



News Release

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June 25, 2019
FOR IMMEDIATE RELEASE

Preliminary Budget 2019-2020: Conservative and Balanced Budget

"I think this is a good plan that was put together, I know it required a lot of cuts and those are tough to make, but I appreciate the work."

Mayor Young

On June 24, 2019, the Hughson City Council unanimously approved the Preliminary Budget for the upcoming 2019-2020 fiscal year. Adoption of the budget is one of the most important actions taken by the City Council, as it establishes the City's direction. The budget serves as the City's work plan, translated into expenditures and supported by revenues. The City of Hughson provides a full range of municipal services including public safety, public works, water, wastewater, storm drainage, parks, community activities and general administrative support. The budget reflects a trend of slowing growth in the economy and a conservative approach reducing spending to maintain a balanced budget.

As part of the development of the City's budget several assumptions are made. These assumptions include a 6% increase from Fiscal Year 2018-2019 actual revenues in Vehicle License Fees, which is what the City has seen historically over the past few years, a slight increase in property taxes, a continued decrease in development related revenues based on the Community Development Department's most recent projection of houses to be constructed, and conservatively anticipating sales tax to hold the line at the same level as Fiscal Year 2018-2019.

Overall, the City's financial position remains in good condition. The City continues to use conservative revenue assumptions and restraint in expenditure projections to develop a fiscally conservative and balanced budget. The City's preliminary budget projects overall revenue of \$13,846,862 and a projected \$11,483,192 in expenditures.

With a positive balance of revenues to expenditures, the preliminary budget is showing slight growth in the general fund balance. The City's General Fund revenue, which provides funding for critical services such as law enforcement, road maintenance, park maintenance and administrative services, is expected to exceed the upcoming year's expenses by \$3,526.

While there is an overall positive outlook for the 2019-2020 Preliminary Budget, a few key areas stand out as some of the City's larger budgeted items. The Preliminary Budget includes a total of 16 Full Time Positions—no change from Fiscal Year 2018-2019, and accounts for 23.8% of the General Fund budget. Police Services; Animal Services; Legal Services; Engineering Services, Plan Check, and Building Inspections; Audits; and miscellaneous professional services account for 53.4% of the General Fund Budget.

Capital Projects approved in the Preliminary Budget include:

- Well 7 Replacement – Phase II for \$1,836,250;
- Santa Fe South Overlay Phase II, paid for primarily through Measure L funds;
- Continuing work on Whitmore Avenue Pedestrian Improvements paid for through local transportation funding;
- Locust Street Improvements, funded through a partnership with the Hughson Unified School District;
- Air conditioner unit replacement at the Hughson Wastewater Treatment Plant lab;
- Smart Water Meter Radio Project; and
- Information Technology (IT) Project including replacement of a server, desktops, router and software.

A large contributor to the Sewer Fund closed their business in the Fall of 2018-2019 which has caused a deficit in the Sewer Fund. After making all possible cuts that could be made and still maintain the sewer operations and the Wastewater Treatment Plant, a deficit still exists in the Sewer Fund. Council has instructed staff to work with the State to determine if the terms of the loans can be extended to bring down the required debt payments, update the 2009 Sewer Fund Study, and continue to look for other revenue producing opportunities for this fund.

The Final Budget will be brought to the City Council in September and will take effect retroactively to July 1st. The development of the annual budget is a dynamic process. City staff anticipate there will be ongoing economic issues that will require additional attention as the organization progresses through the upcoming fiscal year. The City will remain attentive in monitoring the budget process and will evaluate all issues accordingly. The City of Hughson is committed to providing services that are responsive and fiscally sound to the citizens of Hughson.

The Hughson City Council meets the 2nd and 4th Monday of the month (7:00pm) at City Hall located at 7018 Pine Street, Hughson CA. For more information, or to access the full budget document, please visit the City of Hughson website at www.hughson.org or call 209.883.4054.

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