



CITY OF FORT BRAGG

News Release

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FOR IMMEDIATE RELEASE

CITY COUNCIL HOSTS PRODUCTIVE MID-YEAR BUDGET WORKSHOP

The Fort Bragg City Council held its Fiscal Year 2019-20 Mid-Year Budget Review on March 5, 2020. An encouraging sign noted by several Councilmembers and the City's Finance Director, was that there were more members of the public in attendance at this workshop than anyone could remember in recent years. The Mid-year Budget Review addresses the financial activity of the City during the first two quarters of FY 2019-20 and estimates the financial position of the City at fiscal year-end (June 30, 2020). Much of the focus for this Review was the financial status of the City's General Fund, which is the source of funding for most of the day-to-day operations of the City, including the Police Department, Fire Department, Parks & Facilities, Streets Maintenance, Administration, Finance, Community Organizations (including the Measure AA/AB funding) and Public Works. An updated five-year forecast of the General Fund addresses the longer-term financial health of the City's finances.

The City's Finance Department projects an operating shortfall in the General Fund of \$78k for the current fiscal year, due primarily to reduced estimates of Transient Occupancy Tax (TOT is also referred to as hotel tax) and sales tax revenues. The revenue increases anticipated by the City's investment of the Measure AA¹ proceeds in promotional activities and other local attractions fell short of expectations. The expected annual shortfalls continue to grow as expenses, particularly public safety, labor and city pension costs, exceed projected revenue increases. By Fiscal Year 2024-25, that shortfall reaches over \$500k a year. On a positive note, the Water and Wastewater Utility Funds continue to be financially sound.

Staff presented the City Council with a number of proposed solutions to the General Fund budget shortfalls. The solutions included placing a sales tax measure on the November 3, 2020 ballot, repurposing the Measure AA funds, and/or reductions to City services and staffing levels.

The City Council directed staff to research a sales tax ballot measure for the November 3, 2020 election and approved funding a Ballot Measure Consultant, who would conduct opinion polls of Fort Bragg residents, to gauge attitudes toward taxation and City services. Based on that baseline data, the consultant would assist the City in developing a strong public education and issue awareness plan.

The Council delayed any action to repurpose Measure AA funds or reduce staff and service levels but reiterated that its highest budget priority for Fiscal Year 2020-21 is adopting a balanced budget. The materials from the [Mid-Year Budget Review](#) may be reviewed on the City's website. Video from the Review will be available early next week.

Questions regarding this information should be directed to Tabatha Miller, City Manager, at tmiller@fortbragg.com or (707) 961-2829.

¹ In November 2016, the Fort Bragg voters passed Measure AA which increased the City's TOT rate from 10% to 12%. The nonbinding companion Measure AB recommended that 50% of the additional revenue be used for promotion and marketing Fort Bragg (aka Visit Fort Bragg), 25% of the additional revenue allocated to maintain the Coastal Trail, 12.5% contributed to the Noyo Center for Marine Science and 12.5% used to improve playing fields in Fort Bragg.