



Staff Report

TO: Mayor, and City Council Members
FROM: Jeff Mohlenkamp, Finance Director
DATE: March 17, 2020
SUBJECT: FY 2020 Mid-Year Budget Adjustments

Background and Analysis:

On June 4, 2019, the City Council approved the FY 2020 Budget. Staff has reviewed operating results through January 31, 2020, and recommends several budget adjustments that are summarized below.

General Fund:

Expenses

- *Increase* Police Department workers compensation allocation budget by \$400,000 to address on going costs and final settlements,
- *Increase* Human Resource recruiting budget by \$13,000 to address personnel recruitment and hiring costs,
- *Reduce* Public Works (Street Maintenance) utility budget by \$150,000 being moved to the Parks and Grounds Maintenance budget – an increase is requested for that budget below,
- *Increase* Community Services (Parks and Grounds Maintenance) weed abatement line item by \$100,000 to reflect the cost shift from Public Works,
- *Increase* Community Services (Parks and Ground Maintenance) utilities by \$100,000 to consolidate utility costs under one department,
- *Increase* Community Development (Community Enhancement) new weed abatement line item by \$15,000, property owners will bear this cost and revenues will be adjusted accordingly,
- *Increase* the City Council budget by \$48,397 to cover Registrar of Voter charges for election services from 2018,
- *Reduce* Community Services (Parks and Recreation) health insurance budget by \$80,000 due to actual expenses being significantly lower than projected,
- *Increase* the Community Services (Parks and Grounds Maintenance) budget by \$5,000 for a contribution to the Beaumont Cherry Valley Park and Recreation

District toward their newly installed fitness circuit. This increase will be covered through the realization of Transit Occupancy Tax revenues.

These adjustment have a net increase of \$451,397 to the General Fund.

Revenues

- *Increase* the one-time Retention Franchise Fee revenue by \$5,000,000 pursuant to the solid waste contract effective July 1, 2019,
- *Increase* transfers in by \$433,937 comprised of \$224,000 from Gas Tax Fund 200 and \$209,937 from CFD Admin Fund 250,
- *Increase* the transient occupancy tax revenue forecast by \$5,000, and
- *Increase* School Resource Officer Program revenue by \$12,460 to reflect the actual FY 2019/20 contract pricing.

The adjustments to the expenses and revenues maintain a fully balanced budget.

Wastewater Fund:

- *Increase* the contractual services expense budget by \$500,000 to cover the costs of a sludge hauling contract that were originally covered through the Utility Partners' contract,
- *Increase* the contingency expenditure line item by \$200,000 due to unexpected emergency repairs to major utility infrastructure, and
- *Increase* projected interest revenues by \$65,000 to reflect actual revenues.

These budget adjustments require the budget allocation of \$303,000 from reserves. The resulting fund balance is \$6.6 million or 62% of operating costs well above the target of 25%.

Fiscal Impact:

The impact to the *General Fund* of these budget adjustments are:

- *Increase* in expenditure authority of \$451,397, and
- *Increase* in the revenue budget of \$5,451,397.

The impact to the *Gas Tax Fund* of these budget adjustment is:

- *Increase* in the revenue budget of \$224,000, and
- *Increase* in Transfers Out to the General Fund of \$224,000.

The impact on the *Wastewater Fund* of these budget adjustments is:

- *Increase* in expenditure authority of \$700,000, and
- *Increase* in revenue to the revenue budget of \$65,000.

The impact on the *CFD Admin Fund* of these budget adjustments is:

- *Increase* in Transfers Out to General Fund of \$209,937.

Recommended Action:

Approve the proposed budget adjustments to the FY 2020 City Budget.

Attachments:

- A. Summary Fund Schedules Demonstrating Proposed Budget Adjustments