



## Staff Report

**TO:** City Council  
**FROM:** Jeff Mohlenkamp, Finance Director  
**DATE:** November 3, 2020  
**SUBJECT: FY 2021 General Fund and Wastewater Fund Budget Adjustments**

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### Background and Analysis:

The FY 2021 budget was adopted by City Council on June 2, 2020. The budget assumed that revenues would be impacted by the COVID-19 pandemic and the budget was balanced accordingly. Actual revenues, primarily sales and use tax revenues, have exceeded budgeted revenues with end of year projections for the General Fund being \$2.2 million better than expected. FY 2021 and the City's multi-year fiscal year forecast projections have been amended to account for these additional revenues.

Fund revenues are now projected to exceed the budget estimates as summarized below:

- **Sales Tax** - \$1,700,000,
- **Property Tax** - \$300,000,
- **Other taxes** - \$100,000 (utility users tax and franchise fees are performing better than expected), and
- **Business license** - \$100,000.

Total - **\$2,200,000**

Staff also identified operational needs that warrant some adjustments to the FY 2021 budget. For the most part, these adjustments represent restoring some frozen positions and adding back some of the budget cuts that were implemented during the finalization of the FY 2021 budget.

## Recommended General Fund Budget Adjustments

### **Revenues**

- *Increase Sales Tax revenues by \$1,700,000,*
- *Increase secured Property Tax revenues by \$300,000,*
- *Increase Utility Users Tax by \$50,000,*
- *Increase Cable Franchise Fee by \$50,000, and*
- *Increase Business License fees by \$100,000.*

Total revenue adjustments - **\$2,200,000**

### **Expenses**

- *Unfreeze 1 Police Officer Position - \$99,167 (effective December 1, 2020),*
- *Authorize Overhire of 2 Police Officer Positions - \$198,333 (effective December 1, 2020),*
- *Unfreeze 1 Streets Maintenance Position - \$65,917 (effective December 1, 2020),*
- *Unfreeze 4 Recreational Specialist positions - \$22,667 (effective March 1, 2021),*
- *Add Payroll Technician position - \$67,083 (effective December 1, 2020), and*
- *Restore Contract Services expense authority for Building and Safety - \$111,000.*

Total expense adjustments **\$564,167**

The net result of these adjustments will provide for a budget surplus of \$1,635,833. Further details regarding these proposed adjustments is included as Attachment A.

## Recommended Wastewater Fund Budget Adjustments

The new Beaumont wastewater treatment plant is now in operation and a new discharge permit has been issued. New permit requirements include additional compliance monitoring and reporting which necessitates the addition of a compliance manager position. As part of its mandates the City will also be required to turn on the reverse osmosis system which will result in the need to discharge brine through the recently completed 23 miles of brine line. Two additional collection maintenance worker positions are needed to monitor the line and ensure compliance and/or response to overflows or spills. Contingency funds for FY 2021 have been reduced by \$196,196 to offset these increased operational costs.

**Expenses**

- *Add* New Compliance Manager position - \$79,294 (effective December 1, 2020), and
- *Add* 2 Collection Maintenance Worker positions - \$116,902 (effective December 1, 2020).

These positions are deemed essential to meet the operating needs of the plant and collection system.

Total Expense Increases - **\$196,196**

Attachment B provides further detail and explanation of the need for these proposed budget adjustments.

**Fiscal Impact:**

The impact of these adjustments for the General Fund is an increase in revenues by \$2,200,000 and an increase in expenditures of \$564,167 for a net budget surplus of \$1,635,833.

The Wastewater Fund budget will remain balanced.

**Recommended Action:**

Approve the proposed adjustments for the FY 2021 General Fund and Wastewater fund budgets.

**Attachments:**

- A. General Fund – schedule of recommended budget expense adjustments
- B. Wastewater Fund – schedule of recommended budget adjustments
- C. Budget Adjustment Details (revenues and expenditures)