



STAFF REPORT
3/10/2021

TO: Honorable Mayor and City Council Members

FROM: Nathan Statham, Finance Director

SUBJECT: Resolution No. 2021-21, Approving Mid-Year Budget Adjustments for Fiscal Year 2020-2021

STAFF RECOMMENDATION:

Staff recommends that City Council approve the mid-year budget adjustments outlined below and adopt Resolution No. 2021-21 amending the budget for fiscal year 2020-2021.

BACKGROUND:

As the City approached the middle of the fiscal year, City finance staff evaluated the adopted budget, revenue projections, and economic conditions for the remainder of the fiscal year. It is standard procedure to perform a mid-year review of the City's budgetary and financial position to ensure any deviations from the initial budget projections are proactively addressed. Staff also reviews requests for appropriations to address new priorities that are unfunded or underfunded.

DISCUSSION/ANALYSIS:

Revenues

Recommended mid-year budgeted revenue decreases:

- General Fund - Decreases rental fees for park facilities (\$60,000).
- Water Authority – Decrease connection fees (\$700,000).
- Sanitary District – Decrease connection fees (\$200,000).

Recommended mid-year budgeted revenue increases:

- General Fund - Increase Sales Taxes (\$795,000), Transient Occupancy Taxes (\$64,000), Cannabis Business Taxes (\$360,000) and Construction Permit Revenues (\$170,000).
- Grants Fund – Increases revenues for social equity program grant funding (\$500,000).
- Water Authority – Increase revenues for grant programs (\$92,000).

Expenditures

Recommended mid-year expenditure appropriation increases:

- General Fund - Increase appropriations for COVID 19 direct costs (\$111,000), engineer consulting services (\$50,000), plan check costs (\$20,000) and City web site fees (\$17,000).
- Development Impact Fees Fund - Increase appropriations for park improvements developer reimbursement agreement (\$127,500), street improvements (\$144,000) and general government for Civic Center mortgage debt service (248,000).
- Grants Fund – Increase appropriations for social equity program (\$500,000).
- Water Authority – Increase appropriations for conservation rebate programs (\$55,000) and valve replacement repairs (\$100,000).

FISCAL IMPACT:

Below is a reconciliation of the City's approved 2020-2021 General Fund budget to the proposed adjusted budget:

Fiscal 2020-2021 Approved Budget:

Revenues	\$ 24,263,300
Expenditure Appropriations	(24,934,100)
Approved Budget Deficit	(670,800)

City Council Approved Budget Additions:

Economic Dev. Dir. Position	(38,100)
Code Enforcement Mgr. Position	(47,400)
Assistant Comm. Development Dir.	(61,400)
Public Information Officer Position	(72,200)
City Facilities Re-Roofing	(112,700)
Billboard Sign Contract	(15,700)
Fire - Ladder Truck Replacement	(350,000)
Fleet Replacement Lease	(74,800)
Dump Truck	(33,000)
Bagdouma Park Pool Rehabilitation*	(117,400)
Total Approved Budget Additions	(922,700)

Proposed Mid-year Adjustments:

Revenue - net increase	1,329,000
Expenditures - net increase	(198,000)
	1,131,000
Adjusted Budget Deficit	<u><u>\$ (462,500)</u></u>

* The City has applied for grant funding for this item.

Approval of these mid-year budget adjustments will have the following fiscal impacts:

- General Fund
 - Revenues - net increase \$1,329,000.
 - Expenditures – net increase \$198,000.
 - Fund balance – net increase \$1,131,000.
- Development Impact Fees Fund
 - Expenditures – net increase \$519,500.
 - Fund balance - net decrease \$519,500.
- Grants Fund
 - Revenues – net increase \$500,000.
 - Expenditures – net increase \$500,000.
 - Fund balance – no effect.
- Water Authority
 - Revenues – net decrease \$608,000.
 - Expenses – net increase \$155,000.
 - Net position – net decrease \$763,000.
- Sanitary District
 - Revenues – net decrease \$200,000.
 - Net position – net decrease \$200,000.

ATTACHMENTS:

1. Resolution 2021-21 - Amending the budget for fiscal year 2020-2021
2. Budget Adjustment Journal Entry (Exhibit A to Resolution 2021-21)