

STAFF REPORT

City Council Consent Item

DATE: November 21, 2022

TO: Honorable Mayor and Council Members

FROM: Aaron Felmlee, Finance Director

THROUGH: Merritt Perry, City Manager

SUBJECT: Finance Department Monthly Report

STAFF RECOMMENDATION:

Receive report as an informational item.

EXECUTIVE SUMMARY:

Sales Tax Update:

Finance staff continue to closely monitor the City's sales tax revenue streams. Sales tax revenue is the largest General Fund revenue source for the City and as such fluctuations in sales tax have the largest effect on the City's finances.

For sales tax receipts between April and June 2022 the City of Fortuna actual receipts, excluding reporting aberrations, were down 10.3% as compared to April to June 2021. For comparison the County realized a 13.3% decrease and the State of California realized a 10.1% increase. The reason the state far outpaced the City was because the state had much larger decreases at the onset of the pandemic as compared to the City and the County which did not realize significant decreases last April to June 2021. Fuel and Service Stations was the only segment which realized increases quarter over quarter, solely due to the higher gas prices.

Together general sales tax and Measure E transaction and use tax for the fiscal year 2021-22, which ended in June, totaled \$4,339,191. The City budgeted conservatively in the fiscal year 2022-23 and budgeted a combined \$4,083,000. This has proven to be beneficial as with the last two quarters worth of sales tax data coming in negative the City does not anticipate receiving the same amount of sales tax in fiscal year 2022-23 as we did in fiscal year 2021-22. However, we do still anticipate revenue coming in right at that budgeted amount. City staff will be working with HdL, our sales tax consultant, to provide updated projections for fiscal year 2022-23 over the next couple of months and will be presenting those findings during staffs mid-year budget presentation scheduled for February.

Additional information about how the City's sales tax performed during the month of April to June 2022 can be found in attachment 'B'.

Measure E Update:

The Measure E committee's next regularly scheduled meeting is set for December 20, 2022 at 5:30pm in the Council Chambers.

The primary purpose of this meeting will be to review the draft fiscal year 2021-22 Measure E report with the Committee. This report is required to be given to the City Council annually and has historically been presented by a Committee Member to the Council at a regular meeting in January or February.

List of Measure E items funded this month:

- (2) Police Detective Positions
- Police Community Services Officer Position
- Police Records Clerk Position
- Parks and Recreation Director Position
- Recreation Program Supervisor Position
- Transit Trips to Eureka for Seniors
- PT Code Compliance Officer Position
- Illegal Camp Coordination and Assistance
- K-9 Program
- Storm Drain Infrastructure Vulnerability Assessment Project
- Prop 1 LID 12th St Project
- Rohner Park Basketball Expansion Project

An activity log displaying important Finance data is attached for informational purposes.

RECOMMENDED COUNCIL ACTION:

Receive Finance Department Monthly Report. Consent agenda vote.

ATTACHMENTS:

- Finance Staff Activity Log for October 2022
- Q2 2022 City of Fortuna Sales Tax Newsletter
- Fiscal Year 2022-23 Quarter 1 (July – Sept) Department Expense Budget Reports