



Staff Report

TO: City Council
FROM: Jennifer Ustation, Finance Director
DATE May 17, 2022
SUBJECT: FY2022 Budget Amendment No. 4

Background and Analysis:

During the fiscal year, City staff prepares amendments to the budget as needed. This report requests adjustments to the General Fund budget, Internal Service Fund budget and Other Special Revenue Funds.

General Fund

Revenue

On June 1, 2021, City Council reviewed the City-Wide Budget and approved the expenditures authority for operations. The FY 2021-22 General Fund Revenues for Sales and Use Tax was approved at \$6,741,000. On January 18, 2022, Council approved a budget increase of \$475,912. Through April 2022, Sales and Use Tax Revenue received was \$12,203,002.33. The City has received 8 months of sales tax revenue and it has exceeded the budget forecast. City staff believes the increase provided will allow to leave the budget balanced with revenues equaling expenditures.

The City utilizes a third party to assist in the recovery of costs from damage claims against the parties legally responsible. These dollars are used to offset the costs which are outlined in the expenses of the HR/Risk category.

Revenue	Increase/(Decrease)	Fund
Sales and Use Tax	\$ 835,273	General Fund
Cost Recovery – Claims	\$ 35,000	General Fund

Currently, the budget provides revenues exceeding expenditures by \$741,845. This budget amendment will use the remaining revenues along with the Sales Tax and claims revenue to leave the budget balanced with revenues equaling expenditures.

Expense

During department budget meetings, certain budget amendment needs were identified. The proposed adjustments include identified needs but also address department budgets that needs adjustment due to inflation of costs. Each item is outlined in the amendment provided as Attachment A.

Department	Increase/(Decrease)	Description
HR/Risk	\$ 60,000	Recruitment and hiring and claims costs
City Clerk	\$ 9,200	Citywide Legal Advertising
Public Works	\$ 150,000	GIS site license, hosting solution, consulting
Streets Maintenance	\$ 150,000	Bucket truck replacement
Building Maintenance	\$ 215,919	Utilities, thermostat replacement, special department supplies, generator maint, ice maker, PD perimeter improvements
Fire	\$ 69,940	Extrication Equipment and other various needs
Admin	\$ 50,000	GAAP Analysis
Parks and Grounds	\$ 480,000	Backhoe and sports park seeding and irrigation, and playground equipment
Police	\$ 113,500	CBAT/HLO truck and Software Update
TOTAL	\$1,298,559.00	

MOU Negotiations

On January 4, 2022, City Council agreed to negotiated labor terms with the Beaumont Police Officers Association and the Manager/Professional/Technical Unit. As a result, salaries and wages have increased.

Expense	Increase/(Decrease)	Fund
Salaries and Wages	\$313,559	General Fund

Self-Insurance Fund: Settlement Agreements

On April 5, 2022, City Council agreed to a settlement regarding pending litigation, Christian Lee vs. City of Beaumont, Case No. RIC2003005. On April 19, 2022, City Council also agreed to a settlement agreement for Public Employee Discipline/Dismissal/Release Pursuant to Government Code Section 54957. These costs are captured in the self-insurance fund and are outlined in Attachment A.

Expense	Increase/(Decrease)	Fund
Settlements	\$728,468	Self-Insurance Fund

Internal Service Fund

There have been additional vehicles identified as having high mileage and/or high maintenance costs. Due to the supply chain issues and the amount of time to receive vehicles, City staff recommends the pre-approval of vehicle budget funds, allowing the opportunity to order vehicles as they become available.

Expense	Increase/(Decrease)	Fund
PD Replacement Vehicles	\$ 203,441	Internal Service Fund

Special Revenue Fund

The City collects small grants and donations and are tracked in a special revenue fund. Expenditures from these funds include cubicles and other expenses for the PD Annex (Officer assigned to Homeless) paid for by the Homeless grant and the purchase of an imaging laser scanner from the JAG grant.

Expense	Increase/(Decrease)	Fund
Imaging Scanner	\$10,539	Special Revenue
Cubicles	\$12,405	Special Revenue

Grants Fund

The City received the Selective Traffic Enforcement Program (STEP) grant to provide funds to assist with driving and bike safety. These dollars are used for the purchase of bike helmets and PD overtime and travel. The funds are transferred from the grants fund to the general fund to support the expenditures.

Expense	Increase/(Decrease)	Fund
PD Overtime	\$45,552	General Fund
PD Travel	\$4,008	General Fund
Bicycle Helmets	\$440	Grants Fund

The City received a Southwest Border Rural Law Enforcement Assistance subaward in FY2021, however, the expenditures and revenue received were in the current fiscal year. The budget amendment provides for the spending authority in the current fiscal year budget of \$26,800.

Treasury's Coronavirus State and Local Fiscal Recovery Funds

On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into law by the President. Section 9901 of ARPA amended Title VI of the Social Security Act (the Act) to add section 602, which establishes the Coronavirus State Fiscal Recovery Fund, and section 603, which establishes the Coronavirus State and Local Fiscal Recovery Fund (SLFRF). The Fiscal Recovery Funds are intended to provide support to State, local, and Tribal government in responding to the impact of COVID-19 and in their efforts to contain COVID-19 in their communities, residents, and businesses.

The Coronavirus Local Fiscal Recovery Fund provides funding for metropolitan cities, non-entitlement units of local government, and counties. The City of Beaumont was allocated \$7,306,318.00 of funds as a metropolitan city, which allocated funds based on populations greater than 50,000. The funds are received in two tranches and the City of Beaumont received its first tranche on June 7, 2021, in the amount of \$3,653,159. The

second tranche of \$3,653,159 is expected to be received 365 days later from receiving the first tranche which would be sometime in June 2022.

To date, the funds have been allocated to support the following:

Description	Amount
Premium Pay	\$1,859,975.34
Mesa Lift Station – Wet Well Capacity Design FY 21/22 (CIP)	\$400,000
FY22/23 (CIP) – Mesa Lift Station Construction	\$2,400,000

The remaining balance of unallocated SLFRF funds is \$2,646,342.66. Staff recommends using these funds to purchase a new fire truck in the amount of \$1.4 million for the Potrero Fire Station. The estimated order time for this truck is two years, therefore, the City would need to order now to receive the truck prior to the station opening. Staff also recommends using \$1.2 million of these funds for needed City Hall renovations.

Expense	Increase/(Decrease)	Fund
Fire truck	\$1,400,000	Grants Fund
City Hall Renovation	\$1,200,000	Capital Projects Fund

Fiscal Impact:

The fiscal impact of this report is increasing the general fund revenue by \$866,073 and increasing the spending authority of the General Fund by \$1,607,918, Increasing the Self-Insurance Fund spending authority by \$728,468, Increasing the Internal Service Fund spending authority by \$203,441, Increasing the Special Revenue Fund revenue by \$10,254 and the spending authority by \$22,944, Increasing the Grants Fund revenues by \$3,729,959 and increasing the spending authority by \$4,918,128, Increasing the General Fund revenue by \$50,000 for grants and the Project Fund revenue by \$1.200,000.

Recommended Action:

Approve the budget adjustments as outlined in Attachment A.

Attachments:

- A. Budget Adjustment Form by Department