



CITY COUNCIL AGENDA REPORT

Meeting Date: 5/19/2022

From: Carolina Yuen, Finance Director

Subject: Mid-Year Budget Report and Adoption of Resolution 2022-__

Community Goal/Result

Fiscal Stability

Purpose

Provide funding for current approved programs and services and set funding aside for long-term liabilities.

Recommendation

City Council adopt resolution 2022-__ to amend the FY 2021/22 Budget

Background

On June 4, 2020, City Council adopted the FY 2021/22 budget. The budget projected General Fund Revenues at \$20,212,958 including Transfers In. General Fund Expenditures were projected at \$23,366,310 including Transfers Out. The beginning fund balance was estimated at \$6,029,774 and ending fund balance of \$3,696,868

Our actual General Fund non-committed Balance as of July 1, 2021, was \$2,932,079, representing \$3,097,695 less than anticipated.

Discussion

Revenues: Attached is a summary showing the FY 2020/21 budget compared to actuals as well as the 2021/22 adopted budget compared to the midyear re-projection. Staff is anticipating approximately \$1,422,817 in additional revenues for the 2022 fiscal year. There were a few areas where revenues exceeded expectations including Property Taxes. A few revenue items fell short of expectations including Transient Occupancy Fees. We are requesting budget adjustments to revenue in the net amount of \$431,000.

Property Tax – Staff did not project any growth in Property Tax due to the uncertainty of COVID. However, the City received an unexpected increase in its secured property tax of 8.8%, or \$242,000. The City received about \$598,000 more from the former RDA area than anticipated as well. This increase is a direct result of the construction that has been taking place on Sierra Point. Staff anticipates that some additional new revenue will be generated as the Life Science campus projects are completed.

Transient Occupancy Tax (TOT) – Although Staff reduced the amount of TOT for the FY2022 budget, the actual taxes is expected to come in under budget by approximately \$409,000. Although we are seeing this income increasing over the year, the hotel industry has not fully rebounded from the impact of COVID.

Expenses: Staff is anticipating approximately \$380,193 in net savings in expenses for the 2022 fiscal year. There were a few departments that fell below budgeted targets. We are requesting budget adjustments to expenses in the net amount of \$279,000.

Central Services – During FY22, the City entered an agreement to lease 25 Park Place. The deposit and lease payments will total \$208,000 which was not included in the budget. Other related expenses including utilities can be absorbed by savings in other areas within Central Services.

Fire Department – The department is coming in over budget by approximately \$71,000, primarily in Communications due to the unexpected costs related to the installation of the Station Alert project.

Although all of the other departments have slight variations in their budgets, the net impact was a reduction in expenditures. Net savings were primarily due to programs reconvening later than scheduled due to COVID and staffing vacancies.

Recommended Transfer to Pension Trust – Staff decided to take advantage of the CalPERS Unfunded Liability payment discount program and made a lump-sum payment at the beginning of the fiscal year. By making one payment instead of monthly throughout the year, the approximate savings was \$64,000 and staff therefore recommends to transfer the savings to the Pension Trust.

Fund Balance and summary

Ending Fund Balance for FY 2021/22 is anticipated to be higher than originally projected and will be approximately \$16,185,795. Based on fund commitments and the Reserve Policy adopted by Council to set money aside for recessions, unanticipated events and annual fluctuations in the budget, the City will have \$1,954,701 in available reserves. Staff recommends rolling over these funds to be considered for use in FY22/23. Due to the current rising price environment and expected increase in anticipated costs for the City, coupled with Transient Occupancy Tax still not in a full rebound, and our Sales Tax line is not expected to grow significantly in FY 22/23 due to the recent departure of several large sales tax producers, our speed of recovery is unknown.

Other notable events:

Purchase of property – The City purchased property located at 70 Old County Road (also known as the Bank of America property) for the amount of \$4,250,000. The purchase was paid in full by the City, but was later financed by Bank of the West to reimburse the City. Therefore, there is little impact to the current fiscal year. The first loan payment is scheduled for September 2022.

Tenant Improvements to 25 Park Place – As part of the lease agreement for 25 Park Place, the City is expecting to make tenant improvements over the coming year. The costs are not expected to increase in the coming year.

American Rescue Plan Act (ARPA) – The federal government enacted a federal stimulus bill known as ARPA to aid state and local jurisdiction for economic recovery from the COVID-19 pandemic. The City received \$558,701, the first of two payments in FY22. However, these funds are not part of the General Fund and therefore not accounted for in this budget.

Fiscal Impact

The City is expected to experience overall net savings of \$1,350,343 for compared to the FY22 budget. Any savings will be rolled over to be considered for the FY23 budget and be used to pay for the level of services requested by the Council.


Measure of Success

The City is able to meet the goals and policies adopted by the City Council.

Attachments

- 1. Overview of General Fund 2020/21 – 2021/22
- 2. Resolution 2022-_____

Carolina Yuen
Carolina Yuen, Finance Director



Clay Holstine, City Manager

General Fund

	FY20/21	FY21/22
Budgeted Revenue	21,547,710	20,212,958
Budgeted Expenses	22,786,694	23,366,310
Anticipated Surplus (Use of Fund Balance)	<u>(1,238,984)</u>	<u>(3,153,352)</u>
Actual / Anticipated Revenues	27,593,043	21,635,775
Actual / Anticipated Expenses	22,493,466	22,986,117
Actual / Reprojected Surplus (Use of Fund Balance)	<u>5,099,577</u>	<u>(1,350,343)</u>
Beginning Fund Balance	12,436,561	17,536,138
Ending Fund Balance	17,536,138	16,185,795
Reserve Policy:		
Recession Reserve	2,500,000	2,500,000
Unanticipated Events	3,500,000	3,500,000
Annual Fluctuation (5% Revenues/5% Expenses)	2,504,325	2,231,095
Total Required Reserve	<u>8,504,325</u>	<u>8,231,095</u>
Fund Balance Above Required Balance	9,031,813	7,954,701
Additional Restrictions on Fund Balance	6,099,734	6,000,000
Available Fund Balance	<u>2,932,079</u>	<u>1,954,701</u>

RESOLUTION NO. 2022-__

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF BRISBANE
AMENDING THE ANNUAL BUDGET
FOR FISCAL YEAR 2021-22 AND MAKING APPROPRIATIONS FOR THE AMOUNT BUDGETED**

WHEREAS, a proposed annual budget for the City of Brisbane for the Fiscal Year commencing July 1, 2021, and ending June 30, 2022, was adopted by City Council on June 4, 2020; and

WHEREAS, the City Council has reviewed the proposed changes to the budget for Fiscal Year 2021/22 on May 19, 2022, attached to the Resolution.

NOW THEREFORE, THE CITY COUNCIL DOES RESOLVE, that the amended budget, as submitted, is adopted as the annual budget for the Fiscal Year commencing July 1, 2021, and thereby appropriates the amounts budgeted.

PASSED, APPROVED, AND ADOPTED this 19th day of May 2022

Coleen Mackin,
Mayor

I hereby certify that the foregoing **Resolution No. 2022-__** was duly and regularly adopted at a regular meeting of the Brisbane City Council on May 19, 2022, by the following vote:

AYES:
NOES:
ABSENT:

Ingrid Padilla
City Clerk

City of Brisbane
 Mid-Year General Fund Budget Review
 Fiscal Year 2021/2022

FY21/22 Approved Budgeted Revenue	\$20,212,958
Total Revenue Budget Adjustments	431,000
Secured Property Tax - \$242,000	
Property Tax from Successor Agency - \$598,000	
Transient Occupancy Tax – (\$409,000)	
 Total Other Variances	 991,817
<hr/> Total Anticipated Revenues	<hr/> \$21,635,775
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FY21/22 Approved Budgeted Expenses	\$23,366,310
Total Expense Budget Adjustments	279,000
Central Services - \$208,000	
Fire Department - \$71,000	
 Total Other Savings	 (659,193)
<hr/> Total Anticipated Expenses	<hr/> \$22,986,117
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