



Staff Report

TO: City Council
FROM: Jennifer Ustation, Finance Director
DATE September 21, 2021
SUBJECT: FY2022 Mid-Year Budget Amendment No. 2 to the Capital Improvement Program, Wastewater and General Fund

Background and Analysis:

This report requests adjustments to the Capital Improvement Plan budget, Wastewater Operating budget and General Fund budget.

Capital Improvement Plan

On June 1, 2021, the City Council approved the FY2022 Capital Improvement Plan (CIP). This plan contained a project with the use of a portion of the State and Local Fiscal Recovery Funds (SLFRF) that were received on June 7, 2021. However, this project was not included in the Citywide budget that was approved on the same agenda. This adjustment will provide for authorized spending for this project within the FY2022 budget.

SLFRF Project – Wet Well Capacity Increase Design Budget Amendment

Funding Source	Project Cost	Fund
SLFRF Funds	\$ 400,000	Wastewater Capital Project

The first tranche of SLFRF funds were received and recorded in the grants fund in FY2021. The budget adjustment will allow for a transfer-out of the grants fund of \$400,000 and a transfer-in to the Wastewater Capital Projects fund to cover the costs of this project.

The CIP has also been amended in this agenda to include the purchase of portable radios for the migration to the Riverside County Public Safety Enterprise Communication (PSEC) system. The budget amendment will give the spending authority for this project within the FY2022 budget.

PSEC Radio Project

Funding Source	Project Cost	Fund
Grant	\$361,000	Capital Project Fund
PS CFD	\$471,785	Capital Project Fund
General Fund	\$3,895	Capital Project Fund
Total	\$ 836,680	

The budget adjustment will allow for the Grants Fund, Public Safety CFD Fund and General Fund to transfer-out the above amounts to the capital projects fund to cover the FY2022 costs of this project. A detail of the CIP budget adjustments has been attached as Attachment A.

Wastewater Fund and General Fund

The Wastewater operations and Public Works department have seen a large increase in activity and additional help is needed to continue the current service level. City staff have reviewed the needs of these departments which require the proposed adjustments as outlined below.

Expenses

Wastewater operations have grown with City growth as well as the Wastewater Treatment Plant expansion and additional resources are greatly needed to maintain consistent levels of service and meet operational mandates/requirements. City staff has identified three new positions that are needed to meet growing demand and operational requirements.

Customer Service Coordinator

This position has an annual estimated fully burdened cost of \$71,836. FY2022 budget of \$58,022 is adjusted for partial year costs. This position will be split 50/50 with the Public Works Department. The Public Works department and Wastewater costs for this position is \$29,011 each for FY2022.

Management Analyst

This position has an annual estimated fully burdened cost of \$163,247. FY2022 budget of \$131,854 is adjusted for partial year costs.

Collections Supervisor

This position has an annual estimated fully burdened cost of \$123,120. FY2022 budget of \$99,443 is adjusted for partial year costs.

City staff is also recommending an amendment to the FY2022 budget to include \$130,000 for legal costs for the Title 22 Water Project and adding an additional \$163,693 in contingency for emergency repairs. The Wastewater Expenses are outlined below.

Type of Expense	Increase/(Decrease)	Explanation
Salaries and Benefits	\$ 260,307	2.5 New Positions
Legal	\$130,000	Legal Costs
Contingency	\$163,693	Emergency Repairs
Total	\$ 554,000	

The General Fund adjustment for the split of the Customer Service Coordinator position is outlined below. This adjustment will reduce the available appropriations remaining in the FY2022 budget.

Type of Expense	Increase/(Decrease)	Explanation
Salaries and Benefits	\$ 29,011	.5 New Position

Revenue

City staff has completed an analysis of Wastewater revenues and determined that there has been an increase to the discharge to the plant, but this increase is not reflected in the current budget. In reviewing revenues, it was also determined that the current interest revenue budget is largely inflated as the projected investment market condition for the City is expected to remain low. A suggested decrease of \$75,000 to that revenue is recommended.

Type of Revenue	Increase/(Decrease)	Explanation
Sewer Service Fees	\$ 629,000	Increased Discharge to Plant
Interest	(\$ 75,000)	Low Expected Return
Total	\$ 554,000	

The Wastewater and General Fund detailed budget adjustment has been attached as Attachment B.

Fiscal Impact:

The fiscal impact of this report is an on-going cost of two new positions in the Wastewater Fund and one new position split between the Wastewater Fund and General Fund, increases to the Wastewater Fund revenue and expenses of \$554,000, General Fund expenses of \$32,906 reducing available appropriations by the same amount, Grants Fund revenue of \$361,000 and expenses of \$761,000 reducing fund balance by \$400,000, Public Safety CFD Fund expenses of \$471,785 reducing the fund balance by the same amount, Wastewater Capital Project Fund revenues and expenses of \$400,000, and Capital Projects Fund revenue and expenses of \$836,680.

Recommended Action:

Approve two new positions within the Wastewater Fund,
Approve one new position split between the Wastewater Fund and General Fund,
Approve the Capital Improvement Plan budget adjustments as outlined in Attachment A, and
Approve Wastewater Operating and Capital budget adjustments as outlined in Attachment B.

Attachments:

- A. FY2022 Capital Improvement Plan Budget Adjustment Form
- B. FY2022 Wastewater and General Fund Budget Adjustment Form