Alert)	350		
			350		
110-4570-0366	Training/Travel Reimbursement			1,000	
110-4570-0373	Licenses & Permits			1,500	
110-4570-0375	General Supplies			5,000	
110-4570-0376	Medical/Safety Supplies			1,500	
110-4570-0377	Boot Expense			1,600	
110-4570-0381	Small Tools & Equipment			1,500	
110-4570-0384	Books & Subscriptions			300	
		Total Material & Services			**14,250**
Allocations					
110-4570-0322	Fleet Services			7,065	
		Total Allocations			**7,065**
		Total - Corporation Yard Department			**$ 609,799**

Street Traffic & Safety Department
Line Item Detail

Fund #110 Department: 4840		Account Detail	Category Detail	FY 2016/17 Proposed Budget
Personnel Costs				
	Salaries & Wages		$ 28,000	
	Employee Benefits		2,704	
		Total Personnel Costs		**$ 30,704**
Materials & Services				
110-4840-0319	Professional Services		1,000	
110-4840-0375	General Supplies		14,000	
110-4840-0383	Utilities		5,000	
		Total Material & Services		**20,000**
Allocations				
110-4840-0322	Fleet Services		1,766	
		Total Allocations		**1,766**
		Total - Street Traffic & Safety Department		**$ 52,470**



FACILITIES REPAIR & MAINTENANCE INTERNAL SERVICE FUND

PURPOSE

The Facilities Repair & Maintenance Internal Service Fund accounts for all costs associated with the maintenance of public buildings, including preventative maintenance and on-going maintenance. These services are primarily performed by the City's Public Works staff.

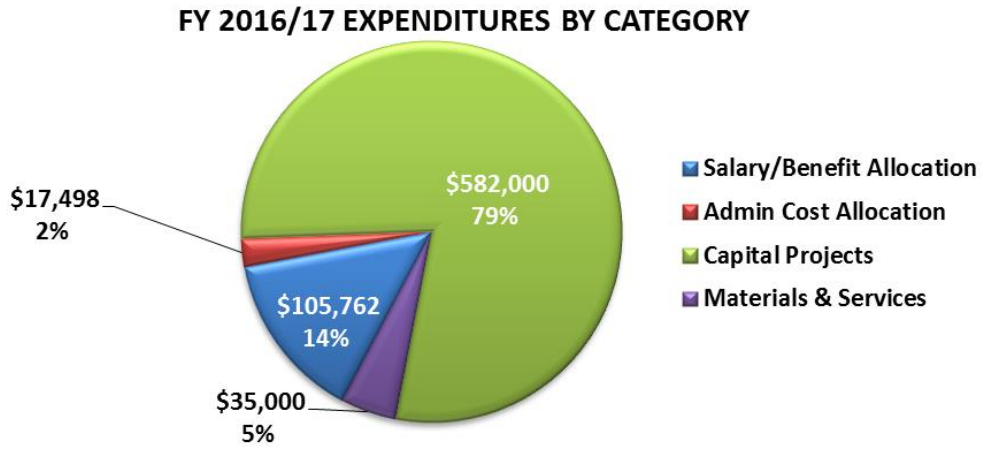
BUDGET OVERVIEW

The FY 2016/17 proposed budget for the Facilities Repair & Maintenance Internal Service Fund (including transfers from the reserve to fund capital projects) is $740k. In FY 2015/16 a 10-Year Financial Plan was developed which informs the annual funding requirement. FY 2016/17 includes a heavy workload as several deferred projects will be undertaken. Capital Projects financed by the Facilities Repair & Maintenance Internal Service Fund include the completion of the Guest House Rehabilitation ($270k), City Hall Rehabilitation ($185k) and City Hall East Structural Rehabilitation ($127k).

Pursuant to the City's Fund Balance and Reserve Policy, the unrestricted fund balance in the Facilities Repair & Maintenance Internal Service Fund is transferred to a reserve within the Internal Service Fund which is intended to help pre-fund large purchases and repairs and avoid big annual swings in funding needs. In FY 2016/17, the capital reserve will be drawn down to fund previously deferred capital projects. Based on the Fund's 10-Year Financial Plan, the draw-down is practical.

BUDGET DETAIL:
Fund #520
Department: 4393

Object	Description	FY 2014/15 Audited	FY 2015/16 Amended Budget	15/16 FYE Projected	FY 2016/17 Proposed Budget	% + /-
0353	Facilities Maint & Repair	$ 72,424	$ 108,500	$ 100,500	$ 35,000	-65.2%
0399	Admin Allocation	56,913	58,389	58,389	17,498	-70.0%
0801	Salary/Benefit Allocation	82,349	80,575	80,575	105,762	31.3%
7999	Transfers Out (Capital Projects)	-	-	180,000	582,000	223.3%
	Total - Facilities Maintenance	$ 211,686	$ 247,464	$ 419,464	$ 740,260	76.5%



Facility & Equipment Internal Service Fund - 10 Year Program

MAJOR PROJECTS/RELPACEMENTS	Fiscal Year									
	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
City Hall	$40,000	$185,500	$32,000	$60,000	$0	$5,000	$0	$0	$0	$0
City Hall East	$3,000	$127,000	$160,000	$8,000	$50,000	$0	$0	$330,000	$0	$0
Fort Building	$0	$0	$0	$0	$0	$0	$0	$10,000	$0	$0
Town Hall	$0	$0	$10,000	$15,000	$110,000	$3,000	$0	$0	$0	$0
Fire Station, Main St	$0	$0	$0	$0	$0	$0	$0		$0	$0
Fire Station, Hwy 20	$0	$0	$0	$0	$0	$0	$0		$0	$0
Guest House	$180,000	$270,000	$0	$0	$0	$0	$0	$0	$0	$0
Police Department	$3,500	$11,500	$0	$0	$0	$0	$0	$8,000	$0	$70,000
Otis Johnson Park	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Bainbridge Park <Master Plan Underway>	$12,000	$0	$5,000	$8,000	$0	$10,000	$0	$0	$0	$0
Noyo Headlands Park	$0	$0	$2,500	$0	$0	$0	$0	$0	$0	$0
Pomo Bluffs Park	$6,000	$0	$0	$0	$0	$0	$0	$0	$0	$0
Noyo Beach	$0	$0	$0	$0	$0	$0	$0	$0	$1,000	$0
Harbor Lite Trail	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
TOTAL major projects	$244,500	$594,000	$209,500	$91,000	$160,000	$18,000	$0	$348,000	$1,000	$70,000
General Repairs Facilities	$10,400	$23,000	$7,500	$7,700	$7,600	$7,800	$7,800	$7,700	$7,800	$7,700
TOTAL preventative maintenance	$10,400	$23,000	$7,500	$7,700	$7,600	$7,800	$7,800	$7,700	$7,800	$7,700
TOTAL FUNDING NEED:	**$254,900**	**$617,000**	**$217,000**	**$98,700**	**$167,600**	**$25,800**	**$7,800**	**$355,700**	**$8,800**	**$77,700**

Note: CIP projects that are designated in the "Beyond CIP" category have all been placed in 6th year of the ISF, FY 2022/23

Reserve	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
ISF project work	280,500	617,000	217,000	98,700	167,600	25,800	7,800	355,700	8,800	77,700
Overhead Allocation	58,389	17,498	17,673	17,850	18,028	18,209	18,391	18,575	18,760	18,948
Sal/Benefits Allocation	80,575	105,762	111,050	116,602	122,433	128,554	134,982	141,731	148,818	156,258
Projected Total Cost	(419,464)	(740,260)	(345,723)	(233,152)	(308,061)	(172,563)	(161,173)	(516,006)	(176,378)	(252,906)
Contributed Funds	239,464	323,028	349,857	275,600	275,600	275,600	275,600	275,600	219,051	219,051
Net Revenue	(180,000)	(417,232)	4,134	42,448	(32,460)	103,038	114,428	(240,405)	42,673	(33,855)
Reserve Balance	647,232	467,232	50,000	54,134	96,582	64,122	167,160	281,587	41,182	83,855
Net Revenue	(180,000)	(417,232)	4,134	42,448	(32,460)	103,038	114,428	(240,405)	42,673	(33,855)
Ending Reserve Balance	467,232	50,000	54,134	96,582	64,122	167,160	281,587	41,182	83,855	50,000
Contributed Funds:	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
General Fund - 50%	119,732	161,514	174,929	137,800	137,800	137,800	137,800	137,800	109,526	109,526
Water - 25%	59,866	80,757	87,464	68,900	68,900	68,900	68,900	68,900	54,763	54,763
Wastewater - 25%	59,866	80,757	87,464	68,900	68,900	68,900	68,900	68,900	54,763	54,763

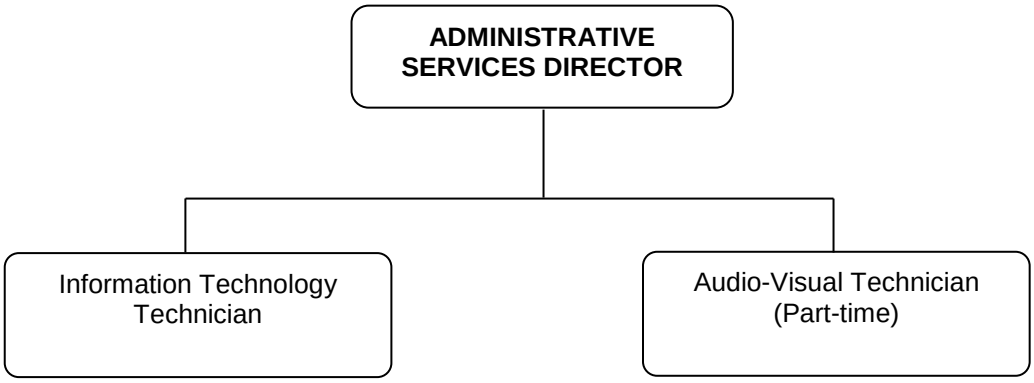
363
OWN HALL

GUEST HOUSE
MUSEUM

POLICE

CITY HALL
416
OPEN
MON. FRI.
9-5

TECHNOLOGY MAINTENANCE & REPLACEMENT INTERNAL SERVICE FUND



TECHNOLOGY MAINTENANCE & REPLACEMENT INTERNAL SERVICE FUND

PURPOSE

The Technology Maintenance & Replacement Internal Service Fund accounts for all costs associated with the internal computing and technological resources for all departments throughout the City. These costs include hardware, software and service contracts associated with the City's computers and information technology infrastructure. These services are provided by Administrative Services staff and outside contractors.

The Information Technology department is responsible for the following:

- Workstation administration
- Server administration
- Network infrastructure administration
- Telecommunication administration and installations
- Cloud services support
- Software and database maintenance and backup
- Asset tracking for IT equipment
- Social media and website maintenance
- Live streaming and AV production of City meetings
- Technical support for City/PD users and presenters at public meetings
- Public WiFi administration and support
- Digital file archiving and distribution
- Public Access TV hardware allocation administration

BUDGET OVERVIEW

The FY 2016/17 adopted budget for the Technology Maintenance & Replacement Internal Service Fund before transfers is $367k, a decrease of $70k or 16%, compared to the FY 2015/16 projected. The decrease can be attributed mainly to project work completed in FY 2015/16 including installation of a new phone system and purchase and installation of new maintenance management software for Public Works. FY 2016/17 will see a lower level of project work. In FY 2015/16 a 3-year plan was developed which informs the annual funding requirement. Although information technology changes rapidly, a 5-year plan will be developed in subsequent years to provide better long term forecasting.

Pursuant to the City's Fund Balance and Reserve Policy, the unrestricted fund balance in the Technology Maintenance & Replacement Internal Service Fund is transferred to a reserve within the Internal Service Fund which is intended to help pre-fund large purchases and repairs and avoid big annual swings in funding needs. In FY 2016/17, the capital reserve will be drawn down $84k. Based on the Fund's 3-Year Financial Plan, the drawdown is practical.

FY 2015/16 TOP ACCOMPLISHMENTS

- Assisted in coordination and implementation of new PEG station.
- Managed and maintained public wi-fi in the downtown area.
- Provided IT support to all City staff.
- Live-streamed City Council and Planning Commission meetings.
- Enhanced the City's website constantly updating content and overall relevancy of the site.
- Enhanced social media presence including increased Facebook activity and implementation of both Instagram and Twitter as active social media channels in which the public can engage with the City.
- Numerous upgrades to software and hardware helping staff in being as productive as possible.
- Upgraded the Citywide phone system in all locations.
- Provided IT support in upgraded Emergency Operations Center.

FY 2016/17 TOP PRIORITIES

- Continue to expand Downtown Wi-Fi.
- Support the PEG Channel and increase number of meetings streamed live on the website.
- Further enhance the City's website features and relevance to the public including continued improvement across the City's social media channels.
- Provide professional and dependable IT support to all City departments, personnel, initiatives and programs.

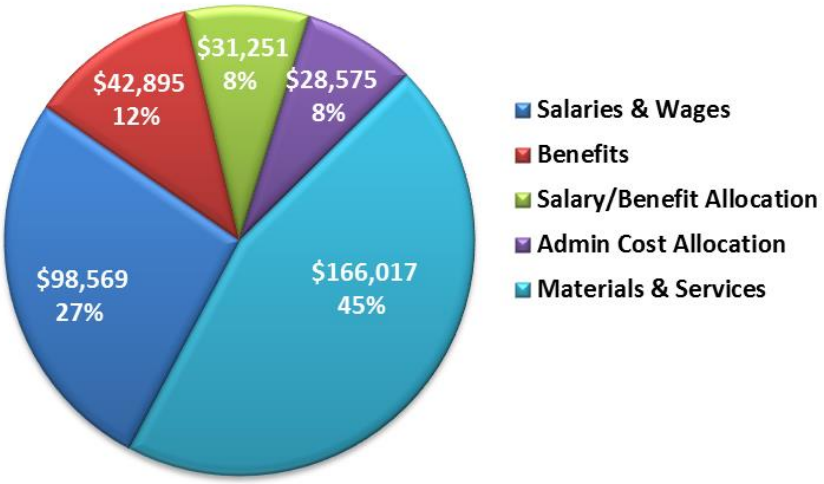
BUDGET DETAIL:

Fund #521

Department: 4394

Object	Description	FY 2014/15 Audited	FY 2015/16 Amended Budget	15/16 FYE Projected	FY 2016/17 Proposed Budget	% + /-
0100	Salaries & Wages	$ 69,165	$ 90,453	$ 89,871	$ 98,569	10%
0200	Employee Benefits	28,767	32,062	32,182	42,895	33%
0800	Salary/Benefit Allocation	18,860	27,740	27,740	31,251	13%
	Personnel Services	**116,792**	**150,255**	**149,794**	**172,715**	15%
0319	Professional Services	98,398	86,038	85,651	90,237	5%
0351	Equipment Repair & Maint	37,445	109,053	108,253	64,480	-40%
0381	Small Tools & Equipment	875	2,300	2,300	3,300	43%
0623	PEG Operating	-	-	-	3,450	100%
0623	Publlic Wifi Maintenance	-	10,000	10,000	1,300	-87%
0351	Training/Travel Reimbursement	-	-	-	3,250	100%
0399	Admin Cost Allocation	79,332	91,507	91,507	28,575	-69%
	Non-Personnel Services	**216,050**	**298,898**	**297,711**	**194,592**	-35%
	Sub Total - Costs	**332,842**	**449,153**	**447,505**	**367,308**	
0799	Transfers In (From Asset Forfeiture)	-	-	-	(10,000)	
7999	Transfer Out (Draw down reserve)	-	-	-	(84,090)	
	Total Information Technology Services	$ 332,842	$ 449,153	$ 447,505	$ 273,218	-39%

FY 2016/17 EXPENDITURES BY CATEGORY



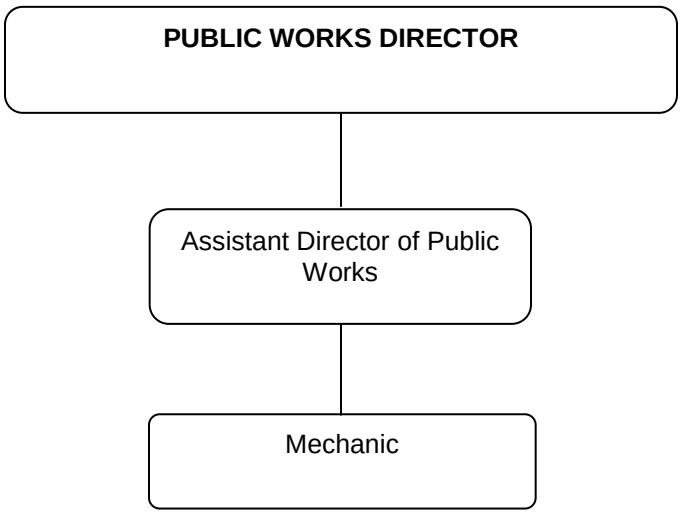
Information Technology Maintenance & Repair Internal Service Fund Detail			
	FY 2015-16 Amended Budget	FY 2016-17 Proposed	FY 2017-18 Projected
521-4394-0319			
Software/Hardware Support			
Springbrook Maintenance Contract	**20,351**	20,507.00	**21,352.00**
Muni Code online		1,200.00	
Town Hall Meeting AV Person			
Auto CAD Subscription	**2,032**	2,035.00	2,035.00
Parcel Quest	**1,400**	2,500.00	2,500.00
PD IBM Maintenance TracNet	**3,500**	3,500.00	3,500.00
Spam Filter	**1,200**	1,200.00	1,200.00
PD Cogent - Public LiveScan Machine @ PD			-
Granicus/Legistar Annual Maintenance - $680/ Month	**8,160**	8,160.00	**8,160.00**
Granicus Encoder Maintenance - $200/Month	**2,400**	2,400.00	**2,400.00**
Schedule Anywhere - PD Maintenance	**270**	270.00	**270.00**
APBnet-TRAK-CriticalReach-Crime Bulletin Software	**560**	560.00	**560.00**
PD - Training TMS Annual Fees	**2,400**	2,400.00	**2,400.00**
HWA UPS Maintenance and Warranty (four years)	**3,470**	3,608.00	3,608.00
Downhome Loan Support	**250**	250.00	**250.00**
CivicPlus Annual Web Site Fee	**12,352**	12,352.00	**12,352.00**
Muni Code	**1,500**	1,500.00	**1,500.00**
ESRI - ARC GIS 2 concurrent 1 online (5 user)	**3,600**	9,345.00	9,345.00
Anti-virus Software Maintenance Due in May Yearly	**1,918**	1,918.00	2,300.00
Munimetrix Maintenance Due annually on July 28	**1,500**	1,625.00	1,625.00
Comcast For City at PD MDF	**1,704**	1,704.00	1,704.00
Comcast Town Hall	**1,356**	1,704.00	1,704.00
Corp Yard T1 Monthly Contract	**3,672**	3,672.00	2,160.00
Auto Maintenance Troubleshooting Software -Napa Auto Parts $150/Month	**1,800**	1,800.00	
Website Assistance	5,000	-	
MCN - Fortbragg.com registration	**240**	240.00	240.00
Cisco Smart Net Contract	**183**	203.00	**203.00**
Read Center support (Water billing software) Paid in May	3,810	3,810.00	3,810.00
CLIPs Annual Maintenance	774	774.00	**774.00**
Secure Certificate for Email and WWW (GoDaddy)	270	-	-
Nor-Cal Telephone Repair Service	400	1,000.00	1,000.00
Sub-Total - Software/Hardware Support Maintenance	**86,072.00**	**90,237.00**	**86,952.00**
521-4394-0381			
Small Tools & Equipment			
Miscellaneous Small Tools - Cables, batteries, tools, ect.)	1,500	2,500.00	2,600
City Hall Plotter ink one refill of each per quarter	800	800.00	800
Sub-Total - Small tools and Equipment	**2,300.00**	**3,300.00**	**3,400.00**

Information Technology Maintenance & Repair Internal Service Fund Detail (cont.)			
521-4394-0351			
Hardware - Software upgrades/infrastructure improvements			
Hardware			
User WorkStation Replacement 16 units @1000 each	12,883	16,000.00	16,000
User Monitor Replacements 16 @140 each	840	1,000.00	600
Plotters/Printers	600	-	
iPads for Council 3 @ 410		1,230.00	1,230
Large Screen TV for Downstairs Conference room 48" Smart TV	400	-	
WFB Check Scanner	900	900.00	
Laptop/Docking for Water Plant Manager		1,200.00	
Tablet Computers for Public works 3 Units @ 1200		3,600.00	
Computers for EOC 5 units @ 1500		7,500.00	
Other IT equipment for EOC		2,500.00	
Security Cameras		1,000.00	1,000
Laptops for Toughbook replacement 2 units @ 800		1,600.00	
City Hall Laptop Replacement 1 units @ 800		900.00	1,600
Waste Water Treatment Scada Computer		3,300.00	
Security Camera Monitoring for PD		4,000.00	
Second Cash Drawer - Finance	1,000	-	
Public Use Kiosk PC		800.00	
Wireless Access Points Internal Network	400	600.00	400
Network Cabling	200	200.00	1,500
Environmental Controls and Racking		300.00	
Email Server Dell R620	9,600	10,000.00	8,500
New Backup Hardrives		500.00	
Mixing board for Town hall		800.00	
Microphone equipment		700.00	500
Handsfree/softphones handsets			700
Smart/cell phone updates		1,500.00	1,500
Software			
Additional AV Licenses 10 @ 25		250.00	100
Adobe InDesign Suite Version CS6 3 updates @$675 ea. - Out of support	2,025	-	
Project 2013 Std 5 Licenses @ $371	1,855	-	
Exchange Server 2016 and client access licensing		4,100.00	
Exchange Server 2016 and Office 2016			20,000
Training Budget			
Storm Wind Distance Learning Server 2012	200	1,250.00	
Training/Travel & Conferences	1,200	2,000.00	3,500
Sub Total Hardware and Software	32,103.00	67,730.00	57,130.00
110-4390-0623			
PEG infrastructure improvements			
Camcorders/Cameras		2,500.00	
Camera Tripods Etc		150.00	
Digital Media Equipment		600.00	
Initial PEG investment	50,000	-	
Cables and cords		200.00	
Sub Total PEG	50,000.00	3,450.00	-
521-4390-0741			
Public Wi-Fi Upgrades and Maintenace			
Wireless station 500 per location		1,000.00	1,000
Equipment repair		300.00	300
Sub Total Public Wi-Fi	**-**	**1,300.00**	1,300
Total Information Technology	**170,475.00**	**166,017.00**	**148,782.00**

Reserve	FY 2015-16	FY 2016-17	FY 2017-18
Non-Personnel Costs	196,204	166,017	148,782
Sal/Benefits	122,054	141,464	145,708
Sal/Benefits Allocation	27,740	31,251	32,814
Overhead Allocation	91,507	28,575	28,861
Projected Total Cost	(437,505)	(367,308)	(356,165)
Required Revenue	437,967	283,218	336,542
Net Revenue	462	(84,090)	(19,623)
Reserve Balance	153,251	153,713	69,624
Net Revenue	462	(84,090)	(19,623)
Ending Reserve Balance	153,713	69,624	50,000

Contributed Funds:	FY 2015-16	FY 2016-17	FY 2017-18
Asset Forfeiture transfer (EOC)		10,000	
General Fund - 50%	218,984	136,609	168,271
Water - 25%	109,492	68,305	84,136
Wastewater - 25%	109,492	68,305	84,136

FLEET & EQUIPMENT SERVICES
INTERNAL SERVICE FUND



FLEET & EQUIPMENT SERVICES
INTERNAL SERVICE FUND

PURPOSE

The Fleet & Equipment Services Internal Service Fund is responsible for acquisition, maintenance and repair of the City's fleet vehicles and equipment. Services include scheduled preventive maintenance, welding and fabrication, diagnostic and emissions testing, auto parts warehouse and inventory functions. These services are performed by the City's Mechanic.

SUMMARY OF SERVICES

Fleet & Equipment Services is responsible for ensuring functional, reliable and economical vehicles and equipment necessary for the conduct of City operations; providing vehicle and equipment specifications for bidding purposes, assisting with vehicle and equipment auctions, and preparing and administering the annual fleet budget. In addition Fleet & Equipment Services coordinates the following external services: paint and body repair, engine and transmission repair/rebuild, heavy duty suspension service, air conditioning service, and glass replacement.

GOALS AND OBJECTIVES

- Provide necessary maintenance and repair to City's fleet vehicles and equipment, including: electrical repairs, engine tune-up, tire replacements, brake replacements and adjustments and other general maintenance work.
- Account for and track all costs and assist Finance Department with preparation of year-end cost allocations.
- Provide recommendations to reduce vehicle miles traveled, fleet vehicle emissions, use of petroleum-based fuels, including the purchase of alternative fuel vehicles (AFVs) and hybrids whenever possible.
- Provide regular inspection and maintenance of the City's fleet and equipment. In FY 2015/16 City staff maintained twenty six public work vehicles, twenty police vehicles, two city hall vehicles and eight trailers. Vehicles include forklifts, a grader, backhoes, dump trucks, mobile and stationary generators, and a street sweeper. Small equipment is also included in our maintenance program, such as small generators, mobile pumps, mowers and thirty small engines on equipment to name a few.

BUDGET OVERVIEW

The FY 2016/17 proposed budget for the Fleet & Equipment Services is $641k, an increase of $188k or 42%, compared to the FY 2015/16 projected year end. The increase is attributable largely to the purchase of a new street sweeper ($260k). In FY 2015/16 a three year plan was developed which informs the annual funding requirement. Although this was a promising development it is still useful and recommended that a 10 year plan is developed in subsequent years to provide better long term financial planning.

Pursuant to the City's Fund Balance and Reserve Policy, the unrestricted fund balance in Fleet & Equipment Services Internal Service Fund is transferred to a reserve within the Internal Service Fund which is intended to help pre-fund large purchases and repairs and avoid big annual swings in funding needs. In FY 2016/17 the capital reserve will be drawn down $432k. Based on the Fund's 3 Year Financial plan the draw down is practical.

FY 2015/16 TOP ACCOMPLISHMENTS

- Completed K9 unit custom installation.
- Updated maintenance software.
- Completed fleet replacement plan.
- Purchased two new Police vehicles, one was funded with Asset Forfeiture funds.

FY 2016/17 TOP PRIORITIES

- Reduce maintenance cost by removing less frequently used vehicles from the fleet.
- Purchase alternative fuel vehicles (AFVs) and hybrids when possible.
- Purchase vehicles that are more fuel-efficient.
- Consider oil testing to prevent early oil changes and reduce waste oil.

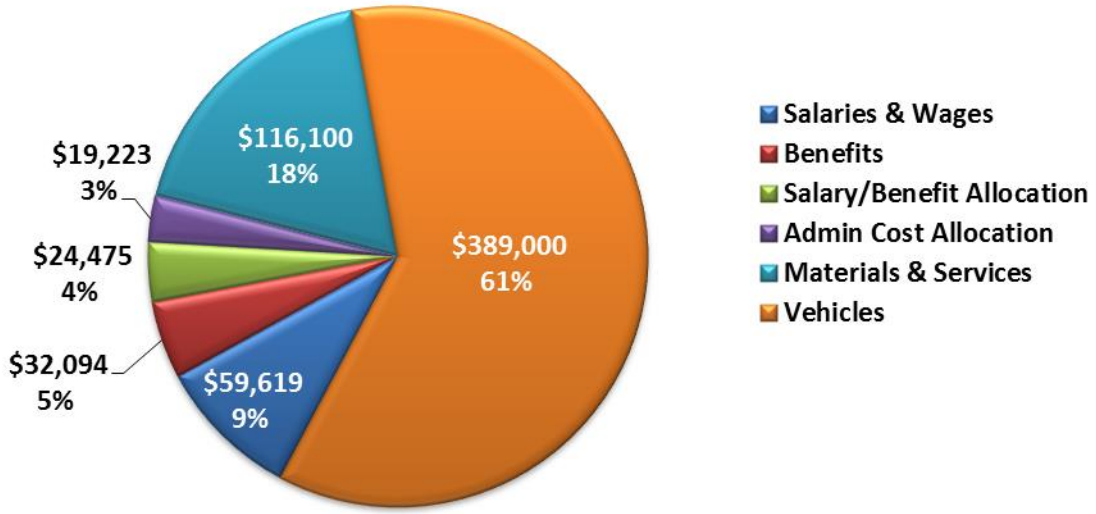
BUDGET DETAIL:

Fund #522

Department: 4550

Object	Description	FY 2014/15 Audited	FY 2015/16 Amended Budget	15/16 FYE Projected	FY 2016/17 Proposed Budget	% + /-
0100	Salaries & Wages	$ 55,393	$ 55,046	$ 55,949	$ 59,619	7%
0200	Employee Benefits	29,556	32,024	32,024	32,094	0%
0801	Salary/Benefit Allocation	21,375	23,296	21,375	24,475	15%
	Personnel Services	**106,324**	**110,366**	**109,348**	**116,187**	6%
0319	Professional Services	3,814	2,000	2,000	2,000	0%
0351	Equipment Repair & Maint	6,122	6,500	6,500	6,600	2%
0352	Vehicle Repair & Maint	31,029	33,000	33,000	34,000	3%
0366	Travel/Training Reimbursement	179	400	400	500	25%
0375	General Supplies	1,464	2,000	2,322	2,000	-14%
0381	Small Tools & Equipment	232	4,600	4,600	1,000	-78%
0382	Fuel & Lubricants	66,844	72,000	72,000	70,000	-3%
0399	Admin Cost Allocation	72,870	79,614	79,614	19,223	-76%
0499	Depreciation Exp	32,554	-	-	-	0%
0742	Vehicles	9,729	147,204	141,810	389,000	174%
	Non-Personnel Services	**224,837**	**347,318**	**342,246**	**524,323**	53%
	Total Fleet Services	$ 331,162	$ 457,684	$ 451,594	$ 640,510	42%

FY 2016/17 EXPENDITURES BY CATEGORY



Vehicle Replacement Plan								
Unit No.	**Make**	**Yr.**	**Model**	**Hours/Miles**	**FY 15/16 Status**	**FY 16/17 Proposed**	**FY 17/18 Projected**	**FY 18/19 Projected**
Public Works Vehicles								
Water 4X4 Vehicle added								
PW1	CHEV.	2000	3500 Flatbed	28,934		$6,000		
W19	CHEV.	2000	SILVERADO	103,000		$26,000		
PW20	TYMCO	2004	SWEEPER	2,300		$260,000		
PW29	DODGE	1997	DAKOTA	87,000		$27,000		
WWT4	Dodge	2002	1500 P/U	67,402			$40,000	
WWT30	NISSAN	2007	FRONTIER	19,676			$17,000	
WWT35	CAT	2005	GEN. SET	Generator			$42,000	
CH716	TOY	2004	PRIUS	96,000			$25,000	
WWT31	NISSAN	2007	FRONTIER	49,936				
PW48	FORD	2008	RANGER	47,460				
				Public Works Sub-Total	$0	$319,000	$124,000	$0
Police Vehicles								
PD733	FORD	2005	CRN VIC.	97,000	$47,780			
PD736	FORD	2005	CRN VIC.	Parts	$47,780			
PD730	DODGE	2005	MAGNUM	60,000		$35,000		
PD741	Dodge	2006	CHARGER	90,034		$35,000		
PD746	Dodge	2007	DURANGO	78,000			$45,000	
PD731	FORD	2005	CRN VIC.	76,931				$45,000
PD734	FORD	2005	CRN VIC.	91,521				$45,000
				Police Sub-Total	$95,560	$70,000	$45,000	$90,000
				Total Replacement Costs	$95,560	$389,000	$169,000	$90,000

Reserve	FY 15/16 Status	FY 16/17 Proposed	FY 17/18 Projected	FY 18/19 Projected
Vehicles & Equipment	95,560	389,000	169,000	90,000
Sal/Benefits	87,973	91,712	96,298	101,113
Sal/Benefits Allocation	21,375	24,475	25,699	26,984
Non-Personnel Costs	120,822	116,100	117,261	118,434
Overhead Allocation	79,614	19,223	19,415	19,609
Projected Total Cost	(405,343)	(640,510)	(427,673)	(356,140)
Required Revenue	511,119	208,940	288,648	288,648
Net Revenue	105,776	(431,570)	(139,025)	(67,492)
Reserve Balance	582,312	688,088	256,518	117,492
Net Revenue	105,776	(431,570)	(139,025)	(67,492)
Ending Reserve Balance	688,088	256,518	117,492	50,000

Contributed Funds:	FY 15/16 Status	FY 16/17 Proposed	FY 17/18 Projected	FY 18/19 Projected	%
Police Department	197,806	80,861	111,708	111,708	39%
Public Works: Admin	5,617	2,296	3,172	3,172	1%
Public Works: Parks	52,035	21,271	29,386	29,386	10%
Public Works: Streets	13,394	5,475	7,564	7,564	3%
Public Works: Storm Drains	14,258	5,829	8,052	8,052	3%
Public Works: Corp Yard	17,282	7,065	9,760	9,760	3%
Public Works: Traffic Safety	4,321	1,766	2,440	2,440	1%
Water	101,415	41,457	57,273	57,273	20%
Wastewater	104,991	42,919	59,292	59,292	21%

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CITY OF FORT BRAGG
DEBT MANAGEMENT POLICY

Introduction

The City of Fort Bragg and the Fort Bragg Municipal Improvement District No. 1 (collectively referred to as the "City") have adopted the following "Debt Management Policy" which is intended to guide decisions related to debt issued by the City. Debt issuance should be evaluated on a case-by-case basis as well as within the context of the City's overall capital structure and policy objectives. Adherence to the Debt Management Policy is necessary to ensure that the City maintains a sound debt position and that it protects the credit quality of its debt obligations.

Goals and Objectives

The Debt Management Policy formally establishes parameters for issuing debt and managing a debt portfolio which recognizes the City's specific capital improvement needs, ability to repay financial obligations, and legal, economic, financial and capital market conditions. Specifically, the Debt Management Policy is intended to assist the City in the following:

- Promoting sound financial management through accurate and timely information on financial conditions.
- Evaluating critical debt issuance options.
- Protecting and enhancing the City's credit rating.

The policies outlined in the Debt Management Policy are a tool to help ensure that adequate financial resources are available to support the City's long-term capital needs.

Principles of Debt Management and Debt Issuance

Factors to be considered when evaluating issuance or refunding of debt will include:

- Intergenerational equity.
- Compliance with the City's reserve policies.
- Cost of on-going maintenance of new projects.
- Forgone interest earnings from the use of cash reserves or investments.
- Debt service requirements and affordability.

- The City will manage its debt to ensure high credit quality, access to capital markets, and financial flexibility.
- The City will seek to fund a portion of its overall capital program from current resources (pay-as-you-go) and reserves, depending upon the specific projects, annual budgetary constraints and availability and rate of investment earnings.
- The City will consider the use of debt in those cases where public policy, equity, and economic efficiency favor debt over cash (pay-as-you-go) financing.
- The City will not construct or acquire a facility or capital improvements if it is unable to adequately provide for the subsequent annual operation and maintenance costs of the facility.
- The City will not fund working capital (general fund) reserves, or operating and maintenance costs through the issuance of debt.
- The City will utilize a multi-year capital financing plan to determine the affordability of debt. The capital financing plan will provide a multi-year forecast which shall include, but not be limited to; description of sources of funds; availability of current revenues, timing of capital projects, and debt service requirements.

Standards for Use of Debt Financing

City Council Consideration. The City Council shall endeavor to receive sufficient information about debt financing to understand the short- and long-term ramifications of each debt issuance. The Council shall meet as necessary with the City Manager, Finance Director and other appropriate advisors, if deemed necessary, for the purpose of reviewing and making a final determination related to each debt issuance.

Long-Term Capital Projects. The City Council will consider the use of debt to finance long-term capital projects only when paying for the facilities or equipment over their useful life and concurrent with the benefits derived from the use of such facilities, and when project revenues or specific resources will be sufficient to service the long-term debt. The final maturity of the bonds shall not exceed the expected useful life of each project.

Special Circumstances for Debt Issuance. Debt may be used in special circumstances for projects other than long-term capital projects (as an example, for pension obligations) only after careful policy evaluation by the City.

Debt Financing Mechanisms. The City will seek to utilize the most cost advantageous financing alternative available, taking into consideration policy objectives. The Finance Director shall evaluate the use of all financial alternatives available, including, but not limited to long-term debt, pay-as-you-go, joint financing, reserve fund releases, lease-purchase, special districts, special assessments, state and federal aid, tax-exempt leasing, public/private partnerships, and State revolving loan programs. The recommendation of the Finance Director shall be submitted to the City Manager and a staff recommendation shall be submitted to the Council.

Methods of Issuance. The City will determine, on a case-by-case basis, whether to sell its bonds competitively or through negotiation.

Credit Quality. All City debt management activities will be conducted to receive the highest credit ratings possible, consistent with the City's financing objectives and, at a minimum, to maintain current credit ratings assigned to the City's debt by the major credit rating agencies.

Debt Capacity. The City will carefully monitor its level of general purpose debt. Because the City's general purpose debt capacity is limited, it is important that the City only use general purpose debt financing for high-priority projects where other financing methods cannot be used. In evaluating debt capacity, general purpose annual debt service payments shall not exceed 10% of General Fund revenues. The City's Enterprise Fund debt capacity will be evaluated as an integral part of the City's rate review and setting process. The City will set Enterprise Fund service rates at levels needed to fully cover debt service, operations, maintenance, administration and capital improvement requirements.

Financing Criteria

When the City determines that the use of debt is appropriate, the following criteria will be utilized to evaluate the type of debt to be issued:

Pay-As-You-Go Financing. The City will consider Pay-As-You-Go Financing if current revenues and adequate fund balances are available or project phasing can be accomplished. Other factors to be considered include: current debt levels, the effect of additional debt on the City's credit rating, anticipated difficulties in marketing debt, and stability of market conditions.

Long-Term Debt. The City may issue long-term debt, when required capital improvements cannot be financed from current revenues or reserves without having an impact on the City's financial stability and/or operating flexibility. Long-term borrowing should not be used to finance current operations or normal maintenance and repairs.

Variable Rate Debt. To maintain a predictable debt service burden and rate structure, the City may give preference to debt that carries a fixed interest rate. The City, however, may consider variable rate debt, especially in periods of high interest rates, or when the revenue stream for repayment is variable.

Interfund or Short-Term Debt. Interfund or short-term borrowing may be utilized for temporary funding of operational cash flow deficits or anticipated revenues. Short-term debt may be used when it provides an interest rate advantage or as interim financing until market conditions are more favorable.

Terms and Conditions of Bonds

The City shall establish all terms and conditions relating to the issuance of bonds, and will control, manage, and invest all bond proceeds. Unless otherwise authorized by the City Council, the following shall serve as bond requirements.

Maturity/Term. All capital improvements financed through the issuance of debt will be financed for a period not to exceed the useful life of the improvements, but in no event will the term exceed 40 years.

Debt Service Structure. Debt issuance shall be planned to achieve relatively rapid repayment of debt while still matching debt service to the useful life of facilities. The City shall avoid the use of bullet or balloon maturities

except in those instances where these maturities serve to meet aggregate debt service structuring objectives. Debt service should be structured primarily on an aggregate level annual basis, as opposed to on an escalating or deferred basis.

Coupon Structure. Debt may include par, discount, premium and capital appreciation bonds. Discount, premium, and capital appreciation bonds must be demonstrated to be advantageous relative to par bond structures.

Call Provisions. The City's securities should include an optional call feature, which typically is no later than 10 years from the date of delivery of the bonds. The City will avoid the sale of non-callable bonds absent careful evaluation by the City and its financial advisor with respect to the value of the call option.

Bond Insurance / Credit Enhancement. The City shall have the authority to purchase bond insurance or credit enhancement when such purchase is deemed prudent and advantageous. The determination shall be based on the net present value debt service cost comparison of insured/enhanced bonds versus uninsured/unenhanced bonds.

Debt Service Reserves. A reserve fund shall be funded from the proceeds of each series of bonds, subject to federal tax regulations and in accordance with the requirements of credit enhancement providers, rating agencies, and investor demands. The reserve fund shall be treated as a Restricted Reserve as defined in the City Reserve Policy. The City shall have the authority to purchase reserve equivalents (i.e., the use of a reserve fund surety) when such purchase is deemed prudent and advantageous. Such equivalents shall be evaluated in comparison to cash funding of reserves on a net present value basis, taking into account the impact of investments and arbitrage rebate considerations.

Refinancing Outstanding Debt

The Finance Director shall analyze outstanding bond issues for refunding opportunities that may be presented by underwriting firms. The City will consider the following issues when analyzing possible refunding opportunities:

Debt Service Savings. The City will refund debt when it is in the best financial interest of the City to do so. The City shall evaluate each refunding opportunity based on net present value savings, which shall take into account foregone interest earnings, all costs related to the refinancing, and arbitrage implications (i.e., net-to-net savings).

Restructuring. The City will only consider restructuring when it can be demonstrated that a proposed structure will assist the City in meeting at least one of several goals, including: meeting unanticipated revenue expectations, achieving cost savings, mitigating irregular debt service payments, releasing reserve funds or removing restrictive bond covenants.

Term of Refunding Issues. The City will refund bonds within the term of the originally issued debt. However, the City may consider maturity extension when necessary to achieve a desired outcome, provided that such extension is legally permissible. The City may also consider shortening the term of the originally issued debt to realize greater savings. The remaining useful life of the financed facility and the concept of intergenerational equity should guide this decision.

Escrow Structuring. The City shall utilize the least costly securities available in structuring refunding escrows.

Arbitrage. The City shall take all necessary steps to optimize escrows and to minimize negative arbitrage in a refunding escrow, including evaluating the risks and benefits of an economic versus legal defeasance.

Market Relationships

Rating Agencies and Investors. The Finance Director shall be responsible for maintaining the City's relationships with rating agencies (i.e., Moody's Investors Service, Standard & Poor's and Fitch).

Continuing Disclosure. The City shall remain in compliance with Securities Exchange Commission (SEC) Rule 15c2-12 by filing its annual financial statements and other financial and operating data for the benefit of its bondholders within the deadlines imposed by Rule 15c-2-12. The City shall provide this information to the Municipal Securities Rulemaking Council (MSRB) Electronic Municipal Market Access Website (www.emma.msrb.org). The City will make this information available on its website.

Record Keeping/Reporting. The City shall maintain a repository for all debt-related records, which includes: all official statements, ordinances, indentures, trustee reports, leases, etc. for all City debt in electronic format. To the extent that official transcripts incorporate these documents, possession of a transcript will suffice.

Arbitrage Rebate. The City will account for all interest earnings in debt-related funds. The use of bond proceeds and their investments shall be monitored to ensure compliance with all debt covenants, legal requirements, and IRS arbitrage regulations. The City will endeavor to make investments that maximize the amount of the interest earnings it can retain (under IRS regulations) for all bond funds. The Finance Director shall ensure that proceeds and investments are tracked in a manner which facilitates accurate calculation and timely payment of rebates, if applicable.

Procurement and Selection of Financing Team

The City shall procure professional services as required to execute financing transactions and to provide advice on non-transaction related work. The City shall establish selection criteria for selecting its financing team members, which include financial advisor, bond counsel, and underwriter. The criteria may include, but are not limited to:

- Professional excellence
- Demonstrated competence
- Specialized experience performing similar services for California agencies
- Education and experience of key personnel to be assigned
- Geographic proximity
- Staff capability
- Ability to meet schedules
- Nature and quality of similar completed work of the firm or individual
- Reliability and continuity of the firm or individual

Note: Definitions to financial terms used in this policy may be found in the Glossary section of the budget.

DEBT SERVICE

Debt Summary
Fiscal Year 2016-2017

Fund	Balance 6/30/2016	Fees	Interest Expense	Principal Payment	Total FY 2016/17	Balance 6/30/2017
Caspar Closure 2005 Certificates of Participation						
General Fund	$ 538,764	$ -	$ 21,060	$ 126,509	$ 147,569	$ 412,255
Water Enterprise Revenue Bond						
Water O&M	2,418,000	3,000	69,768	276,000	348,768	2,142,000
Water Enterprise Department of Water Resource Loan *						
Water O&M	1,099,552	400	39,228	66,550	106,178	1,033,002
Municipal Improvement District #1 Bonds						
Wastewater O&M	160,000	2,200	7,155	50,000	59,355	110,000
Capital Leases						
Water Enterprise Equipment Purchase						
Water O&M	121,945	-	4,621	121,945	126,566	-
CV Starr Enterprise Energy Commission 1% Loan						
CV Starr Enterprise	43,900	-	1,349	21,360	22,709	22,540

Total required for debt service in FY 2016/17

General Fund	147,569
Water Enterprise	581,512
Wastewater Enterprise	59,355
CV Starr Enterprise	22,709
Total	$ 811,145

DEBT SERVICE DETAILS – CASPAR CLOSURE

$2,213,535
City of Fort Bragg
2005 Certificates of Participation
110-4915

Date: September 1, 2005
Interest: Semiannual each December and June, commencing December 1, 2005. Interest accrues at 4.15%.
Maturity: June 1, 2020
Rating: Standard and & Poor's Not Rated
Purpose: To refund the 1989 Certificates of Participation for Oceanview Drive, and to fund the Police Building construction and the Caspar Landfill closure costs.
Security: The Certificates of Participation are secured by a ground lease and refinancing lease/purchase agreement between the City and the City of Fort Bragg Joint Powers Financing Authority which covers Town Hall (363 N. Main Street) and the Corporation Yard (831 Cedar Street).
Covenants*: If 45 days before the end of the then current Fiscal Year, the Rent Payments for the next Fiscal Year have not been appropriated, the Lessee, within 5 business days, shall notify in writing the Lessor of such event.
Debt Service:

Fiscal Year	Principal	Interest	Total
FY 05-06	$ 99,957	$ 47,612	$ 147,569
FY 06-07	83,895	63,674	147,569
FY 07-08	87,413	60,156	147,569
FY 08-09	91,078	56,491	147,569
FY 09-10	94,897	52,672	147,569
FY 10-11	98,876	48,693	147,569
FY 11-12	103,022	44,547	147,569
FY 12-13	107,341	40,228	147,569
FY 13-14	111,842	35,727	147,569
FY 14-15	116,532	31,037	147,569
FY 15-16	121,418	26,151	147,569
FY 16-17	126,509	21,060	147,569
FY 17-18	131,814	15,755	147,569
FY 18-19	137,341	10,228	147,569
FY 19-20	143,100	4,469	147,569
	$ 1,655,035	$ 558,501	$ 2,213,535

	Principal	Interest	Total	Fees	Total Payment
FY 2016/17 Requirements	**$ 126,509**	**$ 21,060**	**$ 147,569**	**$ -**	**$ 147,569**

*Additional Covenants may apply. Please contact the City Finance Department for more information.

DEBT SERVICE DETAILS – WATER ENTERPRISE REVENUE BOND

$2,962,000
City of Fort Bragg Water Enterprise
2014 Water Revenue Refunding Bond
610-4612

Date: June 5, 2014
Interest: Semiannual each April and October, commencing October 1, 2014. Interest rate is 3.060% per annum.
Maturity: October 1, 2023
Rating: Not available at this time.
Purpose: To refund the 2003 California Statewide Communities Development Authority Water (CSCDA) and Wastewater Revenue Bonds. The CSCDA bonds were issued to refund the 1993 Water System Certificates of Participation which were issued to fund improvements to the City's water system.
Security: The Bond is secured by revenues from the Water Enterprise Fund.
Required Coverage Ratio: 1.20
Disclosures: Upon request the City shall provide (i) Audited Financial Statements with (240) days of the end of the Fiscal Year, (ii) annual certification that the City has satisfied the 1.20x coverage ratio, (iii) the approved annual budget of the City within (30) days of the end of the Fiscal Year and (iv) any other financial or operational reports as may reasonably requested and as soon as available.

Debt Service:

Fiscal Year	Principal	Interest	Total
FY 14-15	$ 276,000	$ 70,301	$ 346,301
FY 15-16	268,000	78,091	346,091
FY 16-17	276,000	69,768	345,768
FY 17-18	284,000	61,200	345,200
FY 18-19	290,000	52,418	342,418
FY 19-20	300,000	43,391	343,391
FY 20-21	304,000	34,150	338,150
FY 21-22	312,000	24,725	336,725
FY 22-23	320,000	15,055	335,055
FY 23-24	332,000	5,080	337,080
	$ 2,962,000	$ 454,179	$ 3,416,179

	Principal	Interest	Total	Fees	Total Payment
FY 2016/17 Requirements	**$ 276,000**	**$ 69,768**	**$ 345,768**	**$ 3,000**	**$ 348,768**

*Additional Covenants may apply. Please contact the City Finance Department for more information.

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DEBT SERVICE DETAILS – WATER ENTERPRISE 0% LOAN

$2,122,704
State of California Department of Water Resources
610-4612

Date: January 1, 2007
Interest: Semiannual each July and January, commencing July 1, 2007. This is an interest free loan.
Maturity: January 1, 2027
Rating: Standard and & Poor's Not rated.
Purpose: To finance the construction of a project to meet safe drinking water standards.
Security: The loan is secured by revenues from the Water Enterprise Fund.
Fiscal Agent: US Bank Corporate Trust Services
Covenants*: A reserve fund equal to two semiannual payments must be maintained with the Fiscal Agent.
Disclosures: While there are no specific reporting requirements, the Fiscal Agent does request and the City does provide Financial Statements on an annual basis.
Debt Service:

Fiscal Year	Principal	Imputed Interest*	Total
FY 06-07	$ 21,745	$ 31,793	$ 53,538
FY 07-08	45,350	61,727	107,077
FY 08-09	47,447	59,630	107,077
FY 09-10	49,642	57,435	107,077
FY 10-11	51,938	55,139	107,077
FY 11-12	54,340	52,737	107,077
FY 12-13	55,540	50,238	105,778
FY 13-14	58,108	47,670	105,778
FY 14-15	60,796	44,982	105,778
FY 15-16	63,608	42,170	105,778
FY 16-17	66,550	39,228	105,778
FY 17-18	69,628	36,150	105,778
FY 18-19	72,849	32,929	105,778
FY 19-20	76,218	29,560	105,778
FY 20-21	79,743	26,035	105,778
FY 21-22	83,432	22,346	105,778
FY 22-23	87,291	18,487	105,778
FY 23-24	91,328	14,450	105,778
FY 24-25	95,552	10,226	105,778
FY 25-26	99,972	5,806	105,778
FY 26-27	51,707	1,182	52,889
	$ 1,382,784	$ 739,920	$ 2,122,704

*Imputed interest is implied interest; no interest is charged by the Department of Water Resources

	Principal	Interest	Total	Fees	Total Payment
FY 2016/17 Requirements	**$ 66,550**	**$ 39,228**	**$ 105,778**	**$ 400**	**$ 106,178**

*Additional Covenants may apply. Please contact the City's Finance Department for more information.

DEBT SERVICE DETAILS – FORT BRAGG MUNICIPAL IMPROVEMENT DISTRICT

$770,000
1998 Wastewater Revenue Bonds
710-4712

Date: April 13, 1998
Interest: Semiannual each October and April, commencing October 1, 1998. Interest rates range from 3.75% to 5.30%.
Maturity: October 1, 2018
Rating: Standard and & Poor's AAA/Negative
Purpose: To acquire and construct capital improvements to the District's wastewater system.
Security: The Bonds were issued by the Association of Bay Area Governments (ABAG) whereby ABAG issued revenue bonds on behalf of the City. The Bonds are an obligation of ABAG and payable solely from and secured by revenues that consist primarily of payments on an installment obligation of the City.
Fiscal Agent: Union Bank of California, N.A.
Disclosures: The City's Annual Financial Report is due no later than 210 day after the end of the City's Fiscal Year. Additionally, ABAG requests and the City provides reporting on the following; Number of connections, outstanding program obligations, maximum annual installment payments and coverage of net revenues to parity debt.
Debt Service:

Fiscal Year	Principal	Interest	Total
FY 98-99	$ 25,000	$ 37,730	$ 62,730
FY 99-00	25,000	36,758	61,758
FY 00-01	25,000	35,298	60,298
FY 01-02	25,000	34,304	59,304
FY 02-03	25,000	33,279	58,279
FY 03-04	30,000	32,130	62,130
FY 04-05	30,000	30,855	60,855
FY 05-06	30,000	29,550	59,550
FY 06-07	30,000	28,140	58,140
FY 07-08	35,000	26,515	61,515
FY 08-09	35,000	24,765	59,765
FY 09-10	35,000	11,945	46,945
FY 10-11	40,000	21,140	61,140
FY 11-12	40,000	19,080	59,080
FY 12-13	40,000	16,960	56,960
FY 13-14	45,000	14,708	59,708
FY 14-15	45,000	12,322	57,322
FY 15-16	50,000	9,805	59,805
FY 16-17	50,000	7,155	57,155
FY 17-18	55,000	4,373	59,373
FY 18-19	55,000	1,458	56,458
	$ 770,000	$ 468,267	$ 1,238,267

	Principal	Interest	Total	Fees	Total Payment
FY 2016/17 Requirements	**$ 50,000**	**$ 7,155**	**$ 57,155**	**$ 2,200**	**$ 59,355**

*Additional Covenants may apply. Please contact the City Finance Department for more information.

DEBT SERVICE DETAILS – WATER ENTERPRISE CAPITAL LEASE

$1,000,000
Water Enterprise Equipment Loan
610-4612

Date: July 1, 2007
Interest: Semiannual each January and July, commencing January 1, 2008. Interest accrues at 4.714%
Maturity: July 1, 2017
Purpose: To acquire meter reading equipment.
Security: Meter reading equipment.
Covenants*: If 45 days before the end of the then current Fiscal Year, the Rent Payments for the next Fiscal Year have not been appropriated, the Lessee, within 5 business days, shall notify in writing the Lessor of such event.

Debt Service:

Fiscal Year	Principal	Interest	Total
FY 07-08	$ 80,469	$ 44,478	$ 124,947
FY 08-09	84,238	42,328	126,566
FY 09-10	88,227	38,339	126,566
FY 10-11	92,449	34,116	126,565
FY 11-12	96,854	29,711	126,565
FY 12-13	101,469	25,096	126,565
FY 13-14	106,304	20,261	126,565
FY 14-15	111,369	15,196	126,565
FY 15-16	116,676	9,890	126,566
FY 16-17	121,945	4,621	126,566
	$ 1,000,000	$ 264,036	$ 1,264,036

	Principal	Interest	Total	Fees	Total Payment
FY 2016/17 Requirements	**$ 121,945**	**$ 4,621**	**$ 126,566**	**$ -**	**$ 126,566**

*Additional Covenants may apply. Please contact the City's Finance Department for more information.

DEBT SERVICE DETAILS – CV STARR CENTER ENTERPRISE

$43,900
Energy Commission 1% Loan
810-4612

Date: April 22, 2014
Interest: Semiannual each December and June commencing December 22nd, 2016. Interest accrues at 1.0%
Maturity: December 22, 2018
Purpose: Energy Efficiency Upgrades

Debt Service:

Fiscal Year	Principal	Interest	Total
FY 16-17	21,360	1,349	22,709
FY 17-18	22,540	169	22,709
	$ 43,900	$ 1,518	$ 45,418

	Principal	Interest	Total	Fees	Total Payment
FY 2016/17 Requirements	**$ 21,360**	**$ 1,349**	**$ 22,709**	**$ -**	**$ 22,709**

INTERFUND LOAN POLICY & SUMMARY

The purpose of the City's Interfund Loan Policy is to specify the principles under which interfund loans may be considered and approved. The policy specifies the terms and conditions, it summarizes the due diligence necessary prior to the loan and provides guidance as to the repayment and accounting for these loans. This policy was designed to avoid the problems in interfund loans experienced in the past, facilitate future loans in a structured manner and set clear accounting rules for these loans. The principles of City's Interfund Loan Policy are as follows:

g. The City Council shall act by resolution to approve any proposed interfund loan. All interfund loans must be documented by formal agreements that specify the terms and conditions. The loan amount shall be approved at the amount minimally necessary to ensure the completion of the project for which the funding is required.
h. All interfund loans shall be interest bearing and the amount of interest to be paid on the loan must be at least equal to the investment earnings the fund making the loan would have received had the loan not occurred.
i. The term of an interfund loan shall be established by the City Council and typically shall not exceed five years.
j. All interfund loan proposals require a feasibility analysis demonstrating that:
   - The borrowing fund has the capacity to repay the debt;
   - The lending fund has the capacity to lend the funds, beyond its own operating and capital needs; and
   - The loan does not violate any debt covenants or other provisions of the borrowing and lending funds.
k. As part of the due diligence, each loan proposal must demonstrate that the loan can be repaid. It is important to avoid masking an operating deficiency in one fund with an interfund loan from another fund. This is the centerpiece of the policy, which seeks to avoid loans that fail the fundamental test of performance (repayment) under the contract.
   - If a feasibility analysis does not show that the loan can be safely repaid, the appropriate recommendation may be a revenue enhancement or another correction of the underlying reason for the funding deficiency. An alternative financing recommendation may be a fund balance donation. This requirement is also intended to identify conflicts with specific restrictions or requirements pertaining to certain funds. Such conflicts may arise from applicable debt covenants, fiduciary requirements on funds held by the City or legal hurdles that the funding needs to overcome.
i. There is to be no prepayment penalty, the interest is to be paid quarterly, and principle payments are subject to the feasibility analysis cash projections.
j. The interest expense from interfund loans is to be treated as user fund expense, while the interest income is to be treated as interest revenue to the loaning fund.

Interfund Loan Summary
Fiscal Year 2016/17

Fund	Balance 6/30/2016	Fees	Interest Expense	Principal Payment	Total FY 2016/17	Balance 6/30/2017
CV Starr Center Interfund Loan						
C.V Starr Center	$ 61,821		$ 281	$ 61,821	$ 62,102	$ -

$244,603
Interfund Loan
From General Fund to the C.V. Starr Center Fund

Fiscal Year	Principal	Interest	Total
FY 12-13	$ -	$ 1,277	$ 1,277
FY 13-14	60,487	1,610	62,097
FY 14-15	60,927	1,170	62,097
FY 15-16	61,368	729	62,097
FY 16-17	61,821	281	62,102
	$ 244,603	$ 5,067	$ 249,670

	Principal	Interest	Total	Fees	Total Payment
FY 2016/17 Requirements	**$ 61,821**	**$ 281**	**$ 62,102**	**$ -**	**$ 62,102**

WATER ENTERPRISE

PURPOSE

The Water Enterprise is responsible for ensuring the provision of safe, clean water at adequate pressures and volumes to serve residents, businesses and public facilities in the City of Fort Bragg.

SUMMARY OF SERVICES

The services provided by the Water Enterprise include raw water collection, transmission, water treatment, and distribution of treated water for domestic and commercial use for Fort Bragg. The Water Enterprise meets and reports water treatment levels of regulatory agencies, provides for water conservation, provides for maintenance and construction of capital improvements, reviews new development projects, assists with public education, and engages in data collection and analysis.

GOALS AND OBJECTIVES

- Ensure an adequate supply of high quality drinking water to meet existing and future customer needs.
- Manage the City's water sources in a manner that is protective of both environmental and human health.
- Improve the reliability of the City's water supply, treatment and distribution system through on-going maintenance and replacement of aging infrastructure.
- Seek grant funding and other low-cost financing for capital projects.
- Operate the City's water system in an efficient and cost-effective manner and establish fair and reasonable utility rates.

FY 2015/16 TOP ACCOMPLISHMENTS

- Kept the City's water supply system operational during Stage 3 Water Emergency.
- Continued to expand monitoring, reporting and testing procedures to meet the State Water Resources Control Board Division of Drinking Water requirements.
- Cleared the property for Summers Lane Reservoir.
- Received amended water rights license allowing storage of water in Summers Lane Reservoir.
- Began construction of Summers Lane Reservoir.
- Installed turbidimeters in the waste troughs of the filter units saving thousands of gallons of finished water per month.

FY 2016/17 TOP PRIORITIES

- Continue to improve the water plant's efficiencies in order to conserve water.
- Complete construction of Summers Lane Reservoir.
- Drill test wells to provide groundwater as a supplemental water source.
- Identify funding for a new 1.5 million gallon finished water tank.
- Continue to seek funding for replacement of key segments of the raw water line between the Waterfall Gulch water source and the Water Treatment Plant.
- Identify funding for implementation of the East Fort Bragg Pressure Zone improvement projects.
- Continue to replace valves in the distribution system.
- Chemically clean the filter media and underdrain system of the water treatment units to extend the life of the filter media and improve efficiency.

BUDGET SUMMARY

OVERVIEW

The fiscal year (FY) 2016/17 Water Enterprise Fund operating budget is $2.2 million. Revenues for the Water Enterprise Fund are primarily received in the form of rates charged to customers. In 2006, the California Supreme Court ruled that utility rates charged by governmental entities are considered property-related fees and therefore are subject to the procedural requirements of Proposition 218, Article 130 of the California Constitution. Prop 218 requires governmental agencies that charge for utility services to conduct a majority protest hearing prior to adopting any changes in utility rates. The legislation provided for future rate increases within prescribed limits to be approved without holding a hearing each year for up to an additional four years. In June 2013, the City Council adopted a five-year schedule of rate increases based on a Utility Rate Study. In FY 2016/17, the adopted rate schedule establishes a water rate increase of 10% which is scheduled to take effect on July 1, 2016. Due to the City's new Cost Allocation Plan, the Water Enterprise will receive a lower allocation of administrative shared costs and staff therefore recommends suspension of the July 1 rate increase. A new utility rate study will be prepared in FY 2016/17.

NET POSITION (FUND BALANCE)

In an Enterprise Fund, fund balance is presented as Net Position, and a year to year analysis of Net Position can help to identify current or potential future problems that could impact the fiscal health of the Enterprise Fund. The FY 2015/16 projected year-end Net Position for the Water Enterprise is expected to be $1.8 million and the FY 2016/17 Net Position is budgeted at $2.1 million. The following table includes the operating fund as well as the capacity fees fund and the capital reserve.

	Audited FY 2014/15	Projected FY 2015/16	Proposed FY 2016/17
Water Operating Fund Unrestricted Net Position	$ 2,295,569	$ 1,769,945	$ 2,109,976

As shown above, the Net Position of the Water Enterprise operating fund declined by approximately $526k between FY 2014/15 and FY 2015/16. This is primary attributable to capital expenditures on the Summers Lane Reservoir project ($1.1 million) offset by grant funds received for the Brush Creek Road Water Line Replacement project.

WATER ENTERPRISE FUND RESERVES

The Water Enterprise Fund Capital Reserve is established in accordance with the City's Fund Balance & Reserve Policy which is intended to plan for future capital projects and unanticipated emergencies. Each year, all unrestricted fund balance in the Water Enterprise Fund in excess of 25% of the prior year's operating expenditures is transferred to the Capital Reserve. The City Council periodically reviews and updates its reserve policies and budgeted reserve amounts to ensure that the Water Enterprise has sufficient resources to adequately provide for emergencies and capital projects. In FY2016/17 the threshold is projected to be $621k. Excess fund balance in the amount of $160k is expected to be transferred to the capital reserve.

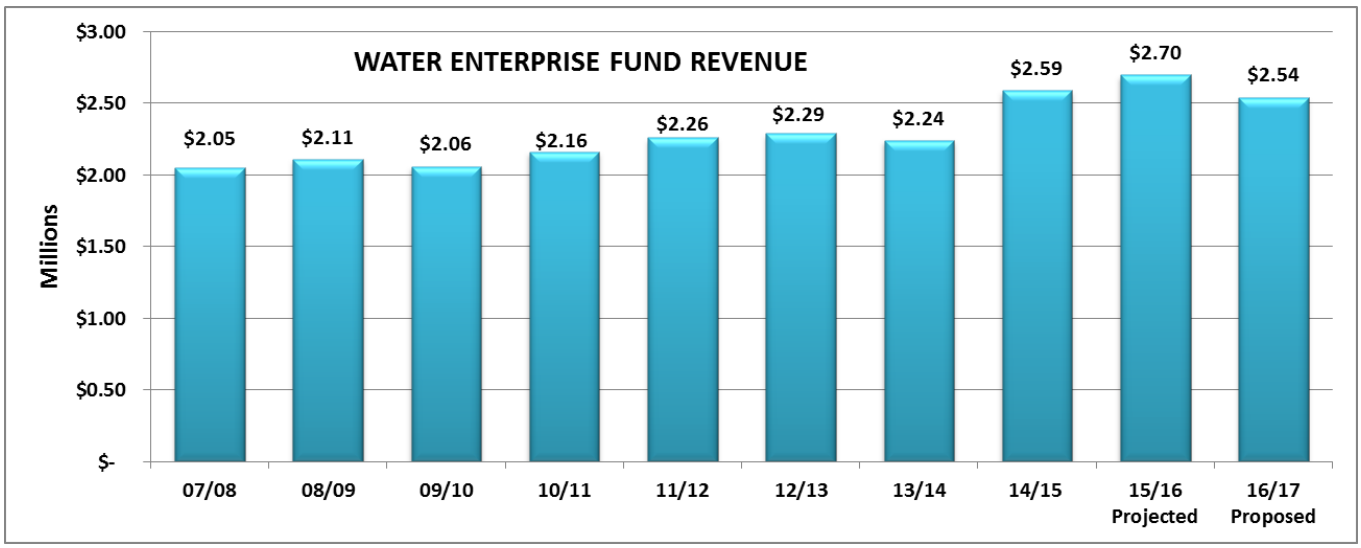
In FY 2015/16, $365k in capital reserves are budgeted to be used for construction of the Summers Lane Reservoir. This expense accounts for the decline in net position from FY 2014/15 to FY 2015/16.

The City collects water capacity charges for new water connections. These fees are committed for improvements to facilities in existence at the time the charge is imposed or for new facilities to be constructed in the future. These fees are accounted for in the Water Enterprise Capacity Fees Fund. In FY 2015/16, $800k in capacity fees is budgeted to be used for construction of the Summers Lane Reservoir. This expense additionally accounts for the decline in net position from FY 2014/15 to FY 2015/16.

	Audited FY 2014/15	Projected FY 2015/16	Forecast FY 2016/17
Water Enterprise Capacity Fees Fund	$ 809,043	$ 121,510	$ 131,510
Water Enterprise Capital Reserve	1,140,393	1,197,678	1,357,603
Unrestricted Balance	346,133	450,757	620,863
	$ 2,295,569	$ 1,769,945	$ 2,109,976

DISCUSSION OF WATER ENTERPRISE FUND REVENUE TRENDS

FY 2016/17 Water Enterprise Fund revenues (before transfers in) are projected to total $2.54 million, a decrease of 6% from the $2.7 million projected in FY 2015/16. Substantially all of the Fund's revenue is from the charges for services. Since staff is recommending suspension of the FY 2016/17 rate increases, revenue forecasts have been set equal to the FY 2015/16 budget forecasts. Other Revenue in FY 2015/16 included $27k in reimbursements received from the State of California to cover costs incurred by the City in connection with the declaration of a Stage 3 water emergency in the fall of 2015. This was a one-time revenue and no similar amount is anticipated in FY 2016/17. A 10-year comparison of the Water Enterprise Fund's revenue follows.



DISCUSSION OF WATER ENTERPRISE FUND EXPENDITURE TRENDS

Water Enterprise Fund expenditures are expected to decrease from $2.5 million in FY 2015/16 to $2.2 million in FY 2016/17 which equates to 14% decrease ($338k). The decrease is related to the City's new Cost Allocation Plan which produced $362k less in administrative allocation to the Water Enterprise over the prior year.

Salary and Benefit allocations of $683k (paid to the General Fund and the Wastewater Enterprise Fund) are the Fund's largest expense representing 27% of total expenses in FY 2016/17, followed by Debt Service (23%) and Materials & Services (16%).

	Audited FY 2014/15	Projected FY 2015/16	Proposed FY 2016/17
Salary/Benefit Allocation	$ 669,320	$ 647,846	$ 683,822
Facilities, Fleet, and Administration Allocations	757,535	755,747	322,396
Materials and Services	347,602	471,489	409,624
Miscellaneous	3,708	5,476	5,500
Capital Expenditures	31,891	21,830	144,000
Debt Service	527,102	581,836	581,512
	$ 2,337,159	$ 2,484,224	$ 2,146,854

The Salary/Benefit Allocation includes wages and the City's contributions to health benefits and retirement costs for those employees who perform services on behalf of the Water Enterprise Fund. This allocation increased 5.5% in FY 2016/17 when compared to FY 2015/16 due to increased benefits costs coupled with cost of living adjustments for employees.

Non-Personnel Services

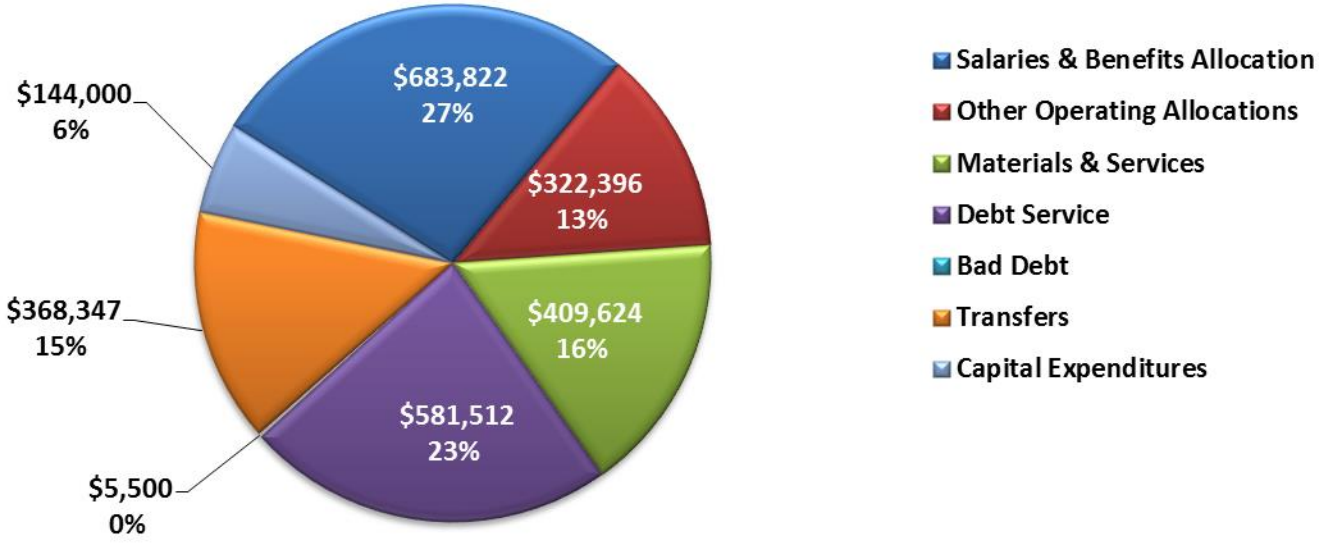
Water Enterprise Fund Materials and Services are budgeted to decrease $62k. While legal costs are budgeted at $25k to provide legal and technical support in preparing and processing LSAA Notifications/Agreements for the City's three water diversions, decreases are budgeted in other areas. General supplies are budgeted $17k lower than the prior year, while allocations to Internal Service Funds are budgeted $70k lower. Internal Service allocations are set according to long-term plans which detail future maintenance and capital replacement needs. Based on improved long-term plans in the Internal Service Funds allocations for FY2016/17 were set lower than the previous year.

WATER ENTERPRISE BUDGET SUMMARY
Fund 610
Department: 4610,4611 AND 4612

Description	FY 2014/15 Audited	FY 2015/16 YTD Budget	FY 2015/16 Projected	FY 2016/17 Proposed Budget	% + /-
Salary/Benefit Allocation	$ 669,320	$ 647,846	$ 647,846	$ 683,822	6%
Other Operating Allocations	757,535	755,747	755,747	322,396	-57%
Non-Personnel Services	910,304	1,065,746	1,080,631	1,140,636	6%
Total Expenditures	2,337,159	2,469,339	2,484,224	2,146,854	-14%
Charges for Services	2,528,450	2,538,807	2,644,865	2,528,355	-4%
Other Revenue	58,070	20,000	53,016	13,530	-74%
Total Operating Revenue	2,586,520	2,558,807	2,697,881	2,541,885	-6%
NET EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES	249,361	89,468	213,657	395,031	85%
Transfers In	1,809,025	48,100	479,421	379,347	-21%
Transfers Out	(1,710,009)	(1,214,050)	(1,218,702)	(368,347)	-70%
CHANGE IN NET POSITION	$ 348,377	$ (1,076,481)	$ (525,624)	$ 406,031	-177%

* To arrive at audited change in net position on the full accrual basis subtract depreciation expense and add back loan principle paid.
$348,377 less $332,729 (depreciation) plus $383,740(loan principle) equals $399,388 (as published in the FY2014/15 CAFR)

FY 2016/17 EXPENDITURES BY CATEGORY



BUDGET DETAIL:
Fund #610
Department: 4610, 4611, 4612

Object	Description	FY 2014/15 Audited	FY 2015/16 YTD Budget	FY 2015/16 Projected	FY 2016/17 Proposed Budget	% + /-
0801	Salary/Benefits Allocation	669,320	647,846	647,846	683,822	6%
	Personnel Services	**669,320**	**647,846**	**647,846**	**683,822**	6%
0310	Engineering	4,000	-	-	-	
0311	Legal	3,180	2,000	6,285	25,000	298%
0312	Auditing & Accounting	6,264	5,625	7,800	6,624	-15%
0313	Laboratory	5,921	9,700	11,237	15,000	33%
0319	Professional Services	51,473	67,832	65,922	62,900	-5%
0320	Dues & Memberships	1,494	2,800	1,505	800	-47%
0342	Laboratory Supplies	9,681	12,050	10,473	12,000	15%
0343	Chemicals	35,500	33,000	33,000	37,000	12%
0350	Vehicle Repair & Maint	3,516	28,866	28,866	-	
0351	Equipment Repair & Maint	28,534	37,700	28,000	37,500	34%
0352	Vehicle Repair & Maint	147	-	-	-	
0353	Building Repair & Maint	5,061	6,000	1,500	6,000	300%
0354	Laundry/Cleaning/Janitorial	554	550	550	500	-9%
0355	Equipment Leases	-	1,700	-	-	
0360	Property Premium	17,781	17,000	17,000	17,000	0%
0362	Telephone & Communication	2,224	2,200	2,200	2,200	0%
0364	Legal Notices	367	-	-	-	
0366	Training/Travel Reimbursement	7,886	11,000	5,821	9,000	55%
0372	Postage	11,262	10,000	9,000	9,400	4%
0373	Licenses & Permits	18,749	20,500	20,500	20,000	-2%
0375	General Supplies	10,311	46,508	45,828	28,500	-38%
0376	Medical/Safety Supplies	792	2,000	661	2,000	202%
0380	Finance Charges	16	-	-	-	
0381	Small Tools & Equipment	4,527	7,000	8,168	8,000	-2%
0382	Fuels & Lubricants	84	600	-	-	
0383	Utilities	106,887	115,000	112,164	110,000	-2%
0384	Books & Subscriptions	153	200	-	200	
0619	Miscellaneous	11,240	16,250	22,356	-	
0619/0630	Stage Three Water Emergency	-	-	32,653	-	
	Materials & Services	**347,602**	**456,081**	**471,489**	**409,624**	-13%
0911	Principle	383,740	448,285	448,285	464,495	4%
0912	Interest	142,593	130,150	130,151	113,617	-13%
0913	Fees	769	3,400	3,400	3,400	0%
	Debt Service	**527,102**	**581,835**	**581,836**	**581,512**	0%
0606	Bad Debt Sent to Collection	3,708	6,000	5,476	5,500	0%
	Bad Debt	**3,708**	**6,000**	**5,476**	**5,500**	0%
0731	Construction	-	771	771	-	
0741	Machinery & Equipment	31,891	21,059	21,059	144,000	
	Capital Expenditures	**31,891**	**21,830**	**21,830**	**144,000**	560%
	Total Non-Personnel Services	**910,304**	**1,065,746**	**1,080,631**	**1,140,636**	6%
0322	Fleet Services	120,698	101,415	101,415	41,457	-59%
0396	Allocation to IT Int Serv Fund	82,875	109,492	109,492	68,305	-38%
0397	Alloc to Facilities Maint	68,300	50,241	50,241	80,757	61%
0399	Admin Costs Allocation	485,662	494,599	494,599	131,877	-73%
	Other Operating Allocations	**757,535**	**755,747**	**755,747**	**322,396**	-57%
0799	Transfer to Other Funds	1,710,009	1,214,050	1,218,702	368,347	-70%
	Total Water Enterprise	**$ 4,047,168**	**$ 3,683,388**	**$ 3,702,926**	**$ 2,515,201**	**-32%**

Water Enterprise Administration Division
Line Item Detail

Fund #610 Department: 4610		Account Detail	Category Detail	FY 2016/17 Proposed Budget
Materials & Services				
610-4610-0311	Legal		$ 25,000	
610-4610-0312	Auditing & Accounting		6,624	
610-4610-0319	Professional Services		35,000	
	Bank fees - Lockbox	$ 11,000		
	General account services	8,580		
	ACH & credit card fees	8,200		
	Print services	6,790		
	48 Hour phone calls	430		
		35,000		
610-4610-0360	Property Insurance		17,000	
610-4610-0362	Telephone & Communication		2,200	
610-4610-0372	Postage		9,400	
	Total Material & Services			**$ 95,224**
Other Expenditures				
610-4610-0606	Bad Debts Sent to Collection		5,500	
	Total Other Expenditures			**5,500**
Allocations				
610-4610-0396	IT Internal Service Fund		68,305	
610-4610-0399	Admin Costs		131,877	
610-4610-0801	Salary/Benefits		683,822	
	Total Allocations			**884,004**
	Total - Water Enterprise Administration Division			**$ 984,728**

Water Enterprise Maintenance Division
Line Item Detail

Fund #610 Department: 4611		Account Detail	Category Detail	FY 2016/17 Proposed Budget
Materials & Services				
610-4611-0366	Training/Travel Reimbursement		$ 2,000	
610-4611-0375	General Supplies		25,000	
610-4611-0381	Small Tools & Equipment		5,000	
		Total Material & Services		**$ 32,000**
Allocations				
610-4611-0397	Facilities Maintenance		80,757	
		Total Allocations		**80,757**
		Total - Water Enterprise Maintenance Division		**$ 112,757**

Water Enterprise Treatment Division
Line Item Detail

Fund #610 Department: 4612		Account Detail	Category Detail	FY 2016/17 Proposed Budget
Materials & Services				
610-4612-0313	Laboratory		$ 15,000	
	Analysis	$ 8,200		
	License	1,600		
	Supplies	2,900		
	Well testing	2,300		
		15,000		
610-4612-0319	Professional Services		27,900	
	Backwash sludge removal (roll over)	10,000		
	PLC support	10,000		
	Backflow services	4,000		
	Tank cathodic protection	3,500		
	Fire extinguisher service	400		
		27,900		
610-4612-0320	Dues & Memberships		800	
	Operator/lab certification	800		
		800		
610-4612-0342	Laboratory Supplies		12,000	
	Analytical equip parts/service	4,500		
	Lab supplies	4,000		
	Reagents and buffers	3,500		
		12,000		
610-4612-0343	Chemicals		37,000	
610-4612-0351	Equipment Repair & Maintenance		37,500	
	Pumps and controls	15,000		
	Equipment replacement	10,000		
	Treatment unit parts	7,500		
	Electrical parts	5,000		
		37,500		
610-4612-0353	Building Repair & Maintenance		6,000	
610-4612-0354	Laundry/Cleaning/Janitorial		500	
610-4612-0366	Training/Travel Reimbursement		7,000	
	Safety training	4,000		
	Technical training	3,000		
		7,000		
610-4612-0373	Licenses & Permits		20,000	
	SWRCB fees	18,000		
	County haz mat	1,000		
	AQMD	1,000		
		20,000		
610-4612-0375	General Supplies		3,500	
610-4612-0376	Medical/Safety Supplies		2,000	
610-4612-0381	Small Tools & Equipment		3,000	
610-4612-0383	Utilities		110,000	
610-4612-0384	Books & Subscriptions		200	
	Total Material & Services			**$ 282,400**

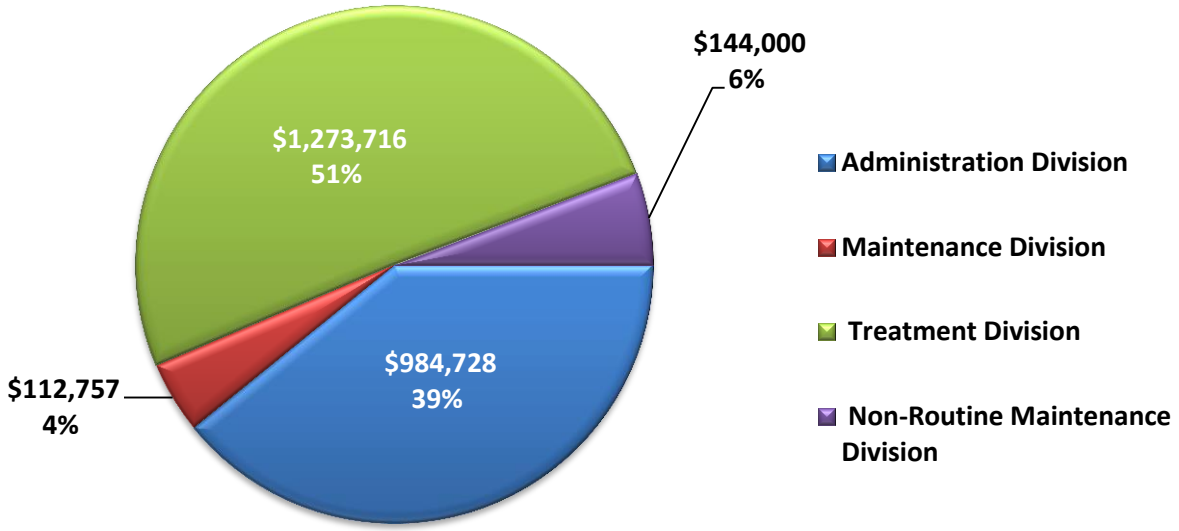
(continued on next page)

Fund #610 Department: 4612: Continued			Account Detail	Category Detail	FY 2016/17 Proposed Budget
Routine Repair and Maintenance					
		Total Routine Repair and Maintenance			**-**
Allocations					
	610-4612-0322	Fleet Services		41,457	
		Total Allocations			**41,457**
Debt Service					
	610-4612-0911	Principal		464,495	
	610-4612-0912	Interest		113,617	
	610-4612-0913	Fees		3,400	
		Total Debt Service			**581,512**
Transfers Out					
	610-7999-0799			368,347	
		To 615 Capital Project, Groundwater Production Wells	66,000		
		To 614, Non-routine maintenance	142,422		
		To 651, Sweep Excess Fund Balance to Capital Reserve	159,925		
			368,347		**368,347**
		Total - Water Enterprise Treatment Division			**$ 1,273,716**

Water Enterprise Non-Routine Maintenance
Line Item Detail

Fund #614 Department: 4614		Account Detail	Category Detail	FY 2016/17 Proposed Budget
Materials & Services				
614-4614-0741	Machinery & Equipment		$ 144,000	
	Wireless connection - plant to Madson Hole and Pressure Zone	44,000		
	Chem clean filters - extend life and improve efficientcy	40,000		
	Waterfall Gulch Fence/flow meter/power drop	45,000		
	Silt removal (roll over)	10,000		
	Chlorine analyzer	5,000		
	Total Material & Services			**144,000**
	Total - Water Enterprise Non-Routine Maintenance			**$ 144,000**

FY 2016/17 EXPENDITURES BY DIVISION



RAW WATER
AIR

WASTEWATER ENTERPRISE

PURPOSE

The Wastewater Enterprise is operated by the Municipal Improvement District No. 1 and is responsible for ensuring the provision of a safe and effective sanitary sewer system to serve residents, businesses and public facilities in the City of Fort Bragg. It also is responsible for operation of a wastewater treatment facility in compliance with State and federal regulations.

SUMMARY OF SERVICES

Services provided by the Wastewater Enterprise include coordinating operations, monitoring, maintenance and related activities of the wastewater treatment plant and sanitary pumping stations. The Enterprise provides primary and secondary treatment of sanitary wastewater as well as treatment and conditioning of the solids removed at the treatment plant facility resulting in a high quality effluent that can be discharged into the ocean.

GOALS AND OBJECTIVES

- Operate, maintain, and upgrade the City's wastewater collection system and treatment facilities.
- Ensure compliance with all regulatory requirements, including discharge limitations, monitoring and reporting, and safety procedures.
- Seek grant funding and other low-cost financing for capital projects.
- Manage the City's wastewater system in a cost-effective and efficient manner and establish fair and reasonable utility rates.

FY 2015/16 TOP ACCOMPLISHMENTS

- HDR has nearly completed the design and engineering for the Wastewater Treatment Plant Upgrade project/
- Installed fencing on west side of plant.
- Sludge hauled to Redwood Landfill in Novato.
- Installed concrete containment for hypochlorite and bisulfite tanks.
- Sodium hypochlorite and bisulfite project completed and online December 1, 2015.
- Installed sulfite and Hypochlorite analyzers.
- Installed diesel generator at Pudding Creek lift station.
- Purchased new Wemco grit pump assemblies.
- Purchased new mobile emergency generator.

FY 2016/17 TOP PRIORITIES

- Complete engineering and design of new activated sludge components at Wastewater Treatment Facility.
- Identify inflow and infiltration projects that require immediate attention and complete slip-lining projects as funding allows for repair of deficiencies at specific locations.
- Install backup generator at Elm Street Lift Station.
- Add wireless communications to lift stations.
- Install influent flow meter.
- Install Jetta New Jetta Drive for grit removal system.
- Install Wemco grit pump assemblies.

BUDGET SUMMARY

OVERVIEW

The fiscal year (FY) 2016/17 Wastewater Enterprise Fund operating budget is $2.4 million, a decrease of 36% or $1.4 million over the previous fiscal year.

The Wastewater Enterprise's primary revenue source is user fees charged to customers. In 2006, the California Supreme Court ruled that utility rates charged by governmental entities are considered property-related fees and are subject to the procedural requirements of Proposition 218, Article 130 of the California Constitution. Proposition 218 requires governmental agencies that charge for utility services to conduct a majority protest hearing prior to adopting any changes in utility rates. The legislation provided for future rate increases within prescribed limits to be approved without holding a hearing each year for up to an additional four years. In FY 2016/17, the adopted rate schedule establishes a water rate increase of 6% which is scheduled to take effect on July 1, 2016. Due to the City's new Cost Allocation Plan, the Water Enterprise will receive a lower allocation of administrative shared costs and staff recommends suspension of the July 1 rate increase. An updated utility rate study will be prepared in FY 2016/17.

NET POSITION (FUND BALANCE)

In an Enterprise Fund, fund balance is presented as Net Position. Over time, net position trends can help identify current and potential future problems that could undermine the fiscal health of an enterprise fund. The FY 2015/16 projected year-end Net Position is expected to be $1.3 million and the FY 2016/17 year-end Net Position is budgeted at $2.25 million. The following table includes the operating fund as well as the capacity fees fund and the capital reserve.

	Audited FY 2014/15	Projected FY 2015/16	Proposed FY 2016/17
Wastewater Operating Fund Net Position	$ 847,312	$ 1,258,487	$ 2,246,046

Net Position is growing at a strong year over year rate which will bode well in the years to come as multiple capital improvement projects are undertaken.

WASTEWATER ENTERPRISE RESERVES

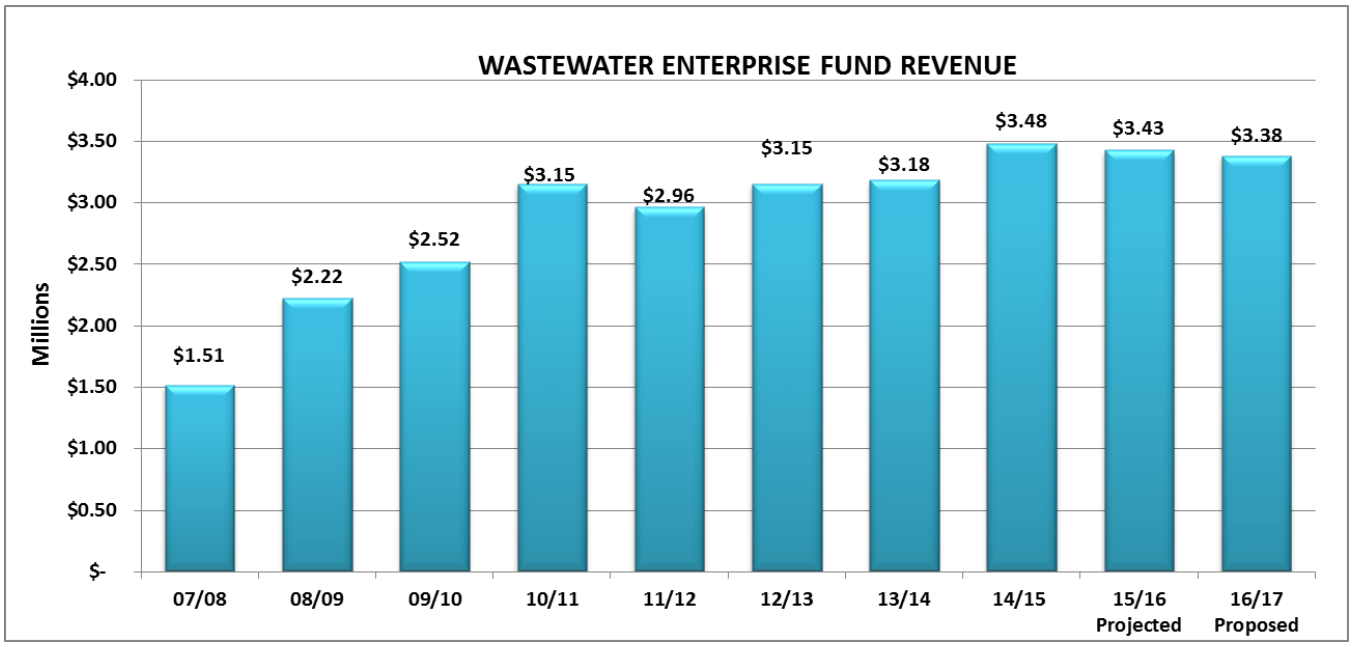
The Wastewater Enterprise Fund Capital Reserve is established in accordance with the Fund Balance & Reserve Policy which is intended to ensure the continued financial well-being of the City by planning for unanticipated emergency and contingency needs as well as future capital projects. Each year, all unrestricted fund balance in the Wastewater Enterprise Fund in excess of 25% of the prior year's operating expenditures is transferred to the Capital Reserve. The Improvement District Board periodically reviews and updates its reserve policy and budgeted reserve amounts to ensure that the Wastewater Enterprise has sufficient resources to adequately provide for capital projects and unforeseen emergencies. In FY 2016/17, the threshold is projected to be $745k. Excess fund balance in the amount of $943k is expected to be transferred to the capital reserve.

The City collects capacity charges for new wastewater connections. These fees are committed for improvements to facilities in existence at the time the charge is imposed or for new facilities to be constructed in the future. These fees are accounted for in the Wastewater Enterprise Capacity Fees Fund. The balance of the capacity fees fund has grown steadily over the years and is expected to reach $291k in FY 2016/17.

	Audited FY 2014/15	Projected FY 2015/16	Proposed FY 2016/17
Wastewater Capacity Fees Fund (committed)	$ 219,014	$ 274,025	$ 290,766
Wastewater Education Fund (committed)	5,289	5,329	5,375
Wastewater Enterprise Capital Reserve (committed)	15,156	232,724	1,176,015
Unrestricted Balance	607,852	746,409	773,890
	$ 847,312	$ 1,258,487	$ 2,246,046

DISCUSSION OF WASTEWATER ENTERPRISE FUND REVENUE TRENDS

FY 2016/17 Wastewater Enterprise Fund revenues (before transfers in) are projected to total $3.38 million, a decrease of 1% from the $3.43 million projected in FY 2015/16. Substantially all of the Fund's revenue is from the charges for services. Since staff is recommending suspension of the FY 2016/17 rate increases, revenue forecasts have been set equal to the FY 2015/16 budget forecast. Other Revenue in FY 2015/16 included $30k in installation fees. Installation fees are hard to predict as to timing and amount and therefore are generally not budgeted. A 10-year comparison of the Wastewater Enterprise Fund's revenue follows.



DISCUSSION OF WASTEWATER ENTERPRISE FUND EXPENDITURE TRENDS

Wastewater Enterprise Fund operating expenditures (including transfers-out) are budgeted for FY 2015/16 at $2.1 million, a decrease of 19% or $500k from FY 2015/16. The decrease is related to the City's new Cost Allocation Plan which produced $566k less in administrative allocation to the Wastewater Enterprise over the prior year.

	Audited FY 2014/15	Projected FY 2015/16	Proposed FY 2016/17
Salaries/Wages/Benefits	$ 800,413	$ 800,921	$ 855,176
Salary/Benefit Allocation	327,585	296,830	352,415
Fleet, IT and Administration Allocations	944,418	1,002,203	363,662
Materials and Services	390,980	453,396	490,200
Miscellaneous	1,716	3,107	3,000
Debt Service	61,456	62,005	59,355
Net Transfers	9,650	5,336	-
	$ 2,536,218	$ 2,623,798	$ 2,123,808

Personnel Services

Salaries/Wages/Benefits increased $54k or 7% primarily due to increased benefits costs with healthcare alone increasing by 8%. The Salary/Benefit Allocation to the General Fund includes wages and the City's contributions to health benefits and retirement costs for those General Fund employees who perform services on behalf of the Wastewater Enterprise Fund. This allocation increased $56k (19%) in FY 2016/17 when compared to FY 2015/16. The Wastewater Enterprise Fund is in the beginning stages of an upgrade to the City's aging Wastewater treatment facility and, therefore, adjustments in the staffing percentages were made to better reflect the anticipated work flow.

Non-Personnel Services

Wastewater Enterprise Fund Materials and Services are budgeted to decrease approximately 50%. The decrease is the result of fluctuating capital project costs. FY 2015/16 included initial engineering and design services ($750k) for the wastewater treatment facility. Additional planning and financing activities will continue in FY2016/17 while construction is not slated to begin until FY2017/18. Capital Machinery & Equipment also shows a budgeted decrease over FY 2015/16 ($103k). It is not unusual for machinery & equipment costs to fluctuate from year to year since machinery and equipment is replaced as needed.

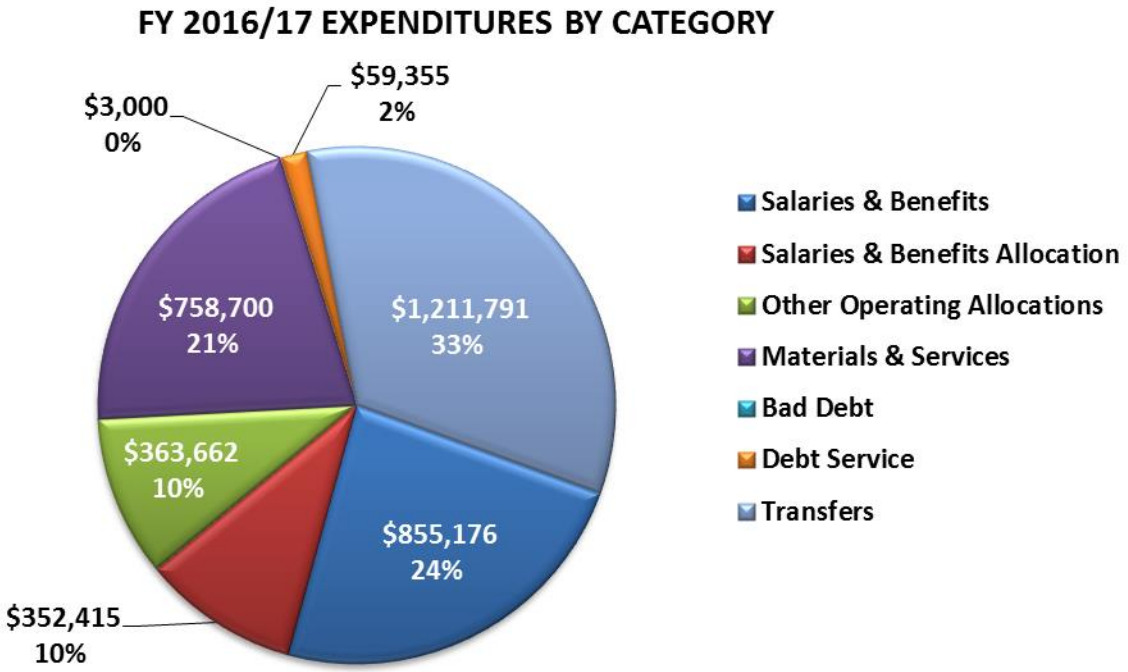
Other Operating Allocations

Allocations to Internal Service Funds are budgeted $73k lower in FY 2016/17 than in the previous year. Internal Service allocations are set according to long term plans which detail future maintenance and capital replacement needs. Based on improved long term plans in the Internal Service Funds, allocations for FY 2016/17 were set lower than the previous year.

Municipal Improvement District #1; Wastewater Enterprise
Fund 710
Department: 4710, 4711 & 4712

Appropriations & Revenue

Description	FY 2014/15 Audited	FY 2015/16 YTD Budget	15/16 Projected	FY 2016/17 Proposed Budget	% + /-
Salaries & Benefits	$ 800,413	$ 810,692	$ 800,921	$ 855,176	7%
Salary/Benefit Allocation	327,585	296,830	296,830	352,415	19%
Other Operating Allocations	944,418	1,002,203	1,002,203	363,662	-64%
Non-Personnel Services	459,068	1,685,669	1,658,558	821,055	-50%
Total Appropriations	2,531,484	3,795,394	3,758,512	2,392,308	-36%
Charges for Services	3,194,150	3,332,215	3,306,098	3,298,438	0%
Other Revenue	64,467	80,540	119,050	81,429	-32%
Total Operating Revenue	3,258,617	3,412,755	3,425,148	3,379,867	-1%
NET EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENSES	727,132	(382,639)	(333,364)	987,559	-396%
Transfers In	933,394	333,000	578,712	1,211,791	109%
Transfers Out	(943,044)	(359,350)	(584,048)	(1,211,791)	107%
NET CHANGE IN FUND BALANCE	$ 717,482	$ (408,989)	$ (338,700)	$ 987,559	-392%



BUDGET DETAIL:
Municipal Improvement District #1; Wastewater Enterprise
Fund #710
Department: 4710,4711,4712

Object	Description	FY 2014/15 Audited	FY 2015/16 YTD Budget	FY15/16 Projected	FY 2016/17 Proposed Budget	% + /-
0101	Salaries & Wages, Regular	468,884	477,964	476,031	505,970	4%
0102	Overtime	21,141	15,153	23,170	20,529	-33%
0103	Comp Time Payout	4,412	6,000	3,480	5,000	20%
0104	Vacation Payout	-	-	-	-	
0105	Sick Leave Payout	-	-	-	-	
0109	Other Pay	11,370	7,251	12,679	6,169	-37%
0100	Salaries & Wages	$ 505,807	$ 506,368	$ 515,360	$ 537,668	4%
0200	Employee Benefits	294,606	304,324	285,562	317,508	11%
	Salaries & Benefits	**800,413**	**810,692**	**800,921**	**855,176**	7%
0801	Salary/Benefits Allocation	327,585	296,830	296,830	352,415	19%
	Salary/Benefits Allocation	**327,585**	**296,830**	**296,830**	**352,415**	19%
	Personnel Services	**1,127,998**	**1,107,522**	**1,097,751**	**1,207,591**	10%
0312	Auditing & Accounting	7,243	8,025	7,122	9,450	33%
0313	Laboratory	15,172	25,340	12,153	28,400	134%
0319	Professional Services	61,529	63,050	87,525	108,500	24%
0320	Dues & Memberships	3,025	2,200	2,200	2,300	5%
0342	Laboratory Supplies	6,016	8,300	8,539	-	-100%
0343	Chemicals	31,171	68,800	50,887	60,000	18%
0351	Equipment Repair & Maint	59,790	84,264	78,264	73,000	-7%
0353	Building Repair & Maint	4,113	5,300	3,354	5,000	49%
0354	Laundry/Cleaning/Janitorial	1,467	2,000	1,456	2,000	37%
0359	Liability Deductible	6,453	1,000	172	1,000	482%
0360	Property Premium	17,368	18,000	18,000	18,000	0%
0361	Property Deductible	-	1,000	-	1,000	
0362	Telephone & Communication	756	750	750	750	0%
0365	Copying/Printing	-	300	-	-	
0366	Training/Travel Reimbursement	5,249	9,500	1,924	7,500	290%
0372	Postage	11,264	10,000	10,000	10,000	0%
0375	General Supplies	7,911	6,000	4,715	10,500	123%
0376	Medical/Safety Supplies	10,603	10,800	6,173	5,500	-11%
0377	Boot Expense	1,455	1,800	1,274	1,800	41%
0381	Small Tools & Equipment	10,145	10,300	8,624	10,500	22%
0383	Utilities	119,030	125,000	121,526	120,000	-1%
0384	Books & Subscriptions	-	300	-	300	
0619	Miscellaneous	-	16,250	14,233	-	
	Materials & Services	**390,980**	**509,029**	**453,396**	**490,200**	8%
0606	Bad Debt Sent to Collection	1,716	3,000	3,107	3,000	
	Bad Debt	**1,716**	**3,000**	**3,107**	**3,000**	-3%
0310	Engineering	125	749,875	749,875	-	
0319	Professional Services	1,710	-	-	-	
0630	Grant Activity	1,361	-	-	-	
0731	Construction in Progress	-	-	28,143	-	
0741	Machinery & Equipment	1,721	241,760	241,760	138,500	
0741	Machinery & Equipment	-	-	272	-	
0741	Machinery & Equipment	1,721	241,760	242,031	138,500	
0751	Infrastructure	-	120,000	120,000	130,000	
	Capital Expenditures	**4,917**	**1,111,635**	**1,140,050**	**268,500**	-76%
0911	Principal	45,000	50,000	50,000	50,000	0%
0912	Interest	11,726	9,805	9,805	7,155	
0913	Fees	4,730	2,200	2,200	2,200	0%
	Debt Service	**61,456**	**62,005**	**62,005**	**59,355**	-4%
	Non-Personnel Services	**459,068**	**1,685,669**	**1,658,558**	**821,055**	-50%
0322	Fleet Services	90,324	104,991	104,991	42,919	-59%
0396	Allocation to IT Int Serv Fund	82,875	109,492	109,492	68,305	-38%
0397	Alloc to Facilities Maint	68,300	50,241	50,241	80,757	61%
0399	Admin Costs Allocation	702,919	737,479	737,479	171,681	-77%
	Other Operating Allocations	**944,418**	**1,002,203**	**1,002,203**	**363,662**	-64%
0799	Transfer to Other Funds	943,044	359,350	584,048	1,211,791	107%
	Total Wastewater Enterprise	**$ 3,474,528**	**$ 4,154,744**	**$ 4,342,560**	**$ 3,604,099**	**-17%**

Municipal Improvement District #1
Wastewater Enterprise Administration Division
Line Item Detail

Fund #710 Department: 4710		Account Detail	Category Detail	FY 2016/17 Proposed Budget
Materials & Services				
710-4710-0312	Auditing & Accounting		$ 9,450	
710-4710-0319	Professional Services		28,000	
	Bank fees - lockbox	$ 8,830		
	General account services	6,870		
	ACH & credit card fees	6,570		
	Print services	5,390		
	48 Hour phone calls	340		
		28,000		
710-4710-0359	Liability Deductible		1,000	
710-4710-0360	Property Premium		18,000	
710-4710-0361	Property Deductible		1,000	
710-4710-0362	Telephone & Communication		750	
710-4710-0372	Postage		10,000	
	Total Material & Services			**$ 68,200**
Other Expenditures				
710-4710-0606	Bad Debts Sent to Collection		3,000	
	Total Other Expenditures			**3,000**
Allocations				
710-4710-0396	IT Internal Service Fund		68,305	
710-4710-0399	Admin Costs		171,681	
710-4710-0801	Salary/Benefits		352,415	
	Total Allocations			**592,401**
Operating Transfers				
710-4710-0799	Transfers to Other Funds		-	
	To 714 - Non Routine Maintenance	268,500		
	To 715, Sweep Excess Fund Balance to Capital Reserve	943,291		
		1,211,791		
	Total Operating Transfers			**1,211,791**
	Total - Wastewater Enterprise Administration Division			**$ 1,875,392**

Municipal Improvement District #1
Wastewater Enterprise Maintenance Division
Line Item Detail

Fund #710 Department: 4711		Account Detail	Category Detail	FY 2016/17 Proposed Budget
Materials & Services				
710-4711-0366	Training/Travel Reimbursement		$ 1,000	
710-4711-0375	General Supplies		6,000	
710-4711-0381	Small Tools & Equipment		6,000	
	All materials locator 1/2 share	$ 3,000		
	Tool replacement	3,000		
		6,000		
	Total Material & Services			**$ 13,000**
Allocations				
710-4711-0397	Facilities Maintenance Allocation		80,757	
	Total Allocations			**80,757**
	Total - Wastewater Enterprise Maintenance Division			**$ 93,757**

Municipal Improvement District #1
Wastewater Enterprise Treatment Division
Line Item Detail

Fund #710 Department: 4712		Account Detail	Category Detail	FY 2016/17 Proposed Budget
Personnel Costs				
	Salaries & Wages		$ 537,668	
	Employee Benefits		317,508	
	Total Personnel Costs			**$ 855,176**
Materials & Services				
710-4712-0313	Laboratory		28,400	
710-4712-0319	Professional Services		80,500	
	Receiving water monitoring	40,000		
	Annual sludge hauling	35,000		
	Annual flow meter calibration	2,500		
	Backflow testing	1,500		
	Fire extinguisher maintenance	1,500		
		80,500		
710-4712-0320	Dues & Memberships		2,300	
710-4712-0343	Chemicals		60,000	
710-4712-0351	Equipment Repair & Maintenance		73,000	
	Pump repair	20,000		
	Electic motors and contols	12,000		
	Lift station replacement fittings	10,000		
	Electrical hardware	6,000		
	Boiler annual maintenance	1,500		
	Stainless stee/PVC Hardware	1,500		
	Replacement press belts	2,000		
	Small projects and improvements	20,000		
		73,000		
710-4712-0353	Building Repair & Maintenance		5,000	
	Roof and door maintenance	1,400		
	Lift staions	1,800		
	Fencing and gates	1,000		
	SWPPP BMPs	800		
		5,000		
710-4712-0354	Laundry/Cleaning/Janitorial		2,000	
710-4712-0366	Training/Travel Reimbursement		6,500	

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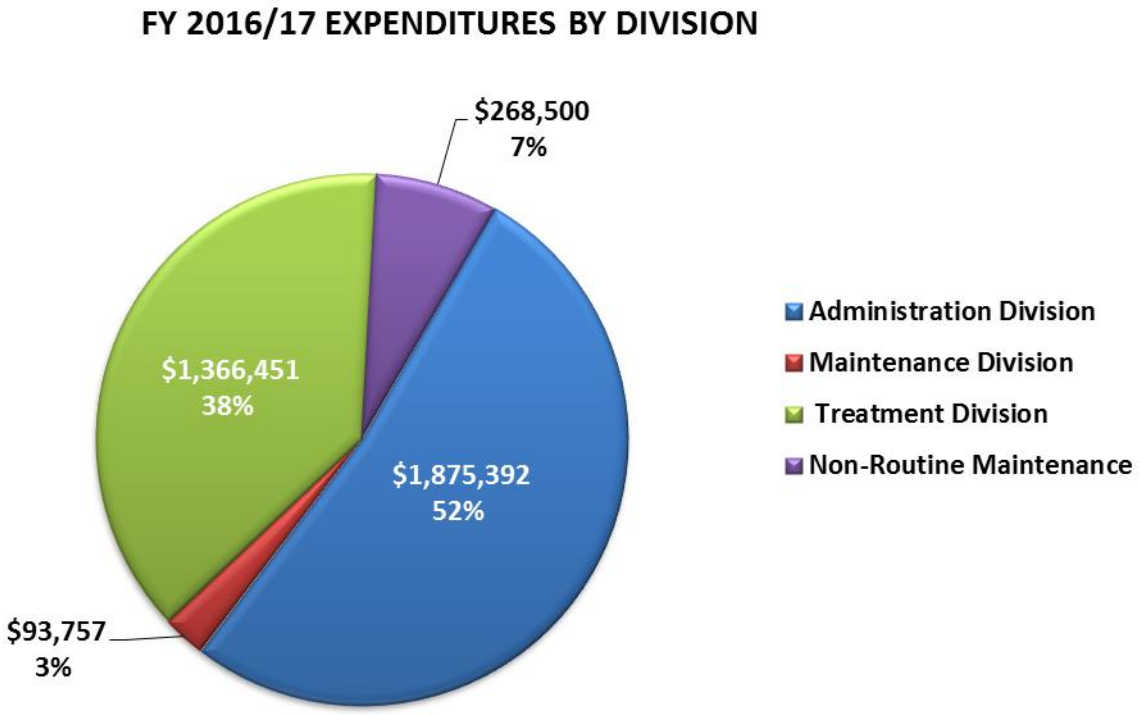
Fund #710 Department: 4712			Account Detail	Category Detail	FY 2016/17 Proposed Budget
Materials & Services, Continued					
	710-4712-0373	Licenses & Permits		$ 14,700	
		Annual fee	$ 11,000		
		County haz mat	1,700		
		AQMD	2,000		
			14,700		
	710-4712-0375	General Supplies		4,500	
	710-4712-0376	Medical/Safety Supplies		5,500	
		Safety supplies	4,500		
		Confined space	500		
		Respirator maintenance	500		
			5,500		
	710-4712-0377	Boot Expense		1,800	
	710-4712-0381	Small Tools & Equipment		4,500	
	710-4712-0383	Utilities		120,000	
	710-4712-0384	Books & Subscriptions		300	
		Total Material & Services			**$ 409,000**
Allocations					
	710-4712-0322	Fleet Services		42,919	
		Total Allocations			**42,919**
Debt Service					
	710-4712-0911	Principal		50,000	
	710-4712-0912	Interest		7,155	
	710-4712-0913	Fees		2,200	
		Total Debt Service			**59,355**
		Total - Wastewater Enterprise Treatment Division			**$ 1,366,451**

Municipal Improvement District #1
Wastewater Enterprise Non-Routine Maintenance
Line Item Detail

Fund # 714 Department: 4713		Account Detail	Category Detail	Proposed Budget
Materials & Services				
714-4713-0741	Machinery & Equipment		$ 138,500	
	Influent flow meter (roll over)	45,000		
	SCADA	30,000		
	2nd Sulfite tank and parts	26,000		
	Native American lift station rehab (roll over)	20,000		
	Sulfit analyzer	8,500		
	Garage door for Cl2 storage building	5,000		
	Chlorine analyzer	4,000		
		138,500		
714-4713-0751	Infrastructure		$ 130,000	
	Slip line	60,000		
	Outfall rehab	70,000		
		130,000		
	Total Material & Services			**268,500**
	Total - Water Enterprise Non-Routine Maintenance			**$ 268,500**



C. V. STARR ENTERPRISE

PURPOSE

The C.V. Starr Community Center and Sigrid & Harry Spath Aquatic Facility (C.V. Starr Center) is a 43,000 square foot facility that includes an indoor water park, fitness, exercise and weight rooms and meeting rooms for community use. Its grounds include a dog park, a skateboard park, petanque courts and picnic and BBQ facilities. The City owns the facility and receives restricted sales tax and property tax revenues to help offset the costs of operation, maintenance and capital improvements at the Center. These restricted sales and property tax funds are held in the C.V. Starr Enterprise Fund.

SUMMARY OF SERVICES

The City contracts with the Mendocino Coast Recreation and Parks District (MCRPD) for day-to-day operation of the C.V. Starr Center.

GOALS AND OBJECTIVES

- Continue to coordinate with the MCRPD to ensure efficient and effective operation of the C.V. Starr Center in accordance with the Operating Agreement between the City and the MCRPD.
- Continue to ensure that financial procedures and fiscal controls are effectively implemented to address accounting, cash handling, payroll processing, purchasing and procurement, inventory controls, record-keeping, auditing and reporting.
- Coordinate closely with the C.V. Starr Director to ensure completion of necessary maintenance and repairs and implementation of capital improvement projects.

BUDGET OVERVIEW

The C.V. Starr Center's annual operating budget is adopted as a stand-alone budget for the facility. The C.V. Starr Enterprise Fund receives special sales tax revenues and property tax revenues that are restricted and used to help offset the costs of operation, maintenance and capital improvements at the Center. Revenue generated from operating the Center is collected through user fees, the sale of merchandise, and other miscellaneous sources.

Operating revenues for FY 2016/17 are budgeted at $672k; a decrease of 3% over the FY 2015/16 projected results. Although FY 2015/16 is on track for an exceptionally strong year, the CV Starr Center budget assumes a conservative forecast for FY 2016/17.

Operating expenditures are costs directly related to the operation of the Center, such as wages, benefits, utilities, services, and supplies and are budgeted for FY 2015/16 at $1.6 million, a 2% increase over FY 2015/16. The operating expense increase is the result of personnel services savings in FY 2015/16 due to unfilled positions while the Center is expected to return to full staffing in FY 2016/17. Offsetting the year over year increase in Salaries & Wages are budgeted reductions in Equipment Repair & Maintenance as well as Other Expenses (miscellaneous). Non-operating expenditures of $110k represent the installation of floor drains (capital improvement). Debt service includes principal payments on the General Fund Loan ($62k) and $22k principal payments on the Energy Commission 1% Interest Loan.

City Council has established a reserve policy that sets aside all fund balance to provide for future capital projects and unanticipated emergencies, as follows:

- $30k for the Facilities Improvement and Expansion Reserve,
- 50% of the remaining balance as an Operating Reserve, and
- the remaining balance as Capital Repair and Equipment Reserve.

The reserve balances are projected as follows:

	15/16 FYE Projected	FY 2016/17 Proposed Budget
Beginning Net Assets	$ 505,832	$ 683,095
Sales Tax Revenue	850,735	890,713
Property Tax Revenue	233,089	242,412
Total Allocation	(906,561)	(1,085,724)
Net Assets	$ 683,095	$ 730,496

	15/16 FYE Projected	FY 2016/17 Proposed Budget
Operating Reserve	$ 326,547	$ 350,248
Capital Repair & Equip Reserve	326,547	350,248
Facility Improvement Reserve	30,000	30,000
Total Reserves	$ 683,095	$ 730,496

FY 2015/16 TOP ACCOMPLISHMENTS

- The C.V. Starr Center continued to provide quality recreation, fitness, and aquatics programs to the citizens of Fort Bragg and the surrounding region.
- The MCRPD continued to provide excellent services in the operation and maintenance of the facility.
- Installed a CO2 system to control the pH levels in the swimming pools.
- Completed conceptual planning for construction of a gymnasium at the C.V. Starr Center.

FY 2016/17 TOP PRIORITIES

- Continue to coordinate with the MCRPD to ensure the provision of excellent services at the C.V. Starr Center.
- Continue to provide financial oversight to ensure that financial procedures and fiscal controls are effectively implemented and to ensure adherence to the FY 2016/17 budget.
- Install floor drains in the family changing rooms.
- Develop a multi-year capital improvement plan and budget for the facility.
- Develop a fundraising strategy for construction of a gymnasium at the C.V. Starr Center.

C.V. STARR CENTER ENTERPRISE BUDGET SUMMARY
Fund 810
Department: 4812

Appropriations & Revenue

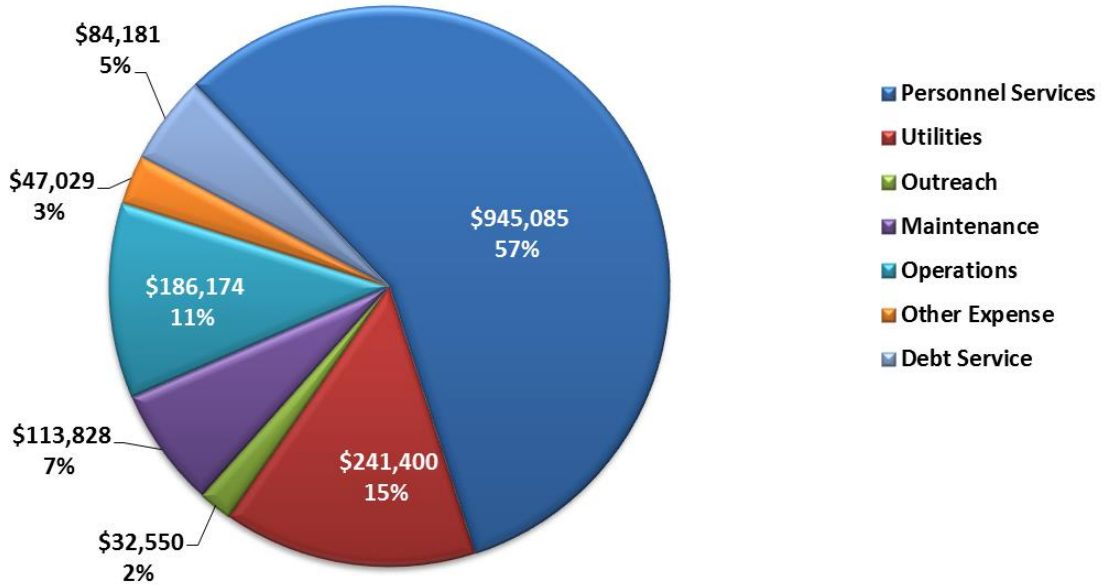
Description	FY 2014/15 Audited	FY 2015/16 YTD Budget	FY15/16 Projected	FY 2016/17 Proposed Budget	% + /-
Personnel Services	$ 956,969	$ 961,749	$ 857,291	$ 945,085	10%
Non-Personnel Services	695,641	744,020	740,571	815,162	10%
Total Appropriations	1,652,610	1,705,769	1,597,862	1,760,247	10%
Revenue from Operations	750,470	621,800	691,301	672,200	-3%
Other Revenue	2,719	2,000	-	2,321	
Property Tax	233,861	230,000	233,089	242,412	4%
Sales & Use Tax	806,967	810,000	850,735	890,713	
Total Revenue	1,794,017	1,663,800	1,775,125	1,807,646	2%
NET EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENSES	$ 141,407	$ (41,969)	$ 177,263	$ 47,399	-73%
Transfers In	-	-	-	-	
Transfers Out	-	-	-	-	
NET CHANGE IN FUND BALANCE	$ 141,407	$ (41,969)	$ 177,263	$ 47,399	-73%

* To arrive at audited change in net position on the full accrual basis subtract depreciation expense and add back loan principal paid. $ 141,407 less $729,481 (depreciation) plus $0.00(loan principle) equals <$588,075>.
(as published in the FY2014/15 CAFR)

BUDGET DETAIL:
Fund #810
Department: 4812

	Description	FY 2014/15 Audited	FY 2015/16 YTD Budget	FY15/16 Projected	FY 2016/17 Proposed Budget	% + /-
0101	Salaries, Wages & Benefits	$ 956,969	$ 961,749	$ 857,291	$ 945,085	10%
	Personnel Services	**956,969**	**961,749**	**857,291**	**945,085**	10%
0210	Misc Insurance Premiums & Fees	43,042	-	-	-	
0319	Professional Services	47,882	-	-	-	
0351	Equipment Repair & Maint	83,269	83,782	143,916	113,828	-21%
0383	Utilities	271,059	-	220,479	241,400	9%
0385	Outreach	-	31,310	27,510	32,550	18%
0386	Operations	227,308	190,753	190,019	186,174	-2%
0619	Other Expense	-	-	97,501	47,029	-52%
0631	General Admin	21,820	-	-	-	
0806	CV Starr Operating Expenses	-	333,730	-	-	
	Materials& Services	**694,380**	**639,575**	**679,425**	**620,981**	-9%
0751	Capital	-	38,506	-	110,000	
	Capital	**-**	**38,506**	**-**	**110,000**	
0912	Loan Expense	1,261	65,939	61,146	84,181	38%
	Debt Service	**1,261**	**65,939**	**61,146**	**84,181**	
	Total Non-Personnel Services	**695,641**	**744,020**	**740,571**	**815,162**	10%
	Total C.V. Starr Enterprise	$ 1,652,610	$ 1,705,769	$ 1,597,862	$ 1,760,247	10%

FY 2016/17 EXPENDITURES BY CATEGORY



C.V. STARR CENTER ENTERPRISE
Line Item Detail

Fund #810 Department: 4812		Account Detail	Category Detail	Adopted Budget
Personnel Costs				
	Salaries & Wages		$ 742,125	
	Employee Benefits		202,960	
	Total Personnel Costs			**$ 945,085**
Materials & Services				
810-4812-0351	Equipment Repair & Maint		113,828	
810-4812-0385	Outreach		32,550	
810-4812-0386	Operations		186,174	
810-4812-0383	Utilities		241,400	
810-4812-0619	Other Expense		47,029	
810-4812-0751	Capital		110,000	
	Total Material & Services			**730,981**
Debt Service				
110-4812-0912	Debt Service		84,181	
	Total Personnel Costs			**$ 84,181**
	Total - C.V. Starr Enterprise			**$ 1,760,247**

SPECIAL REVENUE FUNDS SUMMARY

Special Revenue Funds account for revenues received that have restrictions placed on their use or are committed for specified purposes either through statute or by Council policy. The City has a number of different special revenue funds which are part of the non-operating budget. These include:

116 – General Plan Maintenance Fee To account for General Plan Maintenance fee revenue which is used to offset costs related to the update of the City's General Plan and zoning code.

117- Housing Trust Fund To account for funds transferred from the Low & Moderate Income Housing Fund of the Fort Bragg Redevelopment Successor Agency.

120 – Parking To account for parking permit revenues and parking fines and the cost of maintaining City owned public parking lots.

121 – Parking In-Lieu Fees To account for payments made by downtown property owners in lieu of providing on-site parking. Accumulated funds are restricted for activities related to providing off-street parking facilities in the central business district. The requirement for payment of parking in-lieu fees was temporarily suspended by the City Council in 2012.

122 – Parkland Monitoring and Reporting To account for a payments made by Georgia Pacific to cover costs associated with on-going monitoring and reporting requirements related to the environmental remediation of the Coastal Trail & Parkland property.

124 – Tobacco License Fees To account for fees and fines associated with the City's Tobacco Retailer licensing program.

125 – State Mandated Disability Access Fee To account for fees collected under State Senate Bill 1186, which requires a one-dollar additional fee to be paid by any applicant for a local business license, permit or similar instrument when it is issued or renewed. The fee applies to applications and renewals filed between January 1, 2013 and December 31, 2018. 30% of the collected fees are remitted to the California Division of the State Architect while 70% are retained to help increase the number of Certified Access Specialists in the City and to facilitate compliance with construction-related accessibility requirements.

139 – COPS AB1913 To account for monies received from the State for law enforcement services under the Citizens Option for Public Safety (COPS) Program established by AB 1913.

146 – OJP Vest Partnership To account for monies received under the Bulletproof Vest Partnership Grant Act. This program is designed to pay up to 50% of the cost of National Institute of Justice (NIJ) compliant armored vests purchases for local law enforcement.

167 - Asset Forfeiture To account for monies obtained from seized assets relating to criminal activities. These funds are used solely to support law enforcement purposes.

168 – Marijuana Restitution To account for monies obtained from Mendocino County for marijuana restitution. Revenue in this fund is expected to be refunded to the County.

190- Construction/Demolition Fee Fund To account for deposits that are made in accordance with the City's Construction & Demolition Ordinance. Deposits are refunded if recycling goals are met. Otherwise, the deposits are forfeited and retained in the special revenue fund.

220 – Waste Management Community Benefit Fund – To account for a one-time payment received from Waste Management at the time its franchise agreement for solid waste collection services within the City was extended. The Council has designated the funds for community benefit purposes. To date, this fund has been used to help offset costs associated with the Noyo Center for Marine Science initiative and the Town Hall Remodel Project.

221 – Gas Taxes To account for the City's share of gas tax revenues that are legally restricted for the maintenance and improvement of City roads and streets.

223 – RSTP D1 To account for Regional Surface Transportation Program (RSTP) D1 funds: The purpose of the program is to provide funding to local jurisdictions for a wide variety of transportation planning and improvement projects, such as the research, planning, construction, improvement, maintenance, and operation of public streets and highways (and their related public facilities for non-motorized traffic.)

230 – Traffic & Safety To account for revenue received from traffic fines which is restricted to City street repairs and traffic safety.

250 – Special Sales Tax, Street and Alley Repairs To account for revenue received from a special half-cent sales tax which is restricted to City street and alley repairs.

280 – Parcel Tax, Fire Equipment Fund To account for monies received from a parcel tax which is restricted to the purchase of Fire Equipment. The parcel tax will expire in 2015 unless it is renewed by the voters.

SPECIAL REVENUE FUNDS - RESTRICTED

Fund	Fund Description	Object	Object Description	FY 2014/15 AUDITED	FY 2015/16 AMENDED BUDGET	FY 2015/16 FYE PROJECTED	FY 2016/17 PROPOSED BUDGET	% INC/ (DEC)
116	General Plan Maintenance Fee	0309	Interfund Cost Reimbursement	$ -	$ -	$ 30,000	$ 30,000	0.0%
120	Parking	0799	Transfers Out	8,184	8,300	8,096	8,300	2.5%
121	Parking In-Lieu	0357	Lease/Rental - Space	8,184	8,300	8,096	8,200	1.3%
124	Tobacco License Fee	0319	Professional Services	2,200	1,100	1,100	1,100	0.0%
125	State Disability Access Fee	0631	State Disability Access Fee	28	-	28	28	0.0%
139	COPS AB1913 Allocation	3162	COP's AB1913 Allocation	-	-	100,000	100,000	0.0%
146	OJP Bulletproof Vest	0381	Small Tools & Equipment	1,016	3,000	6,911	4,406	-36.2%
167	Asset Forfeiture	0309	Interfund Cost Reimbursement	-	-	134,000	130,000	-3.0%
		0319	Professional Services	2,500	-	10,679	-	-100.0%
		0366	Training/Travel Reimbursement			2,360		-100.0%
		0375	General Supplies	5,476	-	2,663	-	-100.0%
		0381	Small Tools & Equipment	39,234	-	13,892	-	-100.0%
		0619	Miscellaneous	2,700	-	7,040	-	-100.0%
		0799	Transfers Out	146,395	50,000	46,250	10,000	-78.4%
			Total Asset Forfeiture	196,304	50,000	216,884	140,000	-35.4%
220	Waste Mgt Community Benefit	0799	Transfers Out	117,892	10,000	10,000	-	-100.0%
221	Highway User Tax (Gas Tax)	0309	Transfers Out	-	-	235,000	-	-100.0%
		0799	Transfers Out	195,000	-	-	125,000	100.0%
230	Traffic & Safety	0309	Interfund Cost Reimbursement	-	-	2,271	-	-100.0%
		0799	Transfers Out	7,129	-	-	6,800	100.0%
240	Main Street Traffic Planning	0319	Professional Services	130,779	-	-	-	0.0%
250	Street/Alley Repair Sales Tax	0309	Interfund Cost Reimbursement	-	20,000	20,000	-	-100.0%
		0319	Professional Services	8,236	-	-	-	0.0%
		0799	Transfers Out	55,541	1,850,000	-	1,718,200	100.0%
			Total Street/Alley Repair Sales Tax	63,777	1,870,000	20,000	1,718,200	8491.0%
280	Fire Equipment Fund	0619	Miscellaneous	491	112,230	-	-	0.0%
		0799	Transfers Out	1,435	4,000	-	-	0.0%
				1,926	116,230	-	-	0.0%
	Total - Restricted Funds			$ 732,391	$ 2,066,930	$ 638,358	$ 2,142,034	235.6%

GRANT FUNDS

The City of Fort Bragg actively seeks grants to augment ongoing revenue sources. Over the years, the City has been very successful in obtaining grant funding for a wide variety of projects, ranging from planning activities to community services and capital projects. All City departments are involved in seeking and administering grants and the City has invested considerable resources to ensure sufficient staffing and training to write grant applications, implement grant-funded activities, and meet fiscal monitoring and reporting requirements. The following categories describe the grant programs and projects that are funded in FY 2016/17. The City expects to apply for additional grants for which awards have not yet been announced, and any awards could provide additional funding for activities in the budget year. If additional funds are awarded, budget amendments may be processed to reflect grant revenues and expenditures.

MCOG Overall Work Program. The Mendocino Council of Governments (MCOG) allocates funds to local agencies in Mendocino County for transportation planning and technical assistance through its Overall Work Program (OWP). In FY 2016/17, the City will have two active MCOG OWP projects:

- The City Surrounded by a Park plan is in progress and nearly complete. The project will wrap up in FY2016/17. Grant Award; $93,000
- The Noyo Harbor Bicycle and Pedestrian Access Plan was approved in the 2014/15 OWP and will be completed in FY 2016/2017. Grant Award; $52,520

California Department of Transportation (CalTrans) – Federal Funds Caltrans administers a number of federal and state transportation funds. Current federally funded projects include:

- Chestnut Street Multi-use Trail Project $742,500 Federal appropriation. These funds were encumbered in 2015/16 and will be used for construction of the multi-use trail in FY 2016/17.

California Department of Transportation (CalTrans) – State Funds Caltrans also administers State transportation funded projects including:

- Chestnut Street Multi-use Trail – ATP (Active Transportation Program) Grant (CalTrans) - $259,000. This ATP grant allocates $26,000 in Non-Infrastructure funding for Safe Routes to School Program activities. These funds were encumbered in 2015/16 and will be used for construction of the multi-use trail in FY 2016/17.

State Parks - Proposition 84 The City's Coastal Restoration and Trail Project is primarily funded by the California Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84).

- A $4,844,495 Prop 84 grant was the primary funding source for construction of Phase I of the Fort Bragg Coastal Restoration and Trail Project. Construction of Phase I was completed in FY 2015/16. The City was awarded an additional $450,000 for construction of Phase II of the Coastal Trail (the middle section). Project design and engineering will be completed in FY 2016/17 and completion of construction is anticipated in FY 2017/18.

Community Development Block Grants The State Community Development Block Grant (CDBG) program enables local governments to undertake a wide range of activities intended to create suitable living environments, provide decent affordable housing, and create economic opportunities, primarily for persons of low and moderate income. In FY 2016/17, the City has the following open CDBG grants:

- 2014 Super NOFA was awarded at $2,000,000 in October 2014. Remaining and on-going activities include the homeless facility rehabilitation project; the Giving Garden Employment Training Program; the HELP Plus Program (Home Energy Link Program plus water efficiency focus); HELP H20 Program (water bill assistance coupled with water conservation measures); and a Microenterprise Assistance Program, including technical assistance, support services, and financial assistance. Grant expenditures for these activities will continue until October 31, 2017.
- 2014 Super NOFA Supplemental Activities were added to the 2014 grant in order to expend future CDBG Program Income projected to be received during the term of the grant. Two Supplemental Activities are expected to be completed within the grant term including the Food Bank Solar Project and

the Bainbridge Park Enhancement Project. A Fields Improvement Project that was approved as City Council's third priority Supplemental Activity is not expected to be completed within the grant term. These activities must be completed by October 31, 2017.

HOME Grants. The HOME Program was created under Title II (the HOME Investment Partnerships Act) of the National Affordable Housing Act of 1990. The objectives and intent of the HOME Program are to provide decent affordable housing to lower-income households.

- In 2014, the City was awarded a $500,000 HOME Grant to fund a Housing Rehabilitation Loan program for qualified low- and moderate-income homeowners Housing rehabilitation activities will continue until January 31, 2017 or until all loan funds are expended, whichever date comes first.

SPECIAL REVENUE FUNDS - GRANTS

FY 2016/17 GRANTS IN PROGRESS

Fund	Description	GRANT AMOUNT AWARDED	PRIOR YEAR(S) ACTIVITY	FY 2016/17 PROPOSED ACTIVITY
314	**MCOG OWP**			
	City of Trails	$ 93,000	$ 78,028	$ 14,972
	Noyo Harbor Access	52,520	35,000	17,520
	Total MCOG OWP	145,520	113,028	32,492
315	**2014 CDBG Grants**			
	2014 Super NOFA:			
	Homeless facility	1,162,791	1,140,690	22,101
	Home Energy Link Prog. Plus	213,953	92,496	91,093
	HELP H20	65,116	22,278	32,129
	Giving Garden Program	186,047	69,270	87,582
	Microenterprise Assistance	232,558	60,523	109,346
	General Admin	139,535	75,359	37,238
	Total Super NOFA	2,000,000	1,460,616	379,489
	2014 Supplemental Activities:			
	Food Bank Solar Project	75,000	40,000	35,000
	Bainbridge Park Improvements	75,000	-	75,000
	School Fields Improvements	75,000	-	-
	Total 2014 Supplemental Activities	225,000	40,000	110,000
320	**State Parks Proposition 84**			
	Coastal Trail Construction	4,844,495	4,844,495	-
	Coastal Trail Phase II	450,000	25,231	50,000
	Total State Parks Prop 84	5,294,495	4,869,726	50,000
322	**CalTrans State Funding**			
	Coastal Trail Construction	345,000	345,000	-
	Chestnut Street ATP	259,000	259,000	-
	Total CalTrans State Funding	259,000	259,000	-
323	**CalTrans Federal Funding**			
	Chestnut Street Multi-Use Trail	742,500	742,500	-
	Total CalTrans Federal Funding	742,500	742,500	-
326	**HCD/HOME Program**			
	2013 HOME Rehab Loans	370,500	284,593	85,907
	Activity Delivery	117,000	66,218	50,782
	General Admin	12,500	11,000	1,500
	Total HCD/HOME rehab Loans	500,000	361,811	138,189
	Total FY 16/17Grant Activity			**$ 710,170**

FORT BRAGG REDEVELOPMENT SUCCESSOR AGENCY

OVERVIEW

The Fort Bragg Redevelopment Successor Agency and its Oversight Board are responsible for winding down the functions of the former Fort Bragg Redevelopment Agency. As a result of legislation enacted in 2011, all Redevelopment Agencies (RDAs) in California were dissolved and the assets, liabilities and costs associated with the dissolution are now administered by Successor Agencies. Property tax revenues previously allocated to the RDAs are now used to pay required payments on existing bonds, other obligations, and pass-through payments to local governments (defined as enforceable obligations). The remaining property tax revenues (amounts exceeding the enforceable obligations) are retained by the County and allocated back to cities, counties and special districts.

Each Successor Agency (SA) has an Oversight Board that supervises its work. The Oversight Board is comprised of representatives of the local agencies that serve the redevelopment project area: the city, county, special districts, and K-14 educational agencies. Oversight Board members have a fiduciary responsibility to holders of enforceable obligations, as well as to the local agencies that would benefit from property tax distributions from the former redevelopment project area.

The SA reports enforceable obligations to the California Department of Finance (DOF) on a semi-annual basis, which are subject to approval by the DOF. The City can report up to $250,000 of costs each year for administration of the SA and winding down of enforceable obligations, subject approval by the Oversight Board and DOF. If SA activities are reduced (by the Oversight Board or by the DOF through the disallowance of enforceable obligations), the administrative costs would be reduced accordingly. Beginning in FY 2016/17, the State of California began reducing the Fort Bragg Redevelopment Successor Agency's allowable administrative costs. The City received approval for $89,607 of administrative costs for the period July 1, 2016 through June 30, 2017.

During the period covered by ROPS 16-17, the DOF, as part of the approval of enforceable obligations, allowed the repayment of the RDA's May 2010 interfund loan in the amount of $38k. With this payment, the interfund loan payment will be complete. The current cash balance in Fund 176 (Low/Moderate Income Housing) is $365k.

Starting in FY 2016/17, each ROPS submitted and approved will cover one full fiscal year rather than the six-month period covered previously.

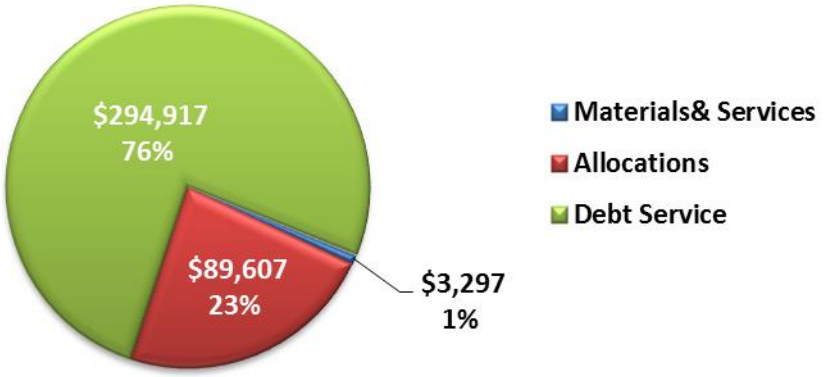
BUDGET DETAIL:

Fund #175

Department: 4810

Object	Description	FY 2014/15 Audited	FY 2015/16 Amended Budget	15/16 FYE Projected	FY 2016/17 Proposed Budget	% + /-
0311	Legal	$ (2,211)	$ -	$ -	$ -	0%
0312	Auditing & Accounting	2,762	2,800	2,845	3,297	16%
0319	Professional Services	300,134	20,000	(4,304)	-	-100%
0619	Miscellaneous	15,298	-	-	-	0%
	Materials& Services	**315,983**	**22,800**	**(1,459)**	**3,297**	-326%
0399	Successor Agency-RDA Admin All	250,000	247,200	247,155	89,607	-64%
	Allocations	**250,000**	**247,200**	**247,155**	**89,607**	-64%
0911	Principal	-	90,000	90,000	187,767	109%
0912	Interest Expense	112,845	111,475	111,475	105,450	-5%
0913	Fees	251	3,300	1,700	1,700	0%
	Debt Service	**113,095**	**204,775**	**203,175**	**294,917**	45%
	Total Sucessor Agency	$ 679,078	$ 474,775	$ 448,871	$ 387,821	-14%

FY 2016/17 EXPENDITURES BY CATEGORY



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	Total Sucessor Agency	$ 679,078	$ 474,775	$ 448,871	$ 387,821	-14%

$4,040,000
Redevelopment Successor Agency of the City of Fort Bragg
Tax Allocation Bonds – Series 2015 Refunding

Fund	Balance 6/30/2015	Fees	Interest Expense	Principal Payment	Total FY 2015/16	Balance 6/30/2016
Redevelopment Tax Allocation Bonds						
RDA Debt Service	$ 4,040,000	$ 3,090	$ 111,475	$ 90,000	$ 204,565	$ 3,950,000

Date: February 1, 2015
Interest: Semiannual each September and March, commencing September 1, 2015. Interest rates range from 2.0% to 3.25%.
Maturity: September 1, 2036
Rating: Standard and & Poor's A-
Purpose: To refinance 1993 and 2004 Redevelopment Agency (RDA) Bonds and finance certain Redevelopment Activities in the Project Area
Coverage Ratio: 1.25
Continuing Disclosure: Annual report due to the Municipal Securities Rulemaking Board by April 1st
Security: The Bonds are special obligations of the RDA and are payable from pledged tax revenues derived from property in the Project Area and allocated to the RDA pursuant to the Redevelopment Law.

RDA 2015 Refunding Tax Allocation Bonds

Fiscal Year	Principal	Interest	Total
FY 15 -16	$ 90,000	$ 111,475	$ 201,475
FY 16 -17	150,000	105,450	255,450
FY 17 -18	150,000	102,450	252,450
FY 18 -19	155,000	99,400	254,400
FY 19 -20	160,000	96,300	256,300
FY 20 -21	165,000	93,150	258,150
FY 21 -22	170,000	89,900	259,900
FY 22 -23	165,000	86,550	251,550
FY 23 -24	175,000	83,200	258,200
FY 24 -25	175,000	79,800	254,800
FY 25 -26	180,000	75,425	255,425
FY 26 -27	190,000	70,100	260,100
FY 27 -28	190,000	64,550	254,550
FY 28 -29	195,000	58,850	253,850
FY 29 -30	205,000	53,075	258,075
FY 30 -31	210,000	47,075	257,075
FY 31 -32	215,000	40,850	255,850
FY 32 -33	225,000	34,206	259,206
FY 33 -34	230,000	27,056	257,056
FY 34 -35	240,000	19,663	259,663
FY 35 -36	250,000	12,025	262,025
FY 36 -37	155,000	4,063	159,063
	$ 4,040,000	$ 1,454,613	$ 5,494,613

	Principal	Interest	Total	Fees	Total Payment
FY 2016/17 Requirements	**$ 150,000**	**$ 105,450**	**$ 255,450**	**$ 1,700**	**$ 257,150**

Interest rates and terms on the following loans were revised by the Successor Agency Oversight Board on February 27, 2014 pursuant to Section 34176(e)(6)(B) of the California Health & Safety Code.

$534,774
Interfund Loan
From Redevelopment Agency Low Income Housing Successor Agency to the Fort Bragg Redevelopment Successor Agency

Date: May 10, 2010

Interest: Quarterly, commencing June 30, 2010. Interest rate revised to accrue at 0.244%

Maturity: June 30, 2016

Purpose: To fund the FY 10 SERAF payment to the State of California

Security: The loan is secured by property tax revenues received by the Successor Agency from the Redevelopment Property Tax Trust Fund.

SERAF Loan

Fiscal Year	Principal	Interest	Total	
FY 09-10	$ 6,477	$ 418	$ 6,895	
FY 10-11	107,586	2,734	110,320	
FY 11-12	108,184	2,136	110,320	
FY 12-13	-	-		
FY 13-14	-	-		
FY 14-15	274,762	2,935	277,697	*
FY 15-16	-	-	-	
FY 16-17	37,765		37,765	
	$ 534,774	$ 8,223	$ 542,997	

	Principal	Interest	Total	Fees	Total Payment
FY 2016/17 Requirements	**$ 37,765**	**$ -**	**$ 37,765**	**$ -**	**$ 37,765**

FY 2016/17 TO 2020/21

FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

FY 2016/17 to FY 2020/21
CAPITAL IMPROVEMENT PROGRAM OVERVIEW

The City of Fort Bragg's Five-Year Capital Improvement Program (CIP) outlines current and future infrastructure needs and capital funding priorities in the following areas: Municipal Facilities, Parks & Community Services, Street Maintenance & Traffic Safety, Storm Drains, Water Enterprise and Wastewater Enterprise. The CIP is an important planning tool that identifies and prioritizes all major capital projects in the City and identifies funding sources and deficiencies.

In general, the CIP provides funding for infrastructure construction and non-routine maintenance, while funding for routine infrastructure maintenance is appropriated in the operating budget and in other special revenue funds. CIP projects, including streets, buildings, recreational facilities, and parks are defined as assets with an initial individual cost of at least $50k and an estimated useful life of greater than two years. Acquisitions of other capital assets (such as machinery, furniture, and vehicles) are generally accounted for in the fund that is responsible for financing each expenditure. Cost estimates are prepared for each capital project using current year dollars. It should be noted that, although the cost estimates include consultant costs where anticipated, they do not include in-house staff salary costs for permitting, design, inspection or management services.

The CIP shows detailed expenditures and funding for capital projects over the next five years, covering FY 2016/17 through FY 2020/21. "Prior Year" funding for projects which span multiple years is also shown. The CIP also includes a "Beyond CIP" category that recognizes the importance of planning for future significant capital projects beyond the five-year CIP timeframe.

The projects planned for FY 2016/17 include expenditures that will be appropriated through the FY 2016/17 Budget adoption process. Projected expenditures shown for FY 2016/17 through FY 2020/21 and Beyond CIP are provided primarily for project planning and long-range financial planning purposes and do not reflect a commitment of funds. Expenditure approval will be sought for these projects during the appropriate fiscal year.

The CIP is comprised of 31 projects with a total cost of nearly $30 million. For FY 2016/17, nine projects totaling approximately $2.6 million are recommended for appropriation. The four most important projects are: the Street Resurfacing/Repair Project ($1.5 million), Alley Rehabilitation ($300,000), City Hall & East City Hall projects ($312,000), and Guest House renovations ($270,000). Future CIPs will include: the Wastewater Treatment Plant Upgrade, a four phase, multi-year raw water line replacement program, and an overhaul of the water treatment plant.

The CIP is organized as follows:

1. FY 2015/16 Capital Projects Status Report
2. FY 2016/17 Capital Projects & Appropriations
3. FY 2016/17 & Beyond Capital Projects
4. FY 2016-2021 Five Year Capital Improvement Program – Expenditures by Category
5. FY 2016-2021 Five Year Capital Improvement Program – Expenditures by Source

FY 2015/16 CAPITAL PROJECTS STATUS REPORT

The following projects and appropriations were adopted in the FY 2015/16 Capital Projects Budget:

Project Name	Project cost	Prior Year(s)	FY 15/16 ADOPTED
Emergency Fueling Station	$ 75,000	$ -	$ 75,000
Guest House Rehabilitation	450,000	-	250,000
		Total Municipal Facilities	**325,000**
Coastal Restoration & Trail Project	6,303,008	5,203,008	1,100,000
Chestnut Street Multi Use Trail	1,009,000	16,000	100,000
		Total Parks & Community Services	**1,200,000**
SRTS Cycle 3, Non Infrastructure	20,000	2,228	17,712
Annual Alley Rehab	300,000	-	300,000
Downtown Crosswalk Rehab	50,000	-	50,000
Street Resurfacing & Structural Repairs	1,500,000	-	1,500,000
		Total Street Maint. & Traffic Safety	**1,867,712**
Green (LID) Alleys Project	643,379	349,379	294,000
		Total Storm Drains	**294,000**
Summers Lane Reservoir Construction	2,052,251	187,251	1,865,000
Raw Water Line Replacement Phase I (Waterfall Gulch)*	535,000	535,000	(195,000)
		Total Water Enterprise	**1,670,000**
WW Treatment Facility Upgrade- Activated Sludge	10,000,000	793,000	-
		Total Wastewater Enterprise	**-**
		Total FY 2015/16 Capital Projects	**$ 5,356,712**

*The negative amount for Raw Water Line, Phase I is an outstanding adjustment for a change in the funding match amount

The following FY 2015/16 capital projects have been completed:

- Raw Water Line Replacement, Phase 1 (Waterfall gulch)
- Green (LID) Alleys Project
- Safe Routes to Schools – Cycle 3, Non Infrastructure
- Coastal Restoration and Trail Project, Phase 1
- Emergency Fueling Station.

The status of the FY 2015/16 capital projects that are still in progress is as follows:

- **Guest House Rehabilitation:** The Guest House was donated to the City of Fort Bragg in 1985 and only minimal improvements to the exterior of the structure have been undertaken since that time. The building needs a new roof, repairs to the shingles, and a fresh coat of paint. Rehabilitation of the existing brick foundation and chimneys is also needed. The 2012 Guest House Master Plan recommends other upgrades as well, including: upgrade of windows for ultraviolet light protection, improved pedestrian facilities, and updated exterior signage and lighting. This project will be phased over two fiscal years and cost $450k with the roof and siding repair occurring in FY 2015/16 at an expected cost of $180k and the foundation work and repainting occurring in FY 2016/17.

- **Chestnut Street Multi Use Trail:** The City completed a community planning process for the conceptual design of the trail and solicited proposals for the design and engineering of the improvements. It is anticipated that construction will commence in FY 2016/17. The total cost of the project is expected to be $1 million and is funded by a $750k Caltrans federal grant, and a $259k Caltrans Active Transportation Program (ATP) grant. The remaining funds will be spent on construction in FY 2016/17.

- **Alley Rehabilitation Project:** The City did not complete an alley rehabilitation project in FY 2015/16. This will be consolidated into one project. Design and construction will be undertaken in FY 2016/17. Now that funding for alley rehabilitation is available from the special sales tax for Street Repairs, the City plans to rehab an average of two alley blocks each year.

- **Summers Lane Reservoir:** This project has an estimated cost of $1.86 million and will provide 45 acre-feet of raw water storage and greatly improve the reliability of the City's water system. Approximately 2,500 feet of raw water transmission line in the vicinity of the new reservoir site will also be replaced. The water stored at the reservoir will come from the Waterfall Gulch water source. Construction of the reservoir began in May 2016 and filling of the reservoir is expected to commence in July 2016. This project is anticipated to be completed at the end of FY 2016/17.

- **Waste Water Treatment Facility Upgrade Project:** A Request for Proposals for design and engineering of the project was distributed in early 2015 and a contract was awarded in the amount of $750k. Design is expected to be completed in early FY 2016/17. Staff is seeking grants and other low cost financing for construction. The total cost of this project is expected to be $10 million of which $9,207,000 is currently estimated for construction and related costs.

The following capital projects and appropriations are proposed for inclusion in the FY 2016/17 Capital Projects Budget:

FY 2016/17 CAPITAL PROJECTS & APPROPRIATIONS

Project Name	Project cost	Prior Year(s)	FY 16/17 Proposed
Guest House Rehabilitiation	$ 450,000	$ 180,000	$ 270,000
City Hall Maintenance - Painting & Deferred Maintenance	277,000	-	185,000
East City Hall - Structural & Pool Bldg Stabilization	337,000	-	127,000
	Total Municipal Facilities		**582,000**
Coastal Restoration & Trail Project - Phase 2	1,375,000	25,231	50,000
Bainbridge Park Improvements	75,000	-	75,000
	Total Parks & Community Services		**125,000**
Chestnut Street Multi Use Trail	1,009,000	1,009,000	-
Annual Alley Rehab *	300,000	-	300,000
Downtown Crosswalk Rehab	50,000	-	50,000
Street Resurfacing & Structural Repairs *	1,500,000	-	1,500,000
	Total Street Maint. & Traffic Safety		**1,850,000**
Summers Lane Reservoir Construction	1,865,000	1,865,000	-
New Groundwater Production Wells	66,000	-	66,000
	Total Water Enterprise		**66,000**
WW Treatment Facility Upgrade	10,000,000	793,000	-
	Total Wastewater Enterprise		**-**
	Total FY 2016/17 Capital Projects		**$ 2,623,000**

In addition to the projects which are carried forward from FY 2015/16, the following new Capital Projects are included in the FY 2016/17 Capital Projects Budget:

- **Guest House Rehabilitation - $450,000:** The Guest House was donated to the City of Fort Bragg in 1985. Since that time, there have been minimal improvements to the exterior of the structure and there are a number of items that are increasingly requiring attention. Roof shingles have been coming loose creating leaks inside the building. Repairs to solve immediate problems have been made, but the entire Guest House needs a new roof. A roof repair project will be undertaken during FY 2015/16 for an estimated cost of $180,000. The next portion of rehabilitation is proposed to be done in FY 2016/17. This work will include siding repairs and related carpentry, painting, and foundation improvements. The estimated cost for all these tasks is $270,000.
- **City Hall Maintenance-Painting & Deferred Maintenance - $185,000**: As an important historic asset of our community, the Fort Bragg City Hall requires regular and timely maintenance. It has been over 10 years since the building was checked to ensure that it is weather-tight and since it has been fully repainted. Spot painting has been done in the interim, but the building is ready for a thorough cleaning, repair and painting of its exterior. A painting project as well as various deferred maintenance work will be performed in FY 2015/16 for which $180,000 has been obligated. In FY 2016/17, $270,000 will go towards the upgrade of the front doors to the current standards of the Americans with Disabilities Act (ADA), installation of an electric vehicle charging station and a new roof.
- **City Hall East, Structural & Pool Building Stabilization - $337,000:** In 2010, Indigo Hammond + Playle Architects in association with Point 2 Structural Engineers produced the "Structural and Use Study of City Hall East." Various recommendations were made to repair parts of the gymnasium and the old indoor pool. The first priority is to save the structure if feasible. Substantial structural repairs are

necessary to accomplish this. The loft/mezzanine structures should be removed. The gymnasium needs some structural work as well. Long-term mechanical and engineering improvements will need to be considered. For FY 2016/17, the following work is planned: the roof for the entire City Hall East complex is to be replaced at an estimated cost of $127,000. In addition, initial stabilization of the old pool building is proposed at an estimated cost of $210,000. Further rehabilitation work is estimated to cost about $330,000 and is presently beyond the current five-year CIP.

- **Coastal Trail, Phase 2- Central Connector Trails - $1,375,000:** This project will connect the northern and southern portions of the Coastal Trail within Noyo Headlands Park. An approximately 1.1 mile multi-use trail loop will be built around the mill pond area. A gravel side trail is anticipated to also connect the north and south trails across the beach berm. Access will be extended to downtown from the new loop trail to the west end of Alder Street. The beach at Soldier Bay will be reached by new stairs. Drainage will be upgraded to include bio-infiltration techniques. The design of the improvements is underway in FY 2015/16 and will continue at a cost of $50,000 in FY 2016/17. Construction is pending the securing of funding.
- **Bainbridge Park Improvements - $75,000:** This has developed as a collaborative project between Police, Community Development, and Public Works departments to restore the "family friendly" environment at Bainbridge Park. This project will use Community Development Block Grant (CDBG) program income as it becomes available. After a series of public meetings and workshops, a Bainbridge Park master plan was developed. Improvements include: a pavilion, additional fencing/gates, replacement of trees and landscaping, a "storywalk", petanque courts, tennis court upgrades and basketball court expansion.
- **Annual Alley Rehab - $300,000:** Within the City of Fort Bragg, nearly every block is bisected with a 20-foot wide alley which is also City right of way and requires maintenance. The alleys make up approximately an additional seven miles of public right of way that was never constructed to the same level as street surfaces, but are increasingly utilized for access to secondary dwellings and businesses. Up to four alleys are planned to be repaired in FY 2016/17: "Starbuck's" alley, "Sear's" alley, "Portuguese Hall" alley, and a residential alley. This project will be financed by the special sales tax for street and alley repairs.
- **Downtown Crosswalk Rehab (thermoplastic) - $50,000:** Replacing downtown painted crosswalks with those made of thermoplastic will reduce the long-term maintenance expenses of these street markings. In turn, safety of the pedestrians using these crosswalks will be improved. This project may be consolidated with a larger street project for economy of scale.
- **Street Resurfacing & Structural Repairs - $1,500,000:** This project will be financed by the special sales tax for street and alley repairs. Previous projects have been performing very well and staff is optimistic that this program will give added life to many streets for years to come. The 2013 Pavement Management System Update was used as a primary guide after accounting for street rehabilitation work already completed. The current priorities are: N. Sanderson Street, S. Franklin Street, and Boatyard Drive. Repairs are scheduled for FY 2016/17.
- **New Groundwater Production Wells - $66,000**: In response to the unprecendented drought conditions experienced in 2015, new sources of raw water are being pursued. Among these sources is the development of new groundwater wells. Two locations have been identified for installation of test wells: next to the raw water ponds at the City's water treatment facility and the City's pump station near the CV Starr Center. Test wells will be drilled to confirm production flows and perform water quality tests. If the water is suitable, it will be added to the City's water system.

CAPITAL PROJECTS - FY 2016/17 & BEYOND

The following projects are included in the Five-Year CIP, but funding is not appropriated for these projects in the FY 2016/17 Capital Projects Budget:

MUNICIPAL FACILITIES

- **Main Street Fire Station Rehab - $1,950,000** In March 2007, the City completed a Public Facilities Master Plan to evaluate all City structures. As a part of the master plan, a preliminary structural analysis of the Main Street Fire Station was completed, with findings and recommendations incorporated into the report. This analysis identified numerous deficiencies in the Fire Station and the risk of structural damage in the event of a major earthquake. The report identified that making necessary seismic

upgrades to the north wing would cost about $175 per square foot; the south wing would cost about $50 per square foot and, for the newer middle section costs would be about $20 per square foot. As a follow up to the Facilities Master Plan, the City secured a Community Development Block Grant to complete a more extensive evaluation of the structure and foundation to better identify structural fixes to bring the building to current standards. I.L. Welty and Associates completed the structural review and provided recommendations as well as estimates for repair. This work was completed in March 2009 and includes recommendations and estimates. Under a separate contract with I.L. Welty & Associates, the Fire JPA has authorized preparation of plans and specifications for construction of Fire Station improvements as outlined within the master plan and follow up structural evaluation. This project is presently beyond the current five year CIP.

- **Hwy 20 Fire Station - $500,000:** The City of Fort Bragg owns property at the northeast corner of State Hwy 20 and Babcock Lane that contains a 300,000 gallon water storage tank, and a large storage facility that houses fire equipment for the Fire Joint Powers Authority. Old structures have been replaced. The site has City water service. City sewer service from the Old Willits Road has not been extended to this location yet. The remaining goal is to construct an apartment and extend sewer service to the area. This project is presently beyond the current five year CIP.
- **Rule 20A (utility undergrounding) - $1,100,000:** California Public Utilities Commission (PUC) Rule 20A creates a fund that can be used by local agencies to underground aerial and surface utility infrastructure. Previously, City Council has considered area(s) in the southern commercial area of town as a candidate(s) for utility undergrounding. In general, allocating funds and completing the undergrounding is an approximately two to three year process. Rule 20A projects are best utilized by combining them with a street project to underground utilities before street improvements are undertaken. By the end of 2015, Rule 20A funds available to the City should amount to about $1,100,000. This project is presently beyond the current five year CIP.

STREET MAINTENANCE & TRAFFIC FACILITIES

- **South Main Street Bicycle & Pedestrian Improvements - $800,000:** Install modified curb returns, pedestrian ramps, and median island(s) for pedestrian crossing on the west side of the intersection of N. Noyo Point Rd and State Route 1. Install new curb gutter and sidewalk along the westerly side of State Route 1 from N. Noyo Point Road to existing facilities in the vicinity of Oak St. This would include fencing, signage and striping as necessary.

WATER ENTERPRISE

- **Raw Water Line Replacement:** Previously, this was a series of projects under a combination of names, descriptions, and project numbers. These have been consolidated into one overall project broken into five phases that are similar in scope to the original designations. Please see the included sketch for a depiction of where these phases are. In addition, one portion of the raw water replacement project has been incorporated into the Summers Lane Reservoir project.

  The City of Fort Bragg receives water from three sources: Waterfall Gulch, Newman Gulch, and the Noyo River. The raw water from Waterfall Gulch and Newman Gulch gravity flows through a transmission system of PVC, old asbestos cement, ductile iron and steel pipe. Much of this raw water transmission line has been in place for decades and has reached a point that failures are more and more common. Public Works personnel are called on to repair breaks on a more frequent basis. With the exception of the Noyo River pump station, the other two water sources are largely free water (i.e., no pumping costs associated with transmitting the water to the Water Treatment Facility), these sources are among the purest available to the City. Therefore, it is essential that the transmission line remains operational. Replacement of the entire length of the Raw Water Transmission line is warranted, and is projected to be undertaken in five phases. The phases are described in more detail below:

  Phase II - $250,000, The next portion and most inaccessible alignment is replacement of approximately 1100 lineal feet of asbestos cement (AC) line from State Forest Road 450 to Hare Creek. Cost estimate for construction portion of this section is estimated at $175,000.

Phase III - $430,000, This section is the line that runs from Covington Gulch (Hare Creek) to Hwy 20. The pipe is located in a more stable terrain, is buried and not as susceptible to damage as the sections that have trestles or contain steel pipe. This section would require replacement of approximately 2500 lineal feet of AC pipe.

Phase IV - $658,000, This is the raw water transmission line running between Newman Reservoir and the Noyo River crossing. This phase will be more closely evaluated to better coordinate it with the Summers Lane Reservoir project.

Phase V - $825,000, This is the raw water transmission line running between the Noyo River crossing and the Water Treatment ponds just north of Sherwood Road. As with phase IV, this phase will be more closely evaluated to better coordinate it with the Summers Lane Reservoir project

- **Cedar St Water Distribution Line Replacement - $420,000:** The City of Fort Bragg has two water transmission lines from the Water Treatment storage tanks that provide water for the entire City. A 20-inch water line runs south from the tanks to Sherwood Road, then west along Sherwood Road/Oak Street to feed the City. The second line runs off of the transmission line to Sherwood Road/Oak Street on the City Water treatment facility site then northeast across private property to Cedar Street. City mapping indicates that the 8 inch transmission line feeding the City from Cedar Street runs directly from the tanks to Cedar Street, Public Works personnel located the line as part of the Water Treatment Plant improvements and traced it across private property. Staff has been unable to locate any easement for the pipe's current location, and the property owner has asked staff when the City plans to move the line, as the current location impacts any future development of the site. Staff has made no commitments at this time for any removal or relocation of the water main, and will be conducting additional investigations to determine the options available. This project could consist of relocation of the distribution line onto City property and then into public right of way; securing an easement for leaving the line in the current location or securing an easement and relocating the line when the private property develops. The cost of this project will depend on the final option developed and the amount of materials required and the distance traveled. Funding for this project has yet to be identified, but will be directed through the Water Enterprise fund.
- **East Fort Bragg Pressure Zone (EFBPZ), Ph 1 - $525,000, Ph 2 - $320,000, Ph 3 - $560,000:** The three phases of this capital project are intended to increase the service levels within the water pressure zone serving a porrtion of east Fort Bragg. The most significant use for this service enhancement was planned for Fort Bragg High School., Fort Bragg Unified School District (FBUSD) originally intended to share in the cost of this project Since the oroiginal proposal was made, the school district has reprioritized its expenditures and cannot participate in the costs at this time. This project has been moved to the "Beyond CIP" category.
- **Water Treatment Plant Overhaul, Ph 1 - $840,000, Ph 2 - $500,000:** For the past 30 years our 2 Microfloc Trident 420c units have clarified and filtered the City's water. In 1998 the filter media was replaced and in 2006 clarifier media was added. The units are worn and are in need of rehabilitation to bring them up to current operating standards. Over the years Microfloc has made several improvements to the design, making them more efficient and achieving better filtration, as well as conserving water. Items included in this overhaul are: increase the filter to waste pipe size (this will allow filters to stay in compliance during operational problems), replace filter media, replace-upgrade filter underdrain, filter wash system, replace clarifier media, replace air manifold, water inlet headers, and sandblast and paint the units.

WASTE WATER ENTERPRISE

- **Waste Water Treatment Plant (WWTP) Upgrade Project - $10,000,000:** The Wastewater Treatment Plant (WWTP) Upgrade Project will provide a major updating of Fort Bragg's 40 year old wastewater treatment facility. While repairs and upgrades have been performed over the years, much of the WWTP's equipment is reaching the end of a normal 25-30 year service life. Key parts of the project include: (1) Replacing the existing trickling filters with an activated sludge system, (2) Re-purposing the clarifiers into emergency/surge storage, (3) Increased system redundancy, (4) On-site treatment of storm water. In addition to the conversion of waste water treatment to an activated sludge system, the design will include: high levels of energy efficiency, alternate energy sources to power the treatment train, and alternate use of treated effluents as well as sludge. Design will be complete in June 2016.The

project will then be ready for bidding. Funding is being pursued for the construction of this project.. Construction could begin as early as 2017 and is projected to take up to two.

- **Sanderson Way Sewer Main Replacement, Oak to Cedar - $775,000:** The main sewer line running north/south on N. Sanderson Way between Oak and Cedar Streets is in need of replacement. Not only does the line have high inflow and infiltration (I&I), but it has areas of high grease build up and is undersized for the area being serviced. When the line was originally installed, there was limited development east of Sanderson Way, but since that additional development has tied into the existing main line. The line currently runs at full capacity much of the time and continues to be a maintenance issue for public works personnel. This project will consist of designing a new main line sewer utilizing either a 10" or 12" main line to replace the existing 6" running between the manhole at Oak Street on the south to the manhole in Cedar Street to the north, and connecting and replacing all laterals within the right of way. This will address both the I&I issues as well as capacity issues.

FY 2016/17 TO FY 2020/21 PROJECTS BY CATEGORY

FY 2016/17 TO FY 20/21 PROJECTS BY CATEGORY

FY 2016-2020 CAPITAL IMPROVEMENT PROGRAM BY CATEGORY										
Project Number	Project Category/Name	Prior FY(s)	FY 16/17 Budget	FY 17/18 Projected	FY 18/19 Projected	FY 19/20 Projected	FY 20/21 Projected	5 year Project Total	Beyond CIP	Grand Total
	MUNICIPAL FACILITIES									
PWP-00094	Guest House Rehabilitiation	180,000	270,000					270,000	-	270,000
PWP-00095	City Hall Maintenance - Painting & Deferred Maint.		185,000	32,000	60,000			277,000	-	277,000
PWP-00102	East City Hall, Structural & Pool Bldg Stabilization	-	127,000	160,000	-	50,000		337,000	330,000	667,000
N/A	Main St Fire Station Rehab	-						-	1,950,000	1,950,000
N/A	Highway 20 Fire Station	-						-	500,000	500,000
N/A	Rule 20 Project (undergrounding utilities)	-						-	1,100,000	1,100,000
	Total Municipal Facilities	**190,673**	**582,000**	**192,000**	**60,000**	**50,000**	**-**	**884,000**	**3,880,000**	**4,764,000**
	PARKS & COMMUNITY SERVICES									
CDD-00020	Coastal Restoration & Trail Project Phase 1 (North & South)	6,045,000	-					-	-	-
CDD-00020	Coastal Trail Project - Phase 2 (central segment)	25,231	50,000	125,000	1,174,769			1,349,769	-	1,349,769
PWP-00096	Bainbridge Park Improvements		75,000					75,000	-	75,000
	Total Parks & Community Services	**6,070,231**	**125,000**	**125,000**	**1,174,769**	**-**	**-**	**1,424,769**	**-**	**1,424,769**
	STREET MAINTENANCE & TRAFFIC SAFETY									
PWP-00097	Annual Alley Rehab (Street Sales Tax)		300,000	300,000	300,000	300,000	300,000	1,500,000		1,500,000
PWP-00099	Downtown Crosswalk Rehab (in thermoplastic)		50,000					50,000		50,000
PWP-00100	Street Resurfacing & Structural Repairs		1,500,000		1,500,000		1,500,000	4,500,000		4,500,000
PWP-00079	Chestnut Street Multi Use Trail	1,009,000						-		-
PWP-00101	South Main St Bike & Ped Improvements							-	800,000	800,000
	Total Street Maint. & Traffic Safety	**1,009,000**	**1,850,000**	**300,000**	**1,800,000**	**300,000**	**1,800,000**	**6,050,000**	**800,000**	**6,850,000**
	WATER ENTERPRISE									
PWP-00017	Summers Lane Reservoir Construction	1,865,000						-		-
PWP-00093	Emergency Fueling Station	5,336						-		-
	New Groundwater Production Wells		66,000					66,000		66,000
	Raw Water Line Replacement: Phase II - Road 450 to Hare Creek			250,000				250,000		250,000
	Raw Water Line Replacement: Phase III - Hare Creek to SR 20				430,000			430,000		430,000
	Raw Water Line Replacement: Phase IV - Newman to Noyo					658,000		658,000		658,000
	Raw Water Line Replacement: Phase V - Noyo to Water Treatment Facility						825,000	825,000		825,000
	Cedar Street Water Distribution Line Replacement			420,000				420,000		420,000
WTR-00012	East FB Pressure Zone (EFPZ), Phase 1							-	525,000	525,000
N/A	EFBPZ - Phase 2							-	320,000	320,000
N/A	EFBPZ - Phase 3							-	560,000	560,000
PWP-00092	Water Treatment Plant Overhaul, Ph 1				840,000			840,000		840,000
	Water Treatment Plant Overhaul, Ph 2					500,000		500,000		500,000
	Total Water Enterprise	**1,870,336**	**66,000**	**670,000**	**1,270,000**	**1,158,000**	**825,000**	**3,989,000**	**1,405,000**	**5,394,000**
	WASTEWATER ENTERPRISE									
PWP-00093	Emergency Fueling Station	5,336						-		-
PWP-00092	WW Treatment Facility Upgrade- Activated Sludge	793,000	-	9,207,000				9,207,000	-	9,207,000
WWP-00011	Sanderson Way Sewer Main Replacement - Oak to Cedar				775,000			775,000		775,000
	Total Wastewater Enterprise	**798,336**	**-**	**9,207,000**	**775,000**	**-**	**-**	**9,982,000**	**-**	**9,982,000**
		$ 9,938,576	**$ 2,623,000**	**$ 10,494,000**	**$ 5,079,769**	**$ 1,508,000**	**$ 2,625,000**	**$ 22,329,769**	**$ 6,085,000**	**$ 28,414,769**

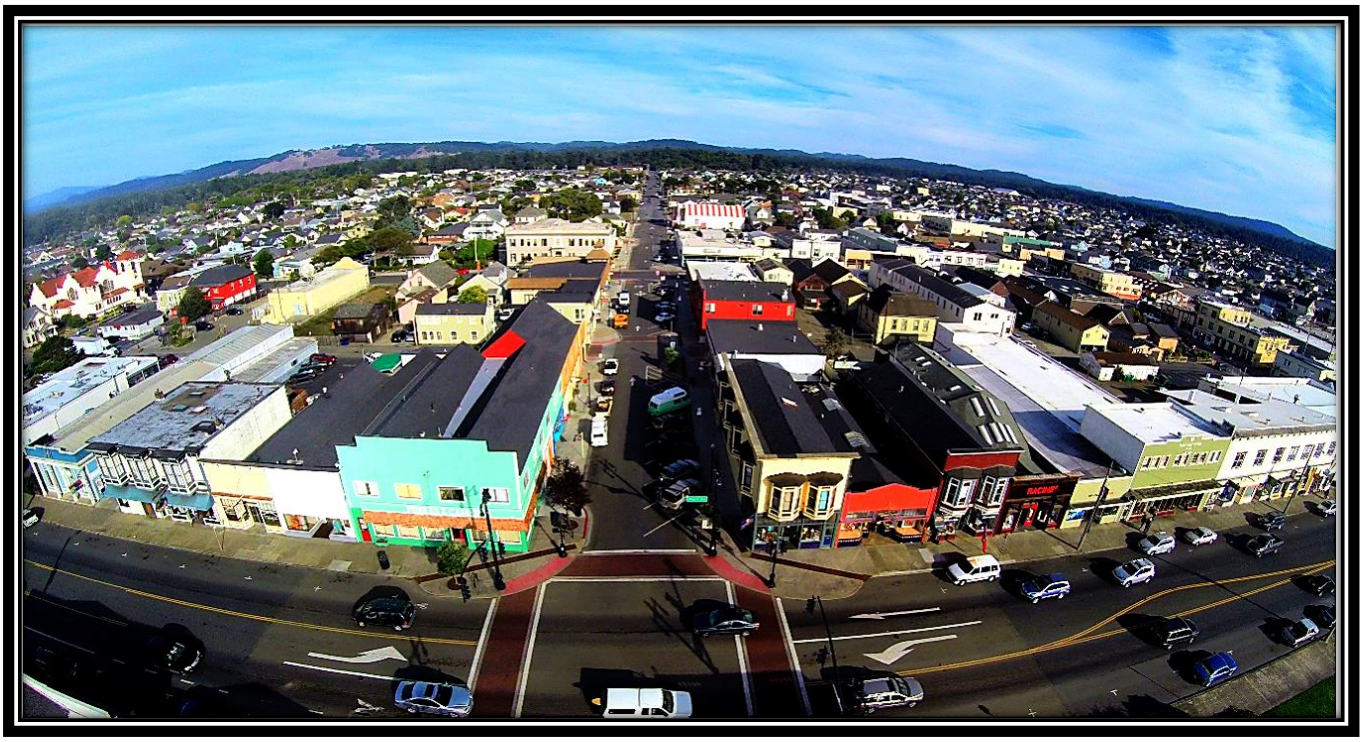
FY 2016/17 TO FY 20/21 PROJECTS BY FUNDING SOURCE

FY 2016-2020 CAPITAL IMPROVEMENT PROGRAM BY FUNDING SOURCE

Project Number	Funding Source/ Project Name	Prior FY(s)	FY 16/17 Projected	FY 17/18 Projected	FY 18/19 Projected	FY 19/20 Projected	FY 20/21 Projected	Estimated 5 Year Total	Beyond CIP	Estimated Total
	GENERAL FUND									
	FUNDS TRANSFERRED IN FROM ISF									
PWP-00094	Guest House Rehabilitation	180,000	270,000					270,000		270,000
PWP-00095	City Hall - Painting & Defer Maint		185,000	32,000	60,000			277,000		277,000
PWP-00102	East City Hall, Structural & Pool Stabilize		127,000	160,000	-	50,000		337,000	-	337,000
	Total General Fund	**190,673**	**582,000**	**192,000**	**60,000**	**50,000**	**-**	**884,000**	**-**	**884,000**
	GRANTS									
PWP-00017	Summers Lane Reservoir Construction	700,000						-	-	-
CDD-00020	Coastal Restoration & Trail Project Ph 1	6,045,000						-	-	-
CDD-00020	Coastal Restoration & Trail Project Ph 2	25,231	50,000	125,000	249,769			424,769	-	424,769
N/A	Rule 20 Project (undergrounding utilities)							-	1,100,000	1,100,000
PWP-00079	Chestnut Street Multi Use Trail	1,009,000						-	-	-
PWP-00096	Bainbridge Park Improvements		75,000					75,000	-	75,000
	Total Grants	**7,779,231**	**125,000**	**125,000**	**249,769**	**-**	**-**	**499,769**	**1,100,000**	**1,599,769**
	WATER ENTERPRISE									
PWP-00093	Emergency Fueling Station	5,336						-		-
PWP-00017	Summers Lane Reservoir Construction	365,000						-		-
	New Groundwater Production Wells		66,000					66,000		66,000
	WATER CAPACITY FEES							-		-
PWP-00017	Summers Lane Reservoir Construction	800,000						-		-
	Total Water Revenue	**1,170,336**	**66,000**	**-**	**-**	**-**	**-**	**66,000**	**-**	**66,000**
	WASTEWATER ENTERPRISE									
PWP-00093	Emergency Fueling Station	5,336						-		-
WWP-00010	WW Treatment Facility Upgrade- Activated Sludge	793,000						-		-
WWP-00011	Sanderson Way Sewer Main Replacement - Oak to Cedar				775,000			775,000		775,000
	Total Wastewater Revenue	**798,336**	**-**	**-**	**775,000**	**-**	**-**	**775,000**	**-**	**775,000**
	STREET REPAIR SALES TAX									
PWP-00100	Street Resurfacing & Structural Repairs		1,500,000		1,500,000		1,500,000	4,500,000		4,500,000
PWP-00097	Annual Alley Rehab (2)		300,000	300,000	300,000	300,000	300,000	1,500,000		1,500,000
PWP-00099	Downtown Crosswalk Rehab		50,000					50,000		50,000
	Total Street Repair Tax	**-**	**1,850,000**	**300,000**	**1,800,000**	**300,000**	**1,800,000**	**6,050,000**	**-**	**6,050,000**
	UNIDENTIFIED FUNDING									
	Cedar Street Water Distribution Line Replacement			420,000				420,000	-	420,000
PWP-00092	Water Treatment - Overhaul Phase 1				840,000			840,000	-	840,000
	Water Treatment - Overhaul Phase 2					500,000		500,000	-	500,000
	Raw Water Line Replacement - Phase II			250,000				250,000	-	250,000
	Raw Water Line Replacement - Phase III				430,000			430,000	-	430,000
	Raw Water Line Replacement - Phase IV					658,000		658,000	-	658,000
	Raw Water Line Replacement - Phase V						825,000	825,000	-	825,000
WTR-00012	Water - East FB Pressure Zone - Phase 1 Improvements							-	525,000	525,000
N/A	Water - EFBPZ - Phase 2							-	320,000	320,000
N/A	Water - EFBPZ - Phase 3							-	560,000	560,000
N/A	Main St Fire Station Rehab							-	1,950,000	1,950,000
N/A	Hwy 20 Fire Station							-	500,000	500,000
PWP-00102	East City Hall, Structural							-	330,000	330,000
CDD-00020	Coastal Restoration & Trail Project Ph 2				925,000			925,000	-	925,000
PWP-00101	S. Main St Bike & Ped Improvements							-	800,000	800,000
PWP-00092	WW Treatment Facility Upgrade- Activated Sludge			9,207,000				9,207,000	-	9,207,000
	Total Unidentified Funding	**-**	**-**	**670,000**	**2,195,000**	**1,158,000**	**825,000**	**14,055,000**	**4,985,000**	**19,040,000**
	TOTALS	**$ 9,938,576**	**$ 2,623,000**	**$ 1,287,000**	**$ 5,079,769**	**$ 1,508,000**	**$ 2,625,000**	**$ 22,329,769**	**$ 6,085,000**	**$ 28,414,769**

Western

STATISTICAL SECTION



This part of the FY 2016/17 Budget for the City of Fort Bragg presents detailed statistical information regarding the City that provides a context for understanding what information that is presented in the City's Budget says about the City's overall financial health.

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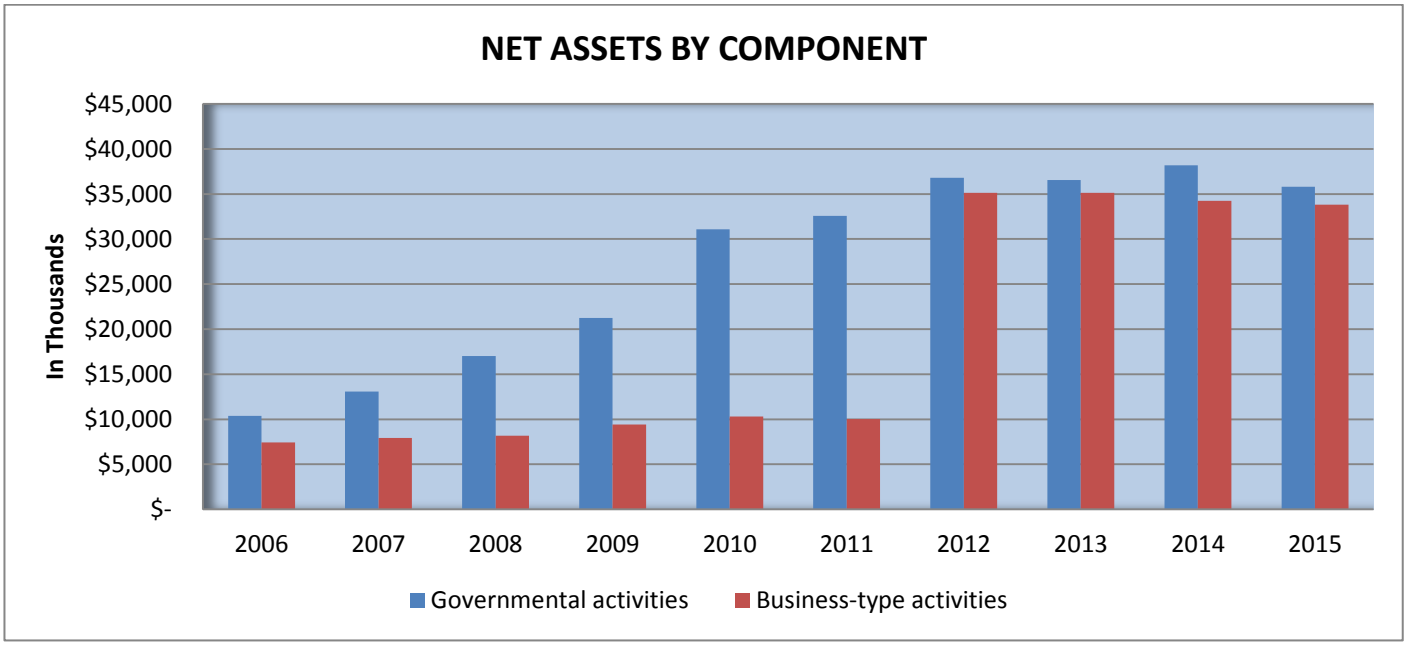
Financial Trends	**G-3**
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	**G-9**
These schedules contain information to help the reader assess the City's most significant revenue source.	
Debt Capacity	**G-18**
These schedules present information to help the reader assess the City's current levels of outstanding debt and its ability to issue additional debt in the future.	
Demographic and Economic Information	**G-22**
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	**G-25**
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it perform.	

CITY OF FORT BRAGG
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Governmental Activities										
Net investment in capital assets net of related debt[1]	$ 3,209	$ 5,356	$ 8,522	$ 13,862	$ 24,795	$ 25,801	$ 30,664	$ 30,444	$ 31,944	$ 35,914
Restricted	1,980	2,464	2,912	3,822	4,450	4,825	4,776	5,671	5,987	103
Unrestricted	5,174	5,240	5,572	3,552	1,843	1,953	1,356	428	232	(203)
Total governmental activities net position	$ 10,363	$ 13,060	$ 17,006	$ 21,236	$ 31,088	$ 32,579	$ 36,796	$ 36,543	$ 38,163	$ 35,814
Business-type Activities										
Net investment in capital assets	$ 4,476	$ 5,460	$ 6,030	$ 7,170	7,255	$ 7,121	$ 31,319	$ 30,764	$ 30,531	$ 30,047
Restricted	28	35	35	35	64	108	108	72	101	108
Unrestricted	2,933	2,420	2,122	2,223	2,997	2,775	3,709	4,294	3,603	3,649
Total business-type activities net position	$ 7,437	$ 7,915	$ 8,187	$ 9,428	$ 10,316	$ 10,004	$ 35,136	$ 35,130	$ 34,235	$ 33,804
Primary Government							A			
Net investment in capital assets net of related debt	$ 7,685	$ 10,816	$ 14,552	$ 21,032	$ 32,050	$ 32,922	$ 61,983	$ 61,208	$ 62,475	$ 65,961
Restricted	2,008	2,499	2,947	3,857	4,514	4,933	4,884	5,743	6,088	211
Unrestricted	8,107	7,660	7,694	5,775	4,840	4,728	5,065	4,722	3,835	3,446
Total primary government net position	$ 17,800	$ 20,975	$ 25,193	$ 30,664	$ 41,404	$ 42,583	$ 71,932	$ 71,673	$ 72,398	$ 69,618

[1]Capital assets include land, easements, infrastructure, construction in progress, structures & improvements, equipment, and software.



Source: City of Fort Bragg, Department of Finance

CITY OF FORT BRAGG
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Expenses										
Governmental activities:										
General government	2,062	2,294	1,621	2,013	2,518	2,591	2,540	2,708	1,500	2,593
Public safety	2,843	3,071	3,332	3,387	4,011	3,596	3,493	3,399	3,851	3,663
Public works	1,040	912	970	1,846	2,286	1,532	1,532	1,874	2,176	2,435
Community development	1,157	1,474	867	2,922	2,489	3,361	1,877	1,529	3,485	840
Interest and fiscal charges	454	326	325	323	311	296	177	49	42	30
Total governmental activities expenses	7,556	8,077	7,115	10,491	11,615	11,376	9,619	9,559	11,054	9,561
Business-type activities:										
Water	1,438	1,794	1,899	2,050	2,401	2,179	2,107	2,138	2,539	2,286
Sewer	1,686	1,792	1,865	2,233	2,465	2,425	2,983	3,063	3,095	2,801
C.V. Starr Center	-	-	-	-	-	-	183	2,236	2,262	2,382
Total business-type activities expenses	3,124	3,586	3,764	4,283	4,866	4,604	5,273	7,437	7,896	7,469
Total primary government expenses	10,680	11,663	10,879	14,774	16,481	15,980	14,892	16,996	18,950	17,030
Program Revenues										
Governmental activities:										
Charges for services:										
General government	555	492	724	2,306	3,193	3,087	2,718	2,701	2,851	2,809
Public safety	239	147	210	133	30	30	29	40	72	50
Public works	119	191	101	50	13	5	4	5	34	102
Community development	618	383	246	188	5	9	349	100	58	-
Operating grants and contributions	226	410	695	1,101	10,622	2,138	684	1,572	1,567	4,702
Capital grants and contributions	1,430	2,075	2,279	3,673	2,108	602	1,096	303	1,818	2,383
Total governmental activities program revenues	3,187	3,698	4,255	7,451	15,971	5,871	4,880	4,721	6,400	10,046
Business-type activities:										
Charges for services:										
Water	1,775	1,891	1,925	2,042	2,017	2,108	2,194	2,404	2,229	2,496
Sewer	1,392	1,470	1,505	1,930	2,216	2,773	2,945	3,197	3,004	3,194
C.V. Starr Center	-	-	-	-	-	-	-	591	635	706
Operating grants and contributions	-	-	-	288	-	-	-	-	-	-
Capital grants and contributions	240	482	-	1,239	85	-	25,132	-	-	-
Total business-type activities program revenues	3,407	3,843	3,430	5,499	4,318	4,881	30,271	6,192	5,868	6,396
Total primary government program revenues	6,594	7,541	7,685	12,950	20,289	10,752	35,151	10,913	12,268	16,442
Net (Expense)/Revenue										
Governmental activities	(4,369)	(4,379)	(2,860)	(3,040)	4,356	(5,505)	(4,739)	(4,838)	(4,654)	485
Business-type activities	283	257	(334)	1,216	(548)	277	24,998	(1,245)	(2,028)	(1,073)
Total primary government net expense	(4,086)	(4,122)	(3,194)	(1,824)	3,808	(5,228)	20,259	(6,083)	(6,682)	(588)

(Continued)

CITY OF FORT BRAGG
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(In Thousands)

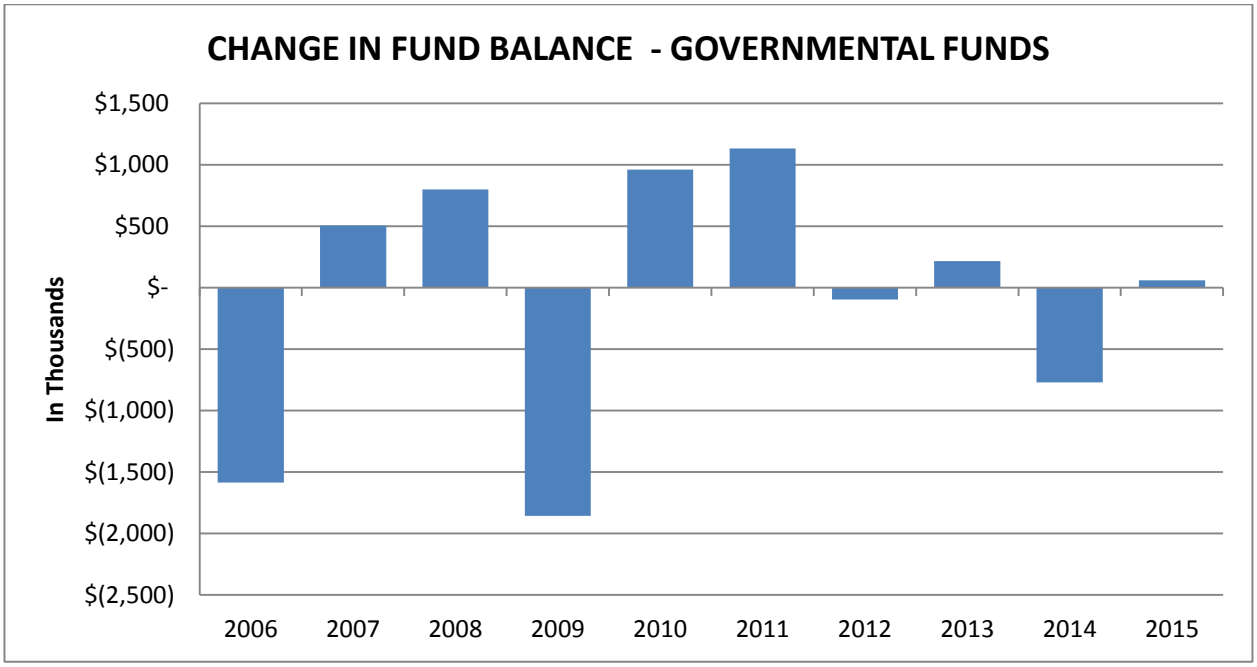
	Fiscal Year									
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
General Revenues and Other Changes in net assets										
Governmental activities:										
Taxes:										
Property taxes	2,128	2,477	2,328	2,249	1,988	2,075	1,413	924	943	909
Sales and use tax	2,551	2,524	2,545	2,657	2,154	2,147	2,271	2,390	2,490	2,523
Transient lodging tax	1,396	1,504	1,553	1,492	1,379	1,341	1,411	1,536	1,667	1,858
Franchise taxes	248	231	278	495	457	469	470	482	496	493
Other taxes	222	232	315	274	26	-	225	203	411	435
Use of money and property	85	119	106	41	58	51	91	103	45	87
Other general revenues	52	-	-	-	424	71	399	81	222	67
Transfer in (out)	(283)	(11)	(319)	49	(2)	(55)	(2)	(17)	(1)	(89)
Extraordinary item: Redevelopment dissolution	-	-	-	-	-	-	3,070	-	-	-
Total governmental activities	6,399	7,076	6,806	7,257	6,484	6,099	9,348	5,702	6,273	6,283
Business-type activities:										
Property taxes	52	55	68	3			19	231	216	234
Sales and use tax								772	811	807
Use of money and property	142	156	132	72	21	21	16	8	33	42
Other revenues	-	-	-	-	322	407	97	98	72	161
Transfer in (out)	283	11	319	(49)	2	55	2	17	1	89
Total business-type activities	477	222	519	26	345	483	134	1,126	1,133	1,333
Total primary government	6,876	7,298	7,325	7,283	6,829	6,582	9,482	6,828	7,406	7,616
Extraordinary Items										
RDA dissolution transactions							3,070			
Prior period asjustments										
Governmental activities								(1,118)	15	
Business-type activities								113	(102)	
Changes in net assets										
Governmental activities	2,030	2,697	3,946	4,217	10,840	594	4,609	864	1,619	6,768
Business-type activities	760	479	185	1,242	(203)	760	25,132	(119)	(895)	260
Total primary government	$ 2,790	$ 3,176	$ 4,131	$ 5,459	$ 10,637	$ 1,354	$ 29,741	$ 745	$ 724	$ 7,028

Note: The city implemented Governmental Accounting Standards Board Statement No.68 And No.71 (GASB 54 and GASB 71) for fiscal year ended June 30th, 2015. The implementation resulted in a prior period adjustment of $6,305,808 for Governmental activities and $690,158 for Business-type activities

Source: City of Fort Bragg, Department of Finance

CITY OF FORT BRAGG
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)
(In Thousands)

	Fiscal Year									
Revenues	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**
Taxes and assessments	$ 6,545	$ 6,783	$ 6,813	$ 6,939	$ 6,052	$ 6,032	$ 5,790	$ 5,579	$ 5,810	$ 4,949
Intergovernmental	2,050	2,520	2,963	4,162	7,760	2,692	1,773	1,897	2,946	7,463
Charges for services	322	401	279	2,170	2,726	2,463	2,854	2,564	2,907	457
Fines, forfeitures and penalties	51	78	186	109	14	17	13	23	28	178
Licenses and permits	180	273	260	272	307	252	241	260	234	254
Use of money and property	320	415	338	158	52	51	84	103	84	120
Reimbursements									-	2,930
Other	402	323	541	209	377	118	410	80	240	59
Total revenues	9,870	10,793	11,380	14,019	17,288	11,625	11,165	10,506	12,249	16,410
Expenditures										
Current										
General government	2,051	2,278	1,592	2,100	1,742	1,178	1,252	2,179	1,549	2,875
Public safety	2,729	2,858	3,174	3,217	3,535	3,237	3,351	3,410	3,829	3,581
Public works	702	746	788	1,540	1,519	1,332	1,386	1,472	1,594	3,469
Community development	751	1,395	865	2,893	2,434	3,009	1,975	2,191	3,460	834
Capital outlay	4,166	2,492	3,408	5,648	6,513	1,286	1,983	874	2,431	5,058
Debt Service										
Principal Retirement	1,988	194	210	224	308	107	113	107	112	116
Interest and fiscal charges	441	315	310	304	297	282	161	40	36	31
Total expenditures	12,828	10,278	10,347	15,926	16,348	10,431	10,221	10,273	13,011	15,964
Excess (deficiency) of revenues over expenditures	$ (2,958)	$ 515	$ 1,033	$ (1,907)	$ 940	$ 1,194	$ 944	$ 233	$ (762)	$ 446
Other financing sources (uses):										
Proceeds from capital lease			84							
Proceeds from issuance of debt	1,655									
Extraordinary loss on dissolution of redevelopment	-	-	-	-	-	-	(1,039)	-	-	-
Transfers in	2,700	5,493	4,812	1,623	2,287	1,122	1,910	1,950	1,091	5,683
Transfers out	(2,984)	(5,504)	(5,131)	(1,574)	(2,266)	(1,183)	(1,912)	(1,966)	(1,099)	(6,069)
Total other financing sources (uses)	1,371	(11)	(235)	49	21	(61)	(1,041)	(16)	(8)	(386)
Extraordinary Item							(1,039)			
Prior period adjustment									33	
Net change in fund balances	$ (1,587)	$ 504	$ 798	$ (1,858)	$ 961	$ 1,133	$ (97)	$ 217	$ (770)	$ 60
Debt service as a percentage of noncapital expenditures	38.97%	6.99%	8.10%	5.42%	6.55%	4.44%	3.44%	1.59%	1.42%	0.93%



Source: City of Fort Bragg, Department of Finance

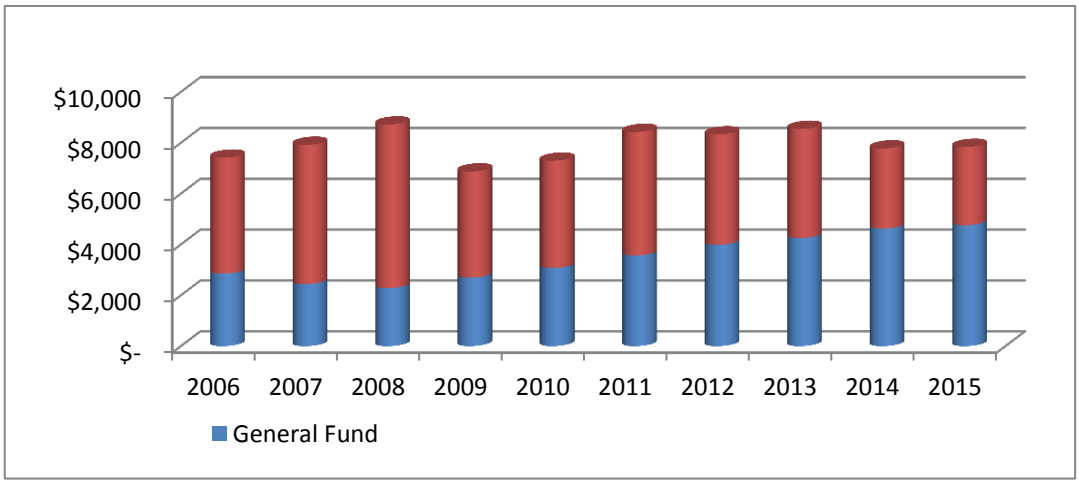
CITY OF FORT BRAGG
FUND BALANCES OF GOVERMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
General Fund										
Reserved	$ 491	$ 410	$ 46	$ 80	$ 707					
Unreserved	2,358	2,031	2,238	2,613	2,364					
Total general fund	$ 2,849	$ 2,441	$ 2,284	$ 2,693	$ 3,071					
Other Governmental Funds										
Reserved	$ 2,043	$ 1,653	$ 2,159	$ 2,020	$ 3,789					
Unreserved (deficit) reported in:										
Special revenue funds	709	2,197	1,934	2,671	1,088					
Capital projects funds	1,813	1,627	2,340	(513)	(654)					
Total all other governmental funds	4,565	5,477	6,433	4,178	4,223					
Total All governmental Funds	$ 7,414	$ 7,918	$ 8,717	$ 6,871	$ 7,294					

	2010-11	2011-12	2012-13	2013-14	2014-15
General Fund:					
Nonspendable	$ 1	$ 211	$ 248	$ 185	$ 205
Restricted					
Committed					
Assigned		4			
Unassigned	3,560	3,775	4,007	4,434	4,553
Total general fund	3,561	3,986	4,255	4,619	4,758
All Other Governmental Funds:					
Nonspendable					
Restricted	4,865	4,530	4,590	4,598	2,914
Committed					
Assigned					1,322
Unassigned	-	(187)	(299)	(1,441)	(1,157)
Total all other governmental funds	4,865	4,343	4,291	3,157	3,079
Total all governmental funds	$ 8,426	$ 8,329	$ 8,546	$ 7,776	$ 7,837

Note : The City implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54) for fiscal year ended June 30, 2011, therefore balance distribution information prior to the implementation of GASB 54 is unavailable.

GOVERNMENTAL FUND BALANCES

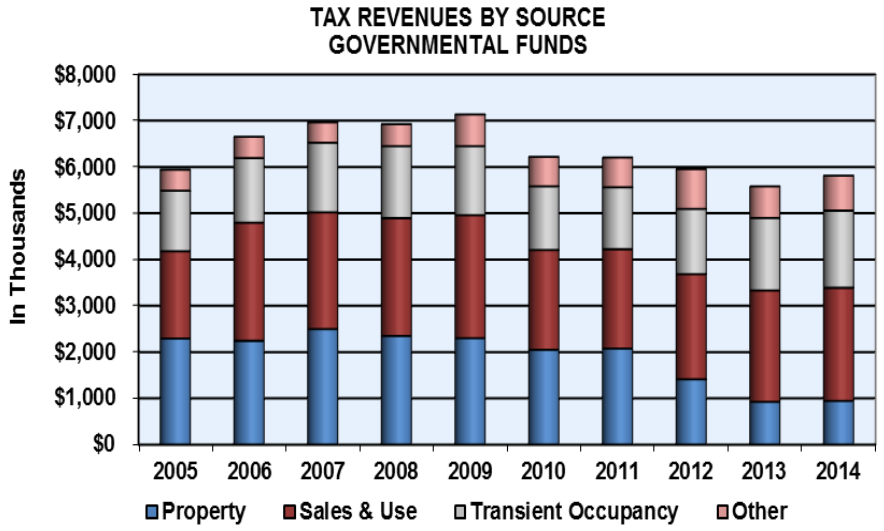


Source: City of Fort Bragg Department of Finance

CITY OF FORT BRAGG
GOVERNMENTAL FUND TAX REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(In Thousands)

Fiscal Year	Property[1]	Sales & Use	Transient Occupancy	Other	Total
2005	$2,292	$1,885	$1,311	$451	$5,939
2006	2,242	2,551	1,396	466	6,655
2007	2,494	2,524	1,504	440	6,962
2008	2,349	2,544	1,553	478	6,924
2009	2,301	2,657	1,492	686	7,136
2010	2,050	2,155	1,379	637	6,221
2011	2,075	2,147	1,341	639	6,202
2012	1,413	2,271	1,411	859	5,954
2013	924	2,409	1,561	685	5,579
2014	943	2,445	1,668	754	5,810

(1) Decrease in property taxes beginning in fiscal year 2012 relates to the dissolution of the Redevelopment Agency. Upon the dissolution of the Redevelopment Agency on February 1, 2012, property taxes received by the Redevelopment Successor Agency are reported in a private-purpose trust fund and therefore are excluded from the activities of the primary government.



Source: City of Fort Bragg, Department of Finance

City of Fort Bragg

Principal Sales Tax Producers
Last Fiscal Year and Nine Years Ago

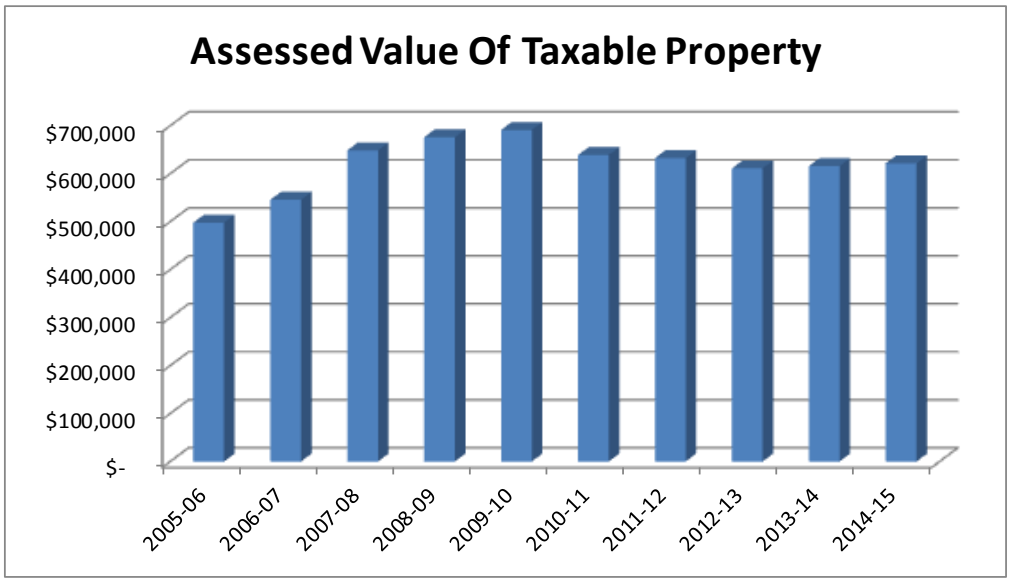
2014-15		2005-06	
Taxpayer	**Business Type**	**Taxpayer**	**Business Type**
Arco AM/PM Mini Marts	Service Stations	Amerigas Propane	Energy Sales
Boatyard Tobacco	Miscellaneous Retail	Baxman Gravel	Bldg.Matls-Whsle
Chevron Service Stations	Service Stations	Canclini TV & Appliance	Furniture/Appliance
Cliff House Restaurant	Restaurants	Chevron Service Stations	Service Stations
Coast To Coast Hardware	Bldg.Matls-Retail	Coast toCoast Hardware	Bldg.Matls-Retail
CVS/Pharmacy	Drug Stores	CVS/Pharmacy	Drug Stores
Denny'sRestaurant	Restaurants	Denny'sRestaurant	Restaurants
Eel River Fuels	Energy Sales	Fred Holmes Lumber	Bldg.Matls-Whsle
Fort Bragg Feed & Pet	Florist/Nursery	Harvest Market	Food Markets
Geo Aggregates	Heavy Industry	Kemppe Liquid Gas	Energy Sales
Harvest Market	Food Markets	Mcdonald's Restaurants	Restaurants
Kemppe Liquid Gas	Energy Sales	Mendo Mill & Lumber Company	Bldg.Matls-Retail
Mcdonald's Restaurants	Restaurants	Mendocino Coast Petroleum	Energy Sales
Mendo Mill & Lumber Company	Bldg.Matls-Retail	North Coast Brewery	Restaurants
Mendocino County Hydrogarden	Florist/Nursery	Quality Suites	Restaurants
North Coast Brewery	Restaurants	Rinehart Distributing	Service Stations
O'Reilly Auto Parts	Auto Parts/Repair	Rite Aid Drug Stores	Drug Stores
Rite Aid Drug Stores	Drug Stores	Rossi's Building Materials	Bldg.Matls-Retail
Rossi's Building Materials	Bldg.Matls-Retail	Safeway Stores	Food Markets
Safeway Stores	Food Markets	Sears Roebuck & Company	Department Stores
Sears Hometown Stores	Furniture/Appliance	Speedex Service Station	Service Stations
Speedex Service Station	Service Stations	Sport Chrysler Jeep Dodge	Auto Sales - New
Sport Chrysler Jeep Dodge	Auto Sales - New	Two Short Sales	Bldg.Matls-Whsle
Two Short Sales	Bldg.Matls-Whsle	Walsh Oil Company	Energy Sales
Union 76 Service Stations	Service Stations	Wind & Weather	Miscellaneous Retail

Source: Q115 and Q106 SBOE data, MuniServices, LLC
Top Sales Tax Producers listed in alphabetical order.

City of Fort Bragg

Assessed Value and Estimated Actual Value of Taxable Property, City Wide
Last Ten Fiscal Years (In Thousands)

Fiscal Year End	Secured Property*	Unsecured Property	Taxable Assessed Value	% Change	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value (2)
2005-06	$ 471,474	$ 26,517	$ 497,991	8.1%	1.082000	-	-
2006-07	$ 518,473	$ 27,020	$ 545,493	9.5%	1.082000	-	-
2007-08	$ 619,707	$ 28,618	$ 648,325	18.9%	1.070000	-	-
2008-09	$ 645,784	$ 30,044	$ 675,828	4.2%	1.088000	-	-
2009-10	$ 660,917	$ 30,217	$ 691,134	2.3%	1.082000	-	-
2010-11	$ 609,153	$ 29,654	$ 638,807	-7.6%	1.102000	-	-
2011-12	$ 603,272	$ 29,066	$ 632,338	-1.0%	1.123000	710,404	1.123456
2012-13	$ 579,450	$ 31,513	$ 610,963	-4.4%	1.113100	611,333	1.000606
2013-14	$ 585,992	$ 29,641	$ 615,633	-2.6%	1.125000	624,469	1.014352
2014-15	$ 590,079	$ 31,347	$ 621,426	1.7%	1.127000	689,061	1.108838

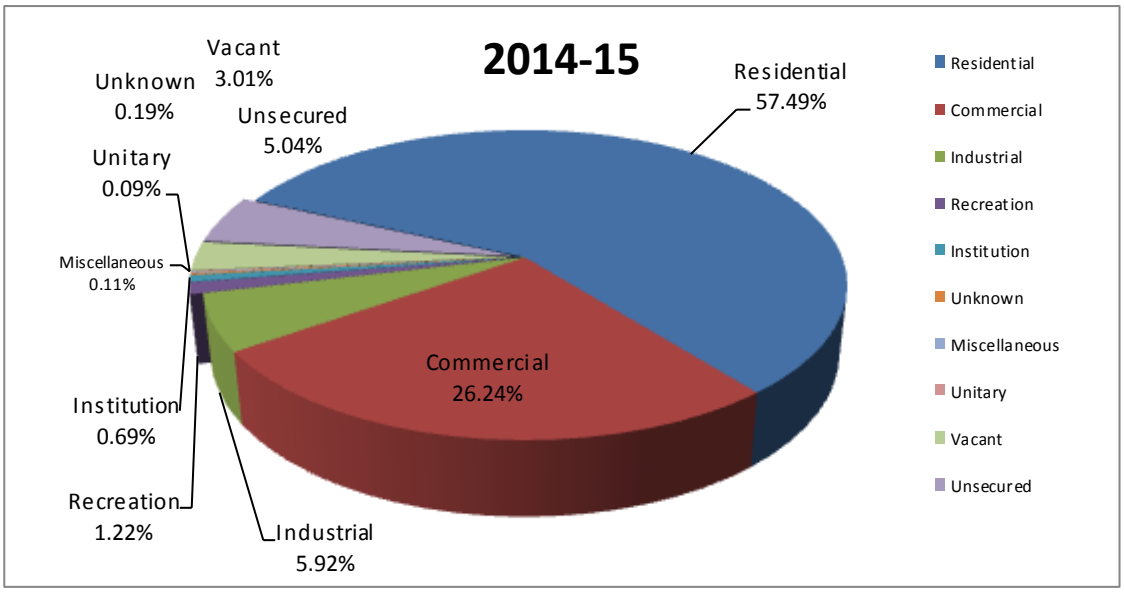


Source: Mendocino County Assessor data, MuniServices, LLC
Source: 2010-11 and prior: previously published CAFR Report
*Secured Property is net of exemptions and includes Unitary value.
1.) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices.

City of Fort Bragg

Assessed Value of Property by Use Code, City Wide
Last Four Fiscal Years
(In Thousands)

Category	2011-12	2012-13	2013-14	2014-15
Agriculture	0	34	33	34
Residential	361,278	347,694	351,259	357,224
Commercial	161,784	164,165	165,103	163,032
Industrial	43,763	30,593	36,342	36,807
Recreation	8,962	9,119	7,905	7,593
Institution	3,826	3,931	4,024	4,285
Unknown	1,044	1,130	1,149	1,178
Miscellaneous	477	689	698	701
Unitary	670	543	542	543
Vacant	21,468	21,552	18,931	18,682
Net Secured Value	603,272	579,416	585,953	590,079
Unsecured	29,066	31,513	29,641	31,347
Net Taxable Value	632,338	610,929	615,594	621,426



Source: Mendocino County Assessor data, MuniServices, LLC
Use code categories are based on Mendocino County Assessor's data

City of Fort Bragg, California

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
COUNTY GENERAL FUND	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.745000	0.745000	0.745000	0.745000
CITY OF FORT BRAGG	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.255000	0.255000	0.255000	0.255000
TOTAL	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Override Assessments										
LOCAL SPECIAL DISTRICT	0.024000	0.023000	0.023000	0.011000	0.010000	0.013000	0.012000	0.012000	0.011000	0.026000
SCHOOLS	0.058000	0.059000	0.047000	0.077000	0.072000	0.089000	0.111000	0.119000	0.114000	0.101000
TOTAL	0.082000	0.082000	0.070000	0.088000	0.082000	0.102000	0.123000	0.131000	0.125000	0.127000
TOTAL TAX RATE	1.082000	1.082000	1.070000	1.088000	1.082000	1.102000	1.123000	1.131000	1.125000	1.127000

Source: Mendocino County
Source: 2010-11 and prior, previously published CAFR Report
TRA 001-001 is represented for this report
Rates are not adjusted for ERAF

City of Fort Bragg

Principal Property Tax Payers
Last Fiscal Year and Nine Years Ago

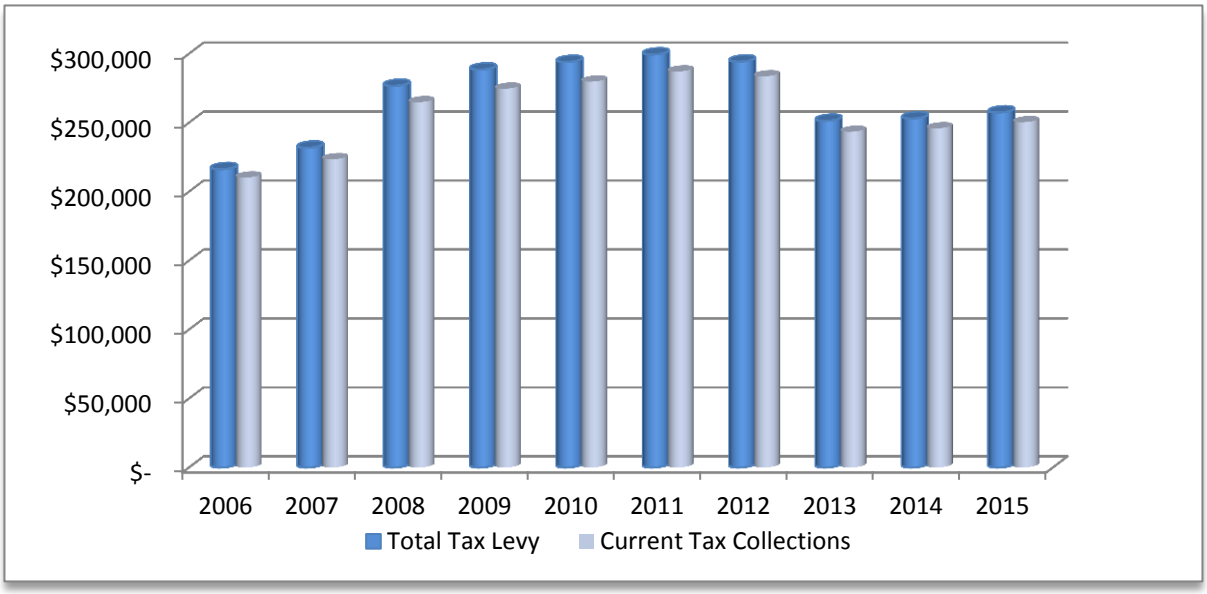
	2014-15		2005-06	
Taxpayer	Taxable Value ($)	Percent of Total City Taxable Value (%)	Taxable Value ($)	Percent of Total City Taxable Value (%)
Georgia Pacific Corp	31,215,167	5.02%	7,634,187	1.56%
Rap Investors Lp	10,653,995	1.71%	4,981,374	1.02%
Boatyard Assoc Phase Ii	9,516,557	1.53%	5,511,272	1.12%
Safeway Inc.	7,020,082	1.13%	6,409,630	1.31%
Colombi Jeanette Succttee	4,951,442	0.80%	4,038,260	0.82%
North Coast Brewery	4,854,758	0.78%	-	0.00%
Hurst Jason S	4,518,331	0.73%	-	0.00%
Tanti Family Ii Llc	4,368,451	0.70%	-	0.00%
Kao Kuami	4,226,779	0.68%	3,660,300	0.75%
Kashi Keshav Investments Llc	4,104,730	0.66%	-	0.00%
Grosvenor Van Ness Assoc	3,899,088	0.63%	3,429,072	0.70%
Longs Drug Stores California L	3,856,470	0.62%	3,705,314	0.76%
North Otown Industrial Center	3,589,852	0.58%	3,157,101	0.64%
Fort Bragg Hotel Llc	3,453,696	0.56%	-	0.00%
Anderson Logging Inc.	3,308,036	0.53%	3,519,783	0.72%
Keaton Richard J Julie	3,024,356	0.49%	2,638,906	0.54%
Noyo Vista Inc.	2,966,777	0.48%	2,625,484	0.54%
Comcast	2,693,172	0.43%	-	0.00%
Kemppe Liquid Gas Corp	2,611,640	0.42%	3,333,005	0.68%
Rbj Assoc Llc	2,544,238	0.41%	-	0.00%
Moura Senior Housing	2,521,775	0.41%	2,205,018	0.45%
Miller Helen Centeno	2,430,465	0.39%	2,133,154	0.44%
Taubold Timothy E Ttee	2,403,069	0.39%	-	0.00%
Whitteaker Donald E Dorothy C	2,331,790	0.38%	-	0.00%
Lee Michael V Dona H Ttees	2,300,132	0.37%	-	0.00%
Adelphia Communications	-	0.00%	2,365,491	0.48%
Affinito Dominic J & Juliette	-	0.00%	2,961,030	0.60%
Baxman Charles E Pearl	-	0.00%	2,205,902	0.45%
Decaminada Randy Co-TTEES 1/3	-	0.00%	2,343,805	0.48%
Hunt Robert A	-	0.00%	5,575,310	1.14%
Kolberg John J & Arlene P	-	0.00%	2,683,599	0.55%
Pollard Donald R	-	0.00%	2,145,225	0.44%
Roach Bros	-	0.00%	2,113,100	0.43%
Tradewinds Lodge	-	0.00%	11,939,896	2.44%
Hurst James C & Barbara J Ttee	-	0.00%	3,991,765	0.81%
Total Top 25 Taxpayers	129,364,848	20.82%	97,306,983	19.85%
Total Taxable Value	621,426,140	100.00%	490,246,889	100.00%

CITY OF FORT BRAGG
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected
2005-06	216,250	210,251	97.2%
2006-07	231,862	223,485	96.4%
2007-08	276,668	264,845	95.7%
2008-09	288,495	274,649	95.2%
2009-10	293,999	279,753	95.2%
2010-11	299,429	287,121	95.9%
2011-12	294,235	283,594	96.4%
2012-13	251,307	243,397	96.9%
2013-14	253,017	245,915	97.2%
2014-15	257,387	250,358	97.3%

Source: Mendocino County Auditor-Controller's Office

The County does not track collections of delinquent taxes by year in subsequent years.



CITY OF FORT BRAGG

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(In Thousands, Except Per Capita Amount)

	Governmental Activities			Business-type Activities						
Fiscal Year	Certificates of Participation	Other Long-Term Obligations	Subtotal	Certificates of Participation	Notes Payable	Other Long-term Obligation	Subtotal	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2005-06	$ 6,470	$ -	$ 6,470	$ 5,390	$ -	$ -	$ 5,390	$ 11,860	8.4%	$ 1,720
2006-07	6,175	-	6,175	5,130	-	-	5,130	11,305	7.7%	1,648
2007-08	6,021	-	6,021	4,870	2,267	-	7,137	13,158	8.8%	1,918
2008-09	5,864	160	6,024	4,590	2,151	982	7,723	13,747	9.8%	2,007
2009-10	5,702	98	5,800	4,360	1,874	878	7,112	12,912	8.9%	1,884
2010-11	5,533	32	5,565	4,130	1,767	769	6,666	12,231	N/A	1,779
2011-12 (2)	943	-	943	3,237	1,481	626	5,344	6,287	4.4%	867
2012-13	842	-	842	3,013	1,375	457	4,845	5,687	3.9%	778
2013-14	777	-	777	3,217	1,314	367	4,898	5,675	3.7%	772
2014-15	660	-	660	2,896	1,207	240	4,343	5,003	3.2%	681

N/A indicates information is not available

(1) See Schedule of Demographic and Economic Statistics for personal and per capita data.

(2) RDA bonds included from 2006 to 2011 are not included in 2012 and after due to the dissolution of the Redevelopment Agency.

Source: City of Fort Bragg Department of Finance

CITY OF FORT BRAGG

RATIO OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

(In Thousands)

Fiscal Year	Tax Allocation Bonds [1]	Less: Amounts Restricted for Debt Service	Net Bonded Debt	Percentage of Personal Income [2]	% of Actual Assessed Value of Property [3]	Per Capita [2]
2004-05	$ 4,685	$ 314	$ 4,371	3.3%	0.9%	630
2005-06	4,620	314	4,306	3.1%	0.9%	624
2006-07	4,550	314	4,236	2.9%	0.8%	617
2007-08	4,480	314	4,166	2.8%	0.6%	607
2008-09	4,410	314	4,096	2.9%	0.6%	598
2009-10	4,335	314	4,021	2.8%	0.6%	587
2010-11	4,255	314	3,941	N/A	0.6%	573
2011-12	4,175	314	3,861	2.7%	0.6%	532
2012-13	4,096	314	3,782	2.6%	0.6%	517
2013-14	4,005	314	3,691	2.4%	0.6%	502
2014-15	4,040	-	4,040	2.6%	0.7%	550

[1] In FY 2011/12 The Redevelopment Agency Tax Allocation Bond was transferred to the Successor Agency trust and as such is no longer an obligation of the City

[2] See Demographic and Economic Statistics schedule for personal income and population. Personal income information is not available for FY 2010-11

[3] Assessed value used because actual value of taxable property not readily available in the State of California

Source: City financial records

N/A indicates information not available

CITY OF FORT BRAGG
LEGAL DEBT SERVICE MARGIN INFORMATION
LAST TEN FISCAL YEARS
(In thousands)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Assessed Value of Real and Personal Property	$ 471,474	$ 518,473	$ 619,707	$ 645,784	$ 660,917	$ 609,153	$ 603,272	$ 579,450	$ 585,992	$ 590,079
Conversion Percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted Assessed Value	117,869	129,618	154,927	161,446	165,229	152,288	150,818	144,863	146,498	147,520
Debt Limit Percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	17,680	19,443	23,239	24,217	24,784	22,843	22,623	21,729	21,975	22,128
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 17,680	$ 19,443	$ 23,239	$ 24,217	$ 24,784	$ 22,843	$ 22,623	$ 21,729	$ 21,975	$ 22,128
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

CITY OF FORT BRAGG
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2015

2014-15 Assessed Valuation: $622,988,084

	Total Debt 6/30/2015	% Applicable [1]	City's Share of Debt 6/30/2015
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Redwoods Joint Community College District	$ 32,230,000	3.796%	$ 1,223,451
Fort Bragg Unified School District	33,407,430	38.394%	12,826,449
Mendocino Coast Hospital District	4,601,475	20.932%	963,181
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			$ 15,013,081
OVERLAPPING GENERAL FUND DEBT:			
Mendocino County Certificates of Participation	21,525,000	6.089%	$ 1,310,657
Mendocino County Pension Obligation Bonds	68,305,000	6.089%	4,159,091
Redwoods Joint Community College District Certificates of Participation	149,800	3.796%	5,686
TOTAL OVERLAPPING GENERAL FUND DEBT			$ 5,475,434
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	4,040,000	100.00%	4,040,000
DIRECT DEBT			**$0**
TOTAL OVERLAPPING DEBT			$ 24,528,515
COMBINED TOTAL DEBT			$ 24,528,515

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue and mortgage revenue bonds and non-bonded lease obligations.

Ratios to 2014-15 Assessed Valuation:	
Total Overlapping Tax and Assessment Debt	2.41%
Combined Total Debt	3.94%
Ratios to Redevelopment Successor Agency Incremental Valuation ($185,547,796):	
Total Overlapping Tax Increment Debt	2.18%

Source: MuniServices, LLC

CITY OF FORT BRAGG
PLEDGED REVENUE COVERAGE
WATER ENTERPRISE
LAST TEN FISCAL YEARS
(In thousands)

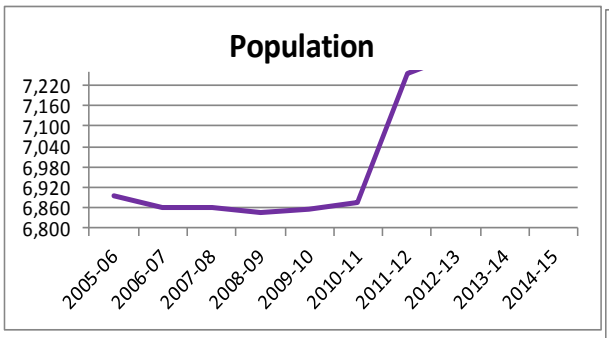
Fiscal Year Ended June 30,	Business-type Activities Water Fund Debt							Business-type Activities Sewer Fund Debt						
				Debt Service							Debt Service			
	Revenues & Transfers	Less: Operating Expenses [1]	Net Available Revenue	Principal	Interest	Total Debt Service	Coverage	Revenues & Transfers	Less: Operating Expenses [1]	Net Available Revenue	Principal	Interest	Total Debt Service	Coverage
2006	$ 1,907	$ 957	$ 950	$ 186	$ 236	$ 422	2.3	$ 1,694	$ 1,363	$ 331	$ 91	$ 51	$ 142	2.3
2007	2,025	1,313	712	293	227	520	1.4	2,085	1,431	654	75	45	120	5.5
2008	2,054	1,341	713	402	273	675	1.1	1,959	1,523	436	85	35	120	3.6
2009	2,113	2,078	35	387	265	652	0.1	2,160	1,908	252	53	32	85	3.0
2010	2,058	1,792	266	322	293	615	0.4	2,517	2,116	401	35	12	47	8.5
2011	2,159	1,632	527	365	245	610	0.9	3,152	2,078	1,074	40	21	61	17.6
2012	2,044	1,585	459	360	158	518	0.9	2,943	2,637	306	40	19	59	5.2
2013	2,420	1,623	797	327	151	478	1.7	3,263	2,733	530	40	17	57	9.3
2014	2,172	1,953	219	369	171	540	0.4	2,985	2,633	352	45	17	62	5.7
2015	2,595	1,806	789	493	147	640	1.2	3,184	2,470	714	45	16	61	11.7

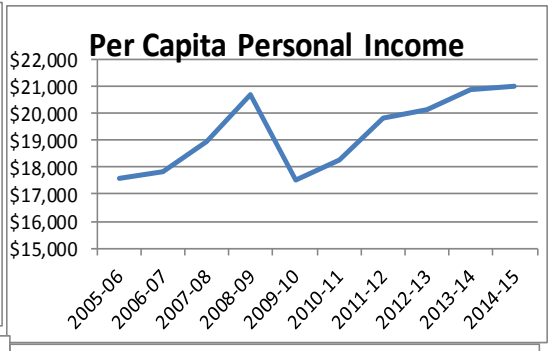
[1] Operating expenses exclude depreciation

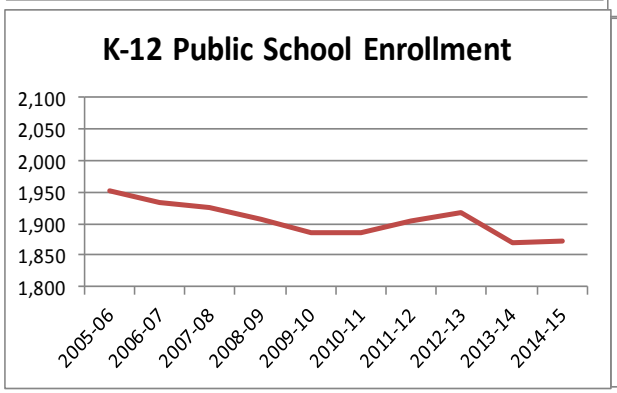
City of Fort Bragg

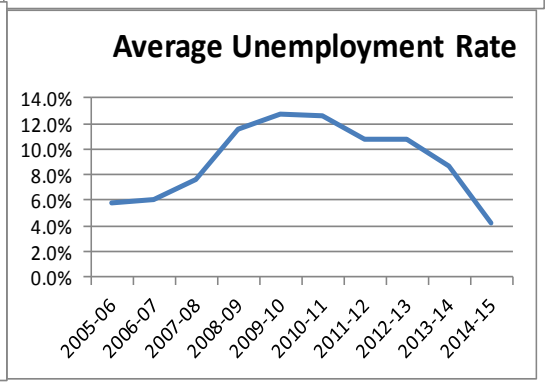
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (2)	Median Age	Public School Enrollment	City Unemployment Rate (%) (3)
2005-06	6,897	140,958	17,589	-	1,951	5.8%
2006-07	6,860	146,738	17,852	-	1,934	6.1%
2007-08	6,859	149,379	18,977	-	1,926	7.6%
2008-09	6,848	140,416	20,685	38.3	1,907	11.5%
2009-10	6,855	144,629	17,513	38.4	1,886	12.7%
2010-11	6,875	-	18,247	40.9	1,885	12.6%
2011-12	7,255	143,775	19,817	40.5	1,904	10.8%
2012-13	7,311	146,997	20,106	37.4	1,917	10.8%
2013-14	7,350	153,410	20,872	36.8	1,870	8.7%
2014-15	7,343	154,002	20,973	38.2	1,873	4.2%









Source: MuniServices, LLC
Source: 2010-11 and prior, previously published CAFR Report
The California Department of Finance demographics estimates now incorporate 2010 Census counts as the benchmark.
(-) Indicates data unavailable.
1.) Population Projections are provided by the California Department of Finance Projections.
2.) Income Data is provided by the U.S. Census Bureau, 2010 American Community Survey.
3.) Unemployment Data are provided by the EDD's Bureau of Labor Statistics Department.

City of Fort Bragg

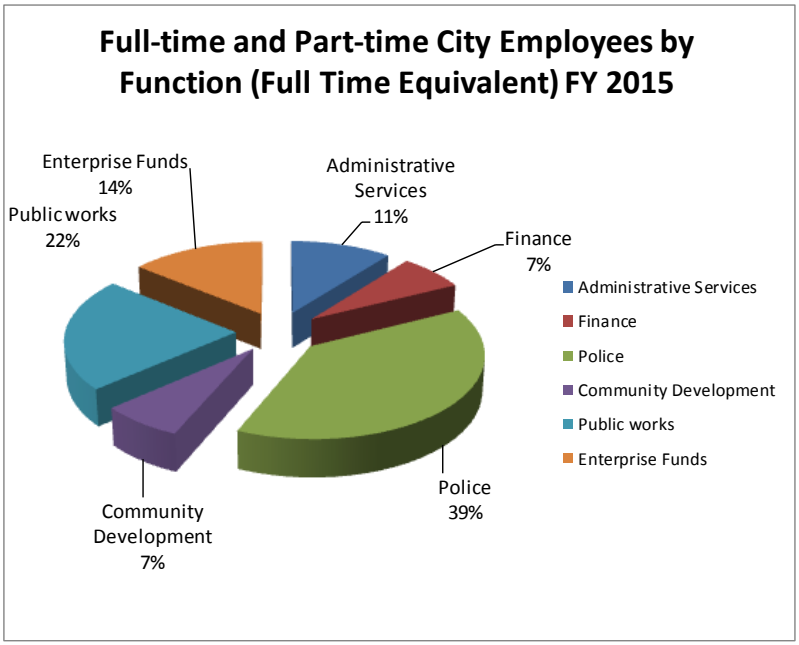
Principal Employers
Last Fiscal Year

	2014-15		2011-12	
Business Name	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
Mendocino Coast District Hosp	320	8.82%	325	0.00%
Fort Bragg Unified School District	250	6.89%	265	0.00%
Safeway	126	3.47%	115	0.00%
Mendocino Coast Clinics Inc	125	3.44%	104	0.00%
Parents & Friends Inc	125	3.44%		
North Coast Brewing CO Inc (1)	104	2.87%	112	0.00%
Sherwood Oaks Health Ctr	94	2.59%	100	0.00%
CV Starr Community Center	89	2.45%		
Mendocino County	79	2.18%	58	0.00%
Silvers At the Wharf (Anchor Lodge)	65	1.79%		
City of Fort Bragg			58	0.00%
Anderson Logging Inc			87	0.00%
Fort Bragg Recreation Ctr			56	0.00%
Total Top Employers	1,377	37.93%	1,280	0.00%
Total City Employment (3)	3,630			

Source: MuniServices, LLC
Results based on direct correspondence with city's local businesses.
1.) Includes summer and seasonal employees
2.) Includes all satellite offices of county departments in the City of Fort Bragg
3.) Total City Labor Force provided by EDD Labor Force Data.

CITY OF FORT BRAGG
FULL-TIME EQUIVALENT CITY EMPLOYERS BY FUNCTION
LAST TEN FISCAL YEARS

Function	As of June 30, 2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Administrative Services	5.00	5.00	5.00	5.00	5.00	4.80	4.80	6.00	6.00	6.00
Finance	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00
Public Safety										
Police	21.00	22.00	24.00	23.00	23.00	21.00	21.00	21.00	22.00	22.00
Community Services										
Community Development	5.00	4.75	5.75	5.75	4.75	3.80	3.80	3.80	4.30	4.00
Public works	14.00	13.00	13.00	13.00	14.50	12.60	12.60	12.60	13.60	12.60
Enterprise Funds	7.75	9.00	9.00	9.00	8.00	7.00	8.00	8.00	8.00	8.00
Total	57.75	58.75	61.75	60.75	60.25	53.20	54.20	55.40	57.90	56.60



Source: City Finance Department

CITY OF FORT BRAGG

OPERATING INDICATORS

LAST TEN FISCAL YEARS

Function/Program	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Building Permits Issued				174	204	204	210	125	272	192
New Construction										
Single Family Residential	5	9	3	1	2	3	2	0	0	0
Second Unit	2	4	1	3	2	1	1	1	1	1
Mixed Use, Commercial & Residential	0	0	0	0	1	0	0	0	0	2
Multi-Family Residential							0	0	1	0
Low Income Residential		1		1		2	0	0	0	4
City Clerk										
Council/Agency Resolutions Passed	134	131	110	148	112	93	108	93	87	127
Number of Ordinances Passed	8	6	4	13	3	9	9	2	4	3
Number of Contracts Approved	4	10	11	11	9	13	32	29	31	30
Public Safety										
Traffic Accidents	181	125	100	111	116	112	139	163	174	172
Traffic Violations - DUI	53	52	78	53	42	37	33	62	45	26
Bookings	726	714	845	521	501	621	608	744	689	737
Moving Cites	335	438	1,075	852	550	514	841	1,001	1,614	949
Parking Cites						405	374	355	833	484
Field Interviews and Information Cases								1,450	2,211	1,301
Crime Reports	1,577	1,471	1,323	1,288	1,150	1,274	1,454	1,610	1,576	1,317
Fire [1]										
Total Number of Calls	546	596	577	640	504	601	632	500	525	617
Structure Fires	31	44	63	38	35	30	27	29	29	21
Vehicle Fires	17	18	12	6	7	9	9	9	17	9
Vegetation Fires	20	33	43	55	33	15	29	25	41	40
Misc Fires (Chimney, Debris, Electronically, etc.)								17	24	17
Medical Aid	146	174	143	110	102	186	209	110	142	163
Rescue	129	128	132	135	114	112	129	11	13	10
Hazardous Condition/Materials Calls	34	49	54	62	53	37	46	73	48	41
Mutual Aid/Agency Assist								6	3	9
Traffic Accidents								88	89	98
Services Call	93	87	105	120	100	161	115	128	117	96
Other Calls & Incidents	76	63	25	114	60	81	68	4	2	113
Water										
Number of customer accounts billed	16,541	16,300	16,541	33,965	33,771	33,521	32,523	33,924	32,300	33,716
Water annual demand in thousand gallons	2,458	2,302	2,626	2,401	2,233	2,176	2,312	2,255	2,245	2,044
Available supply of water in thousand gallons	2,993	3,078	2,917	2,688	2,524	2,442	3,066	2,574	2,490	2,398
total Customer service calls			1,592	1,451	1,421	1,531	1,448	1,439	1,254	1,177
Meter installs/removals/change outs			280	38	36	49	40	2	11	14
Meter repairs			7	4	1	3	2	44	1	8
Leak investigations			57	24	15	15	16	21	3	6
Service profiles			159	180	98	131	81	93	52	57
Turn on/off			1,028	1,120	1,244	1,255	1,267	1,248	139	508
Manual Reads			484	522	556	555	565	527	513	453
Misc.			52	78	26	27	36	33	49	60
Wastewater										
Customer service calls, wastewater					38	39	37	52	71	41
New customer sewer lines installed					2	2	0	2	2	3
Sewer mains cleaned/flushed in miles					15	19	19	18	14	15.5
Sewer mains and laterals repaired in number of jobs					38	39	34	0	8	16
Sewer manholes inspected					370	371	373	371	362	363
Sewer manholes installed					1	3	1	0	0	0
Sewer spill responses					3	4	1	3	7	7

[1] The governing agency offer the Fort Bragg Volunteer Fire Department is the Fort Bragg Fire Protection Authority Joint Powers Agreement (JPA). The JPA is a board of directors formed in the 1989-90 fiscal year. It consists of two members from the Fort Bragg City Council appointed by the City's mayor, two members from the Fort Bragg Rural Fire District Board appointed by their chairman, and an "At Large" member appointed by the other four members. The City of Fort Bragg is responsible for 50% of the Fire Department budget.

[2] In some categories historical information is not available

CITY OF FORT BRAGG
CAPITAL ASSETS BY FUNCTION
LAST TEN FISCAL YEARS

	FY 05 06	FY 06 07	FY 07 08	FY 08 09	FY 09 10	FY 10 11	FY 11 12	FY 12 13	FY 13 14	FY 14 15
Police :										
Stations	1	1	1	1	1	1	1	1	1	1
Public works										
Streets (miles)	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4
Alleys (miles)	19	19	19	19	19	19	19	19	19	19
Storm drains (miles)	10	10	10	10	10	10	10	10	10	10
Streetlights	725	725	725	725	725	725	725	725	725	725
Sidewalks	40	40	40	40	40	40	40	40	40	40
Water										
Water treatment plant	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	30	30	30	30	30	30	30	30	30	30
Raw water transmission line (miles)	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Wastewater										
Wastewater treatment plant	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	27	27	27	27	27	27	27	27	27	27
Parks and Facilities										
Parks	3	3	3	3	3	3	3	3	3	3
Recreational/Guest Facilities	2	2	2	2	2	2	3	3	3	3
Government Facilities	2	2	2	2	2	2	2	2	2	2

GLOSSARY OF FINANCIAL TERMS

Accrual Basis - A basis of accounting in which revenues and expenditures are recorded at the time they occur as opposed to when cash is actually received or spent.

Adjusted Budget - The adopted budget plus any modifications (increases, decreases and transfers) approved by the City Council during the fiscal year.

Allocation of Funds - A legal authorization granted by the City Council to make expenditures of resources and to incur obligations for a specific purpose.

Appropriation - Setting aside funds for a specific purpose or program. An allocation of funds makes them available for expenditure.

Appropriation Without Regard To Fiscal Year– An appropriation for a specific amount that is available from year to year until fully expended. Example: capital projects and grants appropriated for the total amount of the project or grant often span more than one fiscal year eliminating the need to re-appropriate them each year.

Arbitrage -The difference between the interest paid on the tax-exempt securities and the interest earned by investing the security proceeds in higher-yielding taxable securities. IRS regulations govern arbitrage on the proceeds from issuance of municipal securities.

Assessed Valuation - The valuation set upon real estate and certain personal property by the County Assessor as a basis for levying property taxes.

Assessed Valuation (Secured) - That part of the assessment roll property the taxes on which are a lien on real property sufficient to secure payment of taxes.

Assessed Valuation (Unsecured) - The remainder of the assessment roll that is not on the secured roll. The taxes on the unsecured roll are a personal liability of the assessed owner.

Attrition - A method of achieving a reduction in personnel by not refilling the positions vacated through resignation, reassignment, transfer, retirement, or means other than layoffs.

Audit - An examination performed by an independent certified public accountant to determine the accuracy and validity of records and reports or the conformity of procedures with established policies.

Authorized Positions - Employee positions authorized in the adopted budget which will be filled during the year.

Balloon Maturity - A later maturity within an issue of bonds which contains a disproportionately large percentage of the principal amount of the original issue.

Balanced Budget – A balanced budget in governmental funds requires operating revenues to fully cover operating expenditures. A balanced budget in the enterprise funds requires that there are enough revenues to pay operating expenses exclusive of depreciation and debt service.

Betterment - An addition made to, or changes made in, a fixed asset that will either increase the useful life of the asset or increase its efficiency.

Bond - A long-term promise to repay a specified amount (the face amount of the bond) on a particular date (the maturity date). The most common types of bonds are general obligation and revenue bonds. Bonds are primarily used to finance capital projects.

Bond Refinancing - The complete or partial payoff of one bond issue and re-issuance of another bond, to obtain better interest rates and/or bond conditions.

Budget - A plan of financial activity for a specified period of time (fiscal year or biennium) indicating all planned revenues and expenses for the budget period and matching those projected revenues and planned expenditures to municipal services, goals, and objectives.

Budget Adjustment - A financial planning tool that allows the City to amend or supplement the budget at any time after it is adopted as circumstances may change throughout the fiscal year. It may be used to create a budget for a new account established after the beginning of a new fiscal year, and it may also be used to transfer funds between general fund accounts belonging to the same chart of accounts

Budget Calendar - A schedule of key dates a government follows in the preparation and adoption of the budget.

Budget Document - The instrument used by the budget-making authority to present a comprehensive financial program to the City Council.

Budget Surplus - The difference between operating revenues and operating expenditures. The Budget Surplus may be used for ongoing expenses (as opposed to year-end balance, which may be used only for one-time expenses).

California Environmental Quality Act (**CEQA**) – A state statute enacted in 1970 that requires state and local agencies to identify the significant environmental impacts of their actions and to avoid or mitigate those impacts, if feasible (ceres.ca.gov/ceqa).

California Transportation Commission (CTC) – the agency responsible for programming and allocating funds for the construction of highway, passenger rail and transit improvements throughout California (www.catc.ca.gov)

Callable - A portion of a bond due to be repaid before the specified due date in the bond contract.

Capital Assets - Assets of significant value and having a useful life of several years. Capital assets are also referred to as fixed assets.

Capital Grants - External grants that are restricted by the grantor for the acquisition and/or construction of fixed assets.

Capital Equipment - Equipment (fixed assets) with an initial individual cost of $5,000 or more and an expected useful life greater than two years, such as automobiles, microcomputers and furniture.

Capital Improvement - Expenditures related to the acquisition, expansion or rehabilitation of an element of the government's physical plant; sometimes referred to as infrastructure.

Capital Improvement Program (CIP) - A plan for capital outlay to be incurred each year over a fixed number of years to meet capital needs arising from the government's long-term needs.

Capitalized Interest - A portion of the proceeds of an issue which is set aside to pay interest on the securities for a specific period of time. Interest is commonly capitalized for the construction period of the project.

Capital Expenditure/Outlay – Expenditure for tangible property with an initial cost of $5,000 or more and have a useful economic lifetime of more than one year.

Capital Project - Major construction, acquisition, or renovation activities which add value to a government's physical assets or significantly increase their useful life, also called capital improvements.

Capital Projects Fund - A fund created to account for all resources and expenditures used for the acquisition of fixed assets except those financed by enterprise funds.

Call Provisions - The terms of the bond contract giving the issuer the right to redeem all or a portion of an outstanding issue of bonds prior to their stated dates of maturity at a specific price, usually at or above par.

Capital Reserve - An account used to segregate a portion of the City's equity to be used for future capital replacement purposes.

Certificates Bullet Maturity - A maturity for which there are no sinking fund payments prior to the stated maturity date.

Certificates of Participation (COP) - A bond from an issue, which is secured by lease payments made by the party leasing the facilities, financed by the issue. Typically COPs are used to finance construction of facilities (e.g., infrastructure or buildings) used by a municipal agency, which leases the facilities from a financing authority. Often the agency is legally obligated to appropriate moneys from its general tax revenues to make lease payments.

City Council - Comprised of the Mayor and four City Councilmembers who are elected at large by registered voters of the City. Councilmembers each serve a four-year term and the mayor serves a two-year term. The City Council adopts legislation, sets policy, adjudicates issues and establishes the budget of the City.

Community Development Block Grant - CDBG – provides eligible cities and urban counties with annual direct grants to revitalize neighborhoods; expand affordable housing and economic opportunities; and/or improve community facilities and services, principally to benefit low- and moderate-income persons.

Comprehensive Annual Financial Report - CAFR – the summarization of the City's financial activity for the previous fiscal year which also includes a summarization of significant milestones that were accomplished during the year by department, fiscal policies, and statistical information. The CAFR is prepared by December of each year.

Competitive Sale - A sale of securities by an issuer in which underwriters or syndicates of underwriters submit sealed bids to purchase the securities in contrast to a negotiated sale.

Consumer Price Index (CPI) - A statistical description of price levels provided by the US Department of Labor. The index is used as a measure of the increase in the cost of living (i.e., economic inflation).

Continuing Disclosure - The principle that accurate and complete information material to the transaction which potential investors would be likely to consider material in making investment decisions with respect to the securities be made available on an ongoing basis.

Contingency Reserve - A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Contractual Services - Services rendered to a government by private firms, individuals, or other governmental agencies.

Contributed Capital - An equity account recording resources externally restricted for the acquisition or construction of capital assets, including Capital Grants, contributions from developers and customers, and tax levies restricted to capital purposes. The account also records current resources furnished to an internal service fund for working capital.

Cost Allocation - A method used to charge General Fund costs budgeted in one department to another department or another fund.

Credit Enhancement - Credit support purchased by the issuer to raise the credit rating of the issue. The most common credit enhancements consist of bond insurance, direct or standby letters of credit, and lines of credit

Cost-of-living Adjustment (COLA) - An adjustment in salaries to offset the adverse effect of inflation on compensation.

Council/Manager - Form of Government where the City Manager is an employee of the Council who is the administrator of the city.

Debt Service - Payment of interest and principal on borrowed money according to a predetermined payment schedule.

Debt Service Reserve Fund - The fund in which moneys are placed which may be used to pay debt service if pledged revenues are insufficient to satisfy the debt service requirements.

Dedicated Tax - A tax levied to support a specific government program or purpose.

Department - The basic unit of service responsibility, encompassing a broad mandate of related service responsibilities.

Depreciation - The process of estimating and recording the expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence. The cost of the fixed asset's lost usefulness is the depreciation or the cost to reserve in order to replace the item at the end of its useful life.

Disbursement - The expenditure of monies by cash from an account.

Discretionary Funding Opportunities - Pertains to funds, grants or other resources that are not restricted as to use.

Discount Bonds - Bonds which are priced for sale at a discount from their face or par value.

Division - Can be a subunit of a department which encompasses a substantial portion of the duties assigned to a department

Encumbrance - An amount of money committed for the payment of goods and services not yet received or paid for.

Enterprise Fund - A proprietary accounting fund in which the services provided are financed and operated similarly to those of a private business. The rate schedule for these services is established to ensure that revenues are adequate to meet all necessary expenditures.

Environmental Impact Report - EIR – a public document used by governmental agencies to analyze the significant environmental effects of a proposed project, to identify alternatives and disclose possible ways to reduce or avoid potential environmental damage. The California Environmental Quality Act requires an EIR whenever the initial study or other evidence in the record has produced substantial evidence that the proposed project might produce significant environmental effects.

Escrow - A fund established to hold moneys pledged and to be used to pay debt service on an outstanding issue.

Expenditure - The actual payment for goods and services.

Expense - Charges incurred (whether paid immediately or unpaid) for operations, maintenance, interest or other charges.

Face Value - The amount of principal that must be paid at maturity for a bond issue.

Fees - A general term used for any charge levied by government for providing a service or permitting an activity.

Fiscal Year - A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization. The City of Fort Bragg's budget year begins on July 1 and ends on June 30.

Fixed Assets - Assets of long-term character which are intended to continue to be held or used, such as land, buildings, machinery, furniture, and other equipment.

Full Faith and Credit - A pledge of a government's taxing power to repay debt obligations.

Full-time Equivalent Position (FTE) - A full-time or part-time position converted to the decimal equivalent of a full-time position based on 2,088 hours per year. For example, a part-time person working 20 hours per week would be the equivalent of 0.5 of a full-time position.

Fund - A self-balancing set of accounts to record revenues and expenditures associated with a specific purpose.

Generally Accepted Accounting Principles (GAAP) - Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles.

Gas Tax - State tax received from gasoline sales utilized solely for street related purposes, such as new construction, rehabilitation or maintenance.

General Fund - The principal operating fund of the City used for general governmental operations (as opposed to all other City funds, which are designated as "Special Funds").. Taxes and fees that generally have no restriction on their use support it.

General Obligation (G.O.) Bonds - This type of bond is backed by the full faith, credit and taxing power of the government issuing it.

General Plan - A comprehensive, long-range, policy document required by state law. The document establishes the City's overall spatial and temporal development pattern.

Geographical Information System (GIS) – A computer system capable of assembling, storing, manipulating and displaying geographically referenced information.

Government Finance Officers Association (GFOA) - Professional association of state/provincial and local finance officers in the United States and Canada (www.gfoa.org).

Government Accounting Standards Board (GASB) – Organized in 1984 by the Financial Accounting Foundation to establish standards of financial accounting and reporting for state and local governmental entities (www.gasb.org).

Grants - A contribution by a government or other organization to be used or spent for a specified purpose, activity, or facility.

HOME Program - Federal housing assistance program that provides funds to low- and very low-income families for both rental units and privately owned dwellings.

Improvement - This refers to permanent items that are purchased or constructed and are attached to land or annexations to land which are intended to remain attached or annexed.

Indirect Cost - A cost necessary for the functioning of the organization as a whole, but which cannot be identified with a specific product, function or activity.

Infrastructure - The physical assets of a government (e.g. streets, water, sewer, public buildings, and parks).

Interfund Transfers - The movement of monies between funds of the same governmental entity.

Intergovernmental Revenues - Funds received from federal, state and other local government sources in the form of grants, entitlements, shared revenues, or payments in lieu of taxes.

Internal Service Charges - The charges to user departments for internal services provided by another government agency, or department of the same agency.

Internal Service Fund - A fund used to account for the financing of goods or services provided to other funds, departments or governments on a cost reimbursement basis.

Lease-Purchase - A financing lease which may be sold publicly to finance capital equipment, real property acquisition or construction. The lease may be resold as certificates of participation or lease revenue bonds.

Letters Of Credit - A bank credit facility wherein the bank agrees to lend a specified amount of funds for a limited term.

Level of Services - Generally used to define the existing or current services, programs and facilities provided by government.

Levy - To impose taxes, special assessments or services for the support of governmental activities.

Local Agency Formation Commission (LAFCO) – Reviews proposals for the formation of new local governmental agencies and changes of organization in existing agencies.

Local Agency Investment Fund (LAIF) – A voluntary program created by statute in 1977 in which participating agencies (local governments and special districts) invest public funds.

Long-term Debt - Debt with a maturity of more than one year after the date of issuance.

Major Fund - A fund that comprises more than 10% of total citywide budgeted revenues and transfers-in and/or 10% of total budgeted appropriations and transfers-out.

Mandates - A legal obligation.

Management Fee - The fixed percentage of the gross spread which is paid to the managing underwriter for the structuring phase of a transaction.

Memorandum of Understanding (MOU) – An agreement outlining the terms of employment entered into between the City and employees of various bargaining units.

Mission Statement – A broad statement of the intended accomplishment or basic purpose of a program.

Modified Accrual Accounting - A basis of accounting according to which (a) revenues are recognized in the accounting period in which they become available and measurable and (b) expenditures are recognized in the accounting period in which the fund liability is incurred, or measurable, except for un-matured interest on general

long-term debt and certain similar accrued obligations, which should be recognized when due.. Since this type of accounting basis is a conservative financial approach, it is recommended as the standard for most governmental funds.

Negotiated Sale - A method of sale in which the issuer chooses one underwriter to negotiate terms pursuant to which such underwriter will purchase and market the bonds.

Obligations - Amounts that a government may be legally required to meet out of its resources. They include not only actual liabilities, but also encumbrances not yet paid.

Operating Budget - The portion of the budget that pertains to daily operations that provide basic governmental services.

Operating Expenses - The cost for administration, personnel, maintenance, material, depreciation, and equipment required for a department to function. The day-to-day costs of delivering City services.

Operating Revenue - Funds that the City receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenue. They are used to pay for day-to-day services.

Ordinance - A formal legislative enactment by the City Council. If it is not in conflict with any higher form of law, such as a State statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies.

Original Issue Discount - The amount by which the original par amount of an issue exceeds its public offering price at the time it is originally offered to an investor.

Overlapping Debt - That portion of the debt of other governmental units for which residents of a particular municipality are responsible.

Pay-As-You-Go - An issuer elects to finance a project with existing cash flow as opposed to issuing debt obligations.

Pavement Management System (PMS) – A computer-assisted decision-making process designed to help cities and counties prevent pavement problems through maintenance and repair in a timely, cost-effective manner.

Pavement Quality Index (PQI) – A scale from 1 to 10 that measures the structure, surface condition and riding comfort of the roadway.

Performance Budget - A budget wherein expenditures are tied to the measurable performance of activities and work programs.

Performance Measurements - Statistical measures that are collected to show the impact of dollars spent on City services**.**

Personnel Expenses - Salaries and fringe benefits, such as pensions and insurance, for full-time and part-time employees of the City.

Present Value - The current value of a future cash flow.

Prior-Year Encumbrances - Obligations from previous fiscal years, in the form of purchase orders or contracts, which are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when the obligations are paid or otherwise terminated.

Program - Represents major areas or support functions that can be defined as a service provided to citizens, other departments or other agencies. A program may be an entire department; or if a department encompasses significantly diverse responsibilities or large work forces, a single department may be divided into two or more programs.

Program Budget - A budget wherein expenditures are displayed primarily on programs of work and secondarily by the character and object class of the expenditure.

Property Tax - An ad valorem (value-based) tax imposed on real property and tangible personal property within the City's jurisdiction. It includes two major elements: secured or real property (e.g., house and land on which the house was built), and unsecured or personal property (e.g., machinery).

Proposition 13 - On June 6, 1978, the California electorate approved Proposition 13, the "People's Initiative to Limit Property Taxation," which limited the tax rate for real estate as follows: the maximum amount of any tax on real property shall not exceed 1% of the full cash value of such property.

Proposition 218 - On November 5, 1996, the California electorate approved Proposition 218, the self-titled "Right to Vote on Taxes Act." Proposition 218 added articles XIIIC and XIIID to the California Constitution and made numerous changes to local government finance law. Public officials are required to conduct the public's business in compliance with Proposition 218.

Public Employees' Retirement System (PERS) – Provides retirement and health benefit services to members from the state, school districts and local public agencies (www.calpers.ca.gov).

Ralph M. Brown Act - The Brown Act is a California law that insures the public can attend and participate in meetings of local government.

Rebate - A requirement imposed by Tax Reform Act of 1986 whereby the issuer of the bonds must pay the IRS an amount equal to its profit earned from investment of bond proceeds at a yield above the bond yield calculated pursuant to the IRS code together with all income earned on the accumulated profit pending payment.

Redevelopment Agency (**RDA)** – Formerly charged with the oversight for the redevelopment process for the City of Fort Bragg. In June 2011, the Redevelopment Dissolution Act, AB1x26, was signed by the Governor and later upheld by the California Supreme Court. As a result, all redevelopment agencies in California were dissolved effective February 1, 2012.

Regional Surface Transportation Program (RSTP) – a federal and State funded grant program used for projects located on highway systems (classified higher than local roads or rural minor collectors), bridges on any public highway, and transit systems.

Reserve - An account used to either set aside budgeted revenues that are not required for expenditure in the current budget year or to earmark revenues for a specific future purpose.

Resolution - A special or temporary order of a legislative body--an order of a legislative body requiring less legal formality than an ordinance or statute.

Resources-Total amounts available for appropriation including estimated revenues, fund transfers, and beginning balances.

Revenue - Sources of income financing the operations of government.

Revenue Bonds - A type of bond that is backed by the revenues from a specific enterprise or project, such as a water utility.

Sales & Use Tax - An excise tax which applies to all retail sales of merchandise. Retailers are liable for reporting and payment of the tax.

Special Assessments - Fees imposed against properties, which have received a special benefit by the construction of public improvements such as water, sewer and irrigation.

Special Revenue Fund - A governmental accounting fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or for major capital projects) that are legally restricted to expenditure for specified purposes.

Taxes - Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only to those who pay, for example, sewer service charges.

Transfers In/Out - A transfer of resources between different City funds (see glossary definition of "Fund"). A transfer of cash from the City's General Fund to a City Special Fund, for example, would be designated as a transfer-out in the General Fund, and then a transfer-in in the receiving Special Fund.

Transient Occupancy Tax (TOT) - A tax applied to the cost of hotel or other lodging stays of less than 30 days. Also known as Hotel or Bed Tax.

Transportation Subventions - Funds from outside sources used to construct transportation improvements that must be used for specific projects.

Trust and Agency Fund - A fiduciary accounting fund used to account for cash and other assets received and held by the City acting in the capacity of trustee or custodian.

Underwriter - A dealer that purchases new issues of municipal securities from the Issuer and resells them to investors.

Underwriter's Discount - The difference between the price at which bonds are bought by the Underwriter from the Issuer and the price at which they are reoffered to investors.

Unencumbered Appropriation - That portion of an allocation not yet expended or committed to a specific purpose.

Unexpended Appropriation - That portion of an allocation not yet actually paid**.**

Unencumbered Balance - The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future purposes.

Unreserved Fund Balance - The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

User Charges - The payment of a fee for direct receipt of a public service by the party who benefits from the service.

Utility Fund - See Enterprise Fund.

Variable Rate Debt - An interest rate on a security, which changes at intervals according to an index or a formula or other standard of measurement, as stated in the bond contract.

Year-End Surplus - Funds remaining at the end of a fiscal year that are available for allocation or for one-time purchases (not for on-going programs or services).

FY 2016/17 PROPOSED BUDGET

Supplemental Appropriations

At the May 25th Budget Workshop, staff will seek Council direction regarding possible appropriations for the following items that are not included in the draft Budget:

	Title	Appropriation Request	Potential Revenue Source(s)	Explanation
1	Utility Rate Study	$25,000	Water Enterprise; Wastewater Enterprise (split 50:50)	This study will provide a new utility rate model based on updated Costs of Services and updated information regarding capital projects. Staff also recommends that the study review and update the City's methodology for calculating water and sewer capacity fees.
2	Seasonal Maintenance Worker	$15,500	General Fund	An additional seasonal worker during the summer months would assist in ensuring adequate maintenance of Noyo Headlands Park and other City facilities during the peak tourist season.
3	Tourism & Promotion Strategy	$18,000	General Fund; Community Benefit Fund	A market research study will be conducted to inform the preparation of a cohesive and focused tourism & promotion strategy designed to increase visitor-related revenues, taxes and employment in Fort Bragg.
4	Classification and Compensation Study	$20,000	General Fund Water Enterprise; Wastewater Enterprise	A comprehensive classification and compensation study will look at existing classifications to ensure that they accurately reflect job duties; and will look at the compensation structure to determine if any actions are necessary to realign classifications either internally or with the external market.
5	Economic Development & Financing Commission (EDFC) Contribution	$5,000	General Fund	EDFC is actively engaged in economic development efforts countywide. Its services and programs are available to City businesses and residents. Councilmember Cimolino represents the City of Fort Bragg on the EDFC Board.
6	Animal Control – payment of late invoices	$22,000	General Fund	Mendocino County has provided invoices for five years of services at the Ukiah Shelter under our Animal Care Agreement. The total invoiced amount is $44k but it is not well-documented. Staff believes we can settle the past due bills for approximately $22k.
7	Roof replacement – Noyo Center visitor center (i.e., the Chalet)	$40,000	General Fund; Community Benefit Fund	Grants and the Noyo Center non-profit have covered the costs of improvements to the donated building thus far. A new roof is needed before next winter as much of the existing roof has blown away.

Financial Management Checklists for Elected Officials

As you consider your fiduciary responsibilities as an elected official, here are some checklists to consider and questions to ask about the financial operations in your city:

Financial Policies: The Best Way to Assure Your Fiscal Health

Fiscal heath is a lot like your personal health—it's not what you live for . . . but it's hard to enjoy your life without it. Like personal health, fiscal health is rarely luck—clear, articulated fiscal policies are an important foundation for fiscal health.

In looking at cities across the nation that have reputations for being well-managed financially—and have maintained their fiscal health through good times and bad—the one thing they have in common are clearly articulated fiscal policies, and they use them in financial decision-making. While the underlying economic health of a community is important, it is ***not*** the most critical factor in determining fiscal health. All we have to do is look at the Orange County bankruptcy to know that financial management counts. Their bankruptcy was not due to faltering performance of the local economy—Orange County is one of the wealthiest areas in the world—but due to a lack of clear, appropriate investment policies, and then following them.

☛ ***Questions to Ask***

- Do you have written fiscal policies?
- How often does the Council review them?
- What do they cover? Some suggestions:
  - Balanced budget (and what does this mean).
  - Revenue management.
  - User fees—what level of cost recovery should they achieve for what services?
  - Enterprise funds—does the General Fund subsidize them? Do they subsidize the General Fund?
  - Revenue earmarking— a bad idea in general, but if you do it, are you clear when and why?
  - Fund balance—how much should it be?
  - Capital financing and debt management—when should you use debt for either short or long-term needs? What type of debt is appropriate for your community? How do you manage "conduit" financings or developer-driven, land-based financings?
- How do your policy goals compare with actual circumstances?

Long-Term Financial Planning

Policies are critical for fiscal health. However, a longer-term financial plan that looks beyond the current fiscal year is your next best friend in assuring your fiscal health. In short, if you don't know where you're going, any road will get you there.

Why You Want to Do Fiscal Forecasts

- Forecasts require clearly-stated assumptions.
- This forces you to think about the factors that affect your fiscal health.
- And what you can and can't do about them

Why You Don't Want to Do This

It's risky! Facts and assumptions will be out-of-date before the laser jet ink is dry. So what should you do?

- Recognize perils.
- Act anyway.

The solution: Have clearly stated assumptions.

☛ *Questions to Ask*

- Do you periodically prepare a long-term fiscal forecast?
- Does it show key past trends for revenues and expenditures, and demographic factors that affect you like population, inflation, new construction, business growth, assessed value and taxable retail sales?
- Does it reach a clear conclusion about what happens if current trends continue?

Budgets

The Government Finance Officers Association of the United States and Canada (GFOA) says that budgets should do four things:

- **Policy Document.** The budget should address policy issues such as tax policy, funding priorities and "macro problems" facing your community.

- **Financial Plan.** It should show where your resources come from and how they are used. Your budget should demonstrate your ability to pay for the services that it funds—not just this year, but into the foreseeable future.

- **Operations Guide.** It should show how you are organized to deliver services. It should describe programs and activities, and provide measures on how effectively and efficiently you are doing this. In short, it should show what you do and why, not just how much does it cost.

- **Communications Tool.** It should be prepared in a way that facilitates public study, and effectively communicates key economic and fiscal issues to policy makers and the public.

In short, the budget should be your key tool for linking what you want to accomplish for the community in the near term with the resources necessary to do so. For example, most cities have long-term plan, goal and policy documents like their General Plan (and related elements such as circulation, parks and open space); urban water management plans; short-range transit plans; pavement management plans; and other "master plans."

Either explicitly or implicitly, your budget answers the question: of all these important goals in these master plans, *what are you going to do **this** year?*

☛ *Questions to Ask*

- Does your budget show your top ten General Fund revenue sources? Does it discuss how these projections were made? Stay focused on these, because they probably account for close to 90% of your total General Fund revenues.
- Does your budget summarize your major expenditures:
  - By function? (Police, fire)
  - By type? (Operating –staffing, contract services, supplies; capital; and debt service)
  - By funding source? (General fund, other governmental funds, enterprise funds)
- Does your budget show how your financial condition changes? How do you measure financial condition in your budget?
- Does your budget tie to your audited financial statements?
- Does your budget link goals and resources?
- Is there a meaningful opportunity for Council members to shape major goals and objectives before the preliminary budget is issued?
- Is there a clear, concise budget message that outlines major issues?
- Does your budget balance due to one-time fixes, or does it reasonably set forth a funding program that can be sustained for the foreseeable future?
- Do you have a clear understanding of your role in the process? Are you looking at the forest or the trees? Which do you want to look at?

Financial Reporting

Monitoring financial results is an essential component of effective financial management. There are two kinds of financial reports:

- **Interim Reports.** This could be on-line access to your finance system, monthly reports, quarterly reports or mid-year year budget reviews.

- **Annual Reports.** This is your annual audit, which may be presented as part of a "comprehensive annual financial report" (CAFR)—the approach recommended by the GFOA and the California Society of Municipal Finance Officers (CSMFO).

While audited financial statements are important, in many ways interim reports are more important.

Why? Because annual reports are often not issued until six months after the year is over. If there have been adverse fiscal results, it is simply too late to do anything about it by the time the annual audit is issued. Good interim reporting will identify negative—or positive—trends, and allow you to take timely corrective action.

☛ ***Questions to Ask***

Interim Reporting

- Do you receive interim financial reports? How often? What kind?
- Do they provide meaningful information? Are they concise, focused?
- Do they compare what you expected to happen with actual results? Do they discuss key variances?
- Do they "add value"—do they make you "wise" about your city's fiscal condition?
- What kind of reports do managers receive? What do they do with them?
- Are you often surprised by your fiscal results?

Annual Reporting

- How is your auditor selected?
- Are your annual financial reports prepared and issued to you on a timely basis? They should be issued ***no later*** than 180 days after year-end (earlier is obviously better).
- Are they prepared in accordance with generally accepted accounting principles?
- Do you receive a "clean" (unqualified) auditors' opinion?
- Are the statements accompanied by a transmittal letter that clearly and concisely describes your fiscal results for the year?
- Do you prepare a CAFR in accordance with GFOA and CSMFO "Award for Excellence in Financial Reporting" guidelines? If not, why not?

Purchasing

Purchasing goods and services on behalf of your city in a fair, efficient and effective way is an important goal. However, we should put this into perspective. The typical California city will spend about 85% of its budget on operations, about 10% on construction-type projects, and about 5% on debt service. For most California cities, contracting for construction projects is performed pursuant to clear State competitive bidding requirements, and debt service payments are made pursuant to the bond convenants.

This means that the focus for most city purchasing operations is in the operating budget. In this case, 80% of most city operating costs are for staffing. And of the remaining 20%, much of this is for utilities, communications and insurance, where there are limited competitive purchasing opportunities.

Long Story Short: Your purchasing activities probably affect less than 10% of your total expenditures.

The Moral to the Story: Be sure the effort you put into the purchasing function is commensurate with its costs and benefits.

For this reason, many cities have moved to:

- More decentralized purchasing systems.
- Greater reliance on their vendors to provide "just-in-time" deliveries so they don't have to maintain large inventories and warehouse systems.
- Use of cooperative purchasing with other agencies.
- Use of credit cards for "over-the-counter" and Internet purchases.

Questions to Ask

- Is it clear who does what?
- Can the system be summarized on one page?
- If you have a decentralized purchasing system, are there clear organization-wide standards and guidelines? (*There's a big difference between cutting the red tape and chaos.)*
- Does it take too long to do get stuff done?
- Do local vendors complain to you that it takes too long to get paid by the city?
- Does your role make sense? When you are involved in the purchasing process, are you making a decision only an elected official should make? Or is this really just a ministerial decision that could be delegated to staff, freeing your time for more important matters? (A good question to ask about any item on your Council meeting agenda.)

Cash Management and Investments

There have probably been no greater instances where local government has lost credibility in managing its fiscal affairs than in managing its investments—the sad experiences in Orange County and the Cities of Camarillo and San Jose quickly come to mind.

Why has this happened? Because in an often honest and sincere desire to boost the City's bottom line, investment managers took risks inappropriate to the investment of public funds. Either:

- Policies were not clear.
- Policies were inappropriate.
- Policies were not followed.
- Oversight was inadequate.

Public officials in these cases forgot the fundamentals:

- **Always remember whose money it is (it's the community's, not yours)—and act accordingly in a responsible stewardship capacity.**

- **Keep focused on the generally accepted objectives in managing public funds, which are in priority order:**

  - Safety
  - Liquidity
  - Yield

  These objectives mean it should *never* be an investment manager's goal to earn *maximum* returns on the city's portfolio: this would expose the city to an acceptable level of risk. Instead, a more prudent goal would be to earn a reasonable rate of return on the city's investments, while preserving capital in the overall portfolio.

- **If it's too good to be true, it probably is.**

  In the real world, there is only one way to sustain above average yields, and that is to take above average risks.

☛ ***Questions to Ask***

- Do you review the investment policy? Is there a "plan?"
- Do you understand the city's investment program?
- Do you receive and review periodic investment reports?
- Are they clear, concise? Are they readable? Do you fully understand them? (If you can't, this is more likely to be because they've been presented poorly, and may in fact reflect problems, than any "technical" problems with your ability to understand them because it's too "complex." First, it's the job of your staff to make them readable and understandable; and secondly, if the city's portfolio is genuinely that complex, perhaps it shouldn't be.)
- Are there lots of investments and transactions? Why? Most cities do not have portfolios that justify "active" management with lots of sales, purchases and trades.
- Are your investments diversified? Or have you placed "all of your eggs in one basket?"
- What ongoing oversight is there? By who?

Capital Financing and Debt Management

Deciding the appropriate role of using debt in financing your city's operations is fundamentally no different than the way you approach this in your personal life. Stated simply, there are times when it makes perfect sense—like buying a home; and there are times when it doesn't—like buying groceries.

In this sense, debt financing is neither good nor bad—it is simply a tool for achieving your goals.

But it is important to have a clear sense of when it's the right tool. As with your personal circumstances, there are two ways of funding your city's operations:

- Pay-as-you-go.
- Debt financing.

Debt financing is most appropriate for:

- **Temporary Short-Term Cash Flow Problems.** This may be due to structural timing problems such as receiving key revenues (like property taxes in December and franchise fees in April) and your need to fund operations in the meantime. If you do not have adequate fund balances, you may need to issue "tax" or "revenue" anticipation notes. In this case, any amount borrowed must be paid back by the end of the fiscal year.

- **Improvements with long Lives.** You should never borrow long-term for operational or short-term capital needs. And the length of the debt should never be greater than the useful life of the debt-financed asset.

- **Lumpy Costs.** Even though they may have long lives, it makes no sense to debt finance improvement costs—like pavement resurfacing or water line replacements—that occur every year. But for improvements that are truly one-time, spreading this cost over 20 or 30 years may be the very best solution in meeting an important community goal today, and in having those who will benefit from it in the future also help pay for it.

- **High-Priority Project.** Remember that your debt capacity is not unlimited: amounts you borrow for a project today are funds you can not borrow tomorrow, so make sure this is truly a high-priority project. Also, you are committing funds for debt repayment in the future: money you pay for debt service tomorrow will not be available for other operating programs and services.

☛ *Questions to Ask*

- Do you have a multi-year capital improvement plan? You cannot meaningfully consider key factors like project priorities and debt capacity without one.
- Do you have clear, concise capital financing and debt management policies?
- Do they address when debt financing is appropriate?

- Do they address your debt capacity? Borrowing is easy—paying back is hard!
- Do they address who is on your financing team, and how you select external consultants like bond counsels, financial advisors, trustees, assessment engineers and underwriters?
- Do they address disclosure and relations with rating agencies?
- Do they address conduit financings and developer-driven, land-based financings?

For More Information

Budgets. The *National Advisory Council on State and Local Budgeting* recently issued *Recommended Budget Practices*. This is a very concise and readable set of guidelines, and is available on-line at: www.gfoa.org/services/nacslb.

Financial Management. The GFOA has produced a series of elected officials' guides to public finance. These easy-to-read pamphlets cover:

- Government finance
- Investing
- Financial reporting
- Procurement
- Internal controls and fraud prevention
- Debt issuance
- Auditing
- Fund balance

These pamphlets are available for purchase from the GFOA at:

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