



## AGENDA REPORT SUMMARY

**Meeting Date:** February 5, 2024

**Subject** Adjustments to FY23/24 Budget Appropriations

**Prepared by:** June Du, Finance Director

**Attachment(s):**

None

**Initiated by:**

Staff

**Previous Council Consideration:**

June 13, 2023

**Fiscal Impact:**

Budget revisions detail

**Environmental Review:**

Not applicable

**Policy Question(s) for Council Consideration:**

- Does the Financial Commission wish to recommend the proposed adjustments to the City council as presented?

**Summary:**

On June 13, 2023, City Council approved the FY23-24 Mid-Term operating budget and FY24-28 capital improvement budget. Throughout the past six months, staff has actively monitored actual revenues and expenditures. This report provides an update to the City Council on the General Fund operating budget for the remainder of FY23-24 and outlines proposed budget adjustments to all City Funds.

**Staff Recommendation:**

Approved the recommended adjustments to the FY22-24 budget appropriations as presented.

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City Manager

GE

**Reviewed By:**

City Attorney

JH

Finance Director

JD

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**Subject: Adjustments to FY23-24 Budget Appropriations**

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**Background:**

In FY23-24 budget process, City implemented zero based budget with the goal of providing the public services more effectively by allocating the resources to the most needed areas. On June 13, 2023, City Council adopted the FY23-24 Operating Budget and Five-Year Capital Improvement and Major Maintenance Program (CIMMP).

**Summary of the requests:**

**Departmental Budget Changes**

- **City Administration (\$300K from General Fund balance):**

The City Administration department is requesting an additional \$300,000 expenditure appropriation for the litigation services. This request is prompted by the current pending litigation cases.

- **Public Works Department (\$30K from General Fund balance):**

The Public Works department is requesting an additional \$30,000 in expenditure appropriation to cover the costs of emergency traffic control on 4600 ECR, resulting from a recent fire.

- **Public Works Department-Sewer Division (\$231K from Sewer Fund balance):**

The Public Works Sewer division is seeking \$231,000 from the Sewer fund balance. The request encompasses \$11,000 for emergency sewer repairs at 74 Duir Terr, \$10,000 for emergency repairs to the Blue Oak pump station, and \$210,000 for additional costs related to the Vac-Con purchase.

- **Gas Tax and SB1 Tax revenues (\$70K reduction from revenues)**

Per the projection from the state, by comparison the May 2023 projection, the gas tax revenue will decrease \$45,000 and SB1 gas tax revenues will decrease \$25,000. The projects funded by the Gas tax and SB1 tax will be either paid by the other funding sources or being delayed.



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- Traffic Impact Fee revenue (**\$900K reduction from revenues**)

The Traffic Impact fee forecast, based on current development projects, has been reduced by \$900,000 by the Development Service department as a conservative measure. Projects funded by the Traffic Impact fee will either be supported by other funding sources or delayed.

- CIMMP Projects have been affected by the reduction in revenue from Gas Tax, SB1 Tax, and Traffic Impact Fee. The impacted projects are listed below:

Project #	Project Name	Fund Title	Adopted Budget
TS-01001	Annual Street Resurfacing	SB1	782,816
	Subtotal		782,816
TS-01001	Annual Street Resurfacing	Gas Tax	400,000
TS-01003	Annual Street Striping	Gas Tax	150,000
TS-01004	Annual Street Slurry Seal	Gas Tax	350,000
	Subtotal		900,000
TS-01005	Annual Concrete Repair	Traffic Impact Fees	411,743
TS-01006	Annual Traffic Sign Replacement	Traffic Impact Fees	200,091
TS-01057	In-Road Light System Maintenance	Traffic Impact Fees	445,000
TS-01062	San Antonio Road Complete Street Project	Traffic Impact Fees	280,000
	Subtotal		1,336,834

**Conclusion**

\$330K will be reduced from the City's General Fund balance. The proposed budget changes are summarized in the tables below. Staff will continue to review the financial records and will bring forward the changes if it is needed on a case-by-case basis. At this time, staff recommend that the Financial Commission recommend to the City Council the budget changes requested to the FY23-24 budget as presented in this report.

Table 1 General Fund Budget Summary (In Million)			
	6/13 CC meeting budget (1)	Operating Request (2)	Revised Budget (3)=(1)+(2)
Budgeted Revenues	53.67	0.00	53.67
Budgeted Expenditures	-51.16	-0.33	-51.49
Transfer In	0.00		0.00
Transfer Out	-2.76		-2.76
Surplus/ (Shortfall)	-0.26	-0.33	-0.59