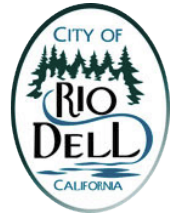

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DATE: August 4, 2026

TO: Honorable Mayor and Members of the City Council

FROM: Travis Sanborn, Finance Director

THROUGH: Kyle Knopp, City Manager

SUBJECT: Budget Amendment for Construction of the Concrete Slab for the Police Department Animal Kennel Project

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Staff recommends that the City Council take the following action:

1. Adopt Resolution No. 1679-2026 amending the FY 2026-27 budget to appropriate an amount not to exceed \$18,000 from available General Fund fund balance to capital outlay for construction of the concrete slab for the Police Department Animal Kennel Project, as authorized by the City Council on July 21, 2026.

Alternatively, the City Council may adopt the resolution with a modified appropriation amount.

BACKGROUND AND DISCUSSION:

On July 21, 2026, the City Council considered the Police Department Animal Kennel Project (Item 2026/0721.09). The Chief of Police presented a six-run prefabricated commercial kennel, a reinforced concrete slab, and an automatic electric gate with associated fencing improvements, together with a funding strategy relying in part on community contributions. The Council moved to authorize construction of the concrete slab, to authorize staff to solicit donations, sponsorships, grants, and other community funding sources with a goal of securing approximately 30 percent of total project costs, and to direct staff to return to the Council once that funding is secured for consideration of funding the remaining balance. The motion carried 4-0, with one Council Member excused.

The Council's action authorized the concrete slab work and set the funding strategy. It did not include an appropriation. Staff advised the Council during the item that the project would require a budget adjustment as an unbudgeted General Fund expense, and that the City's reserves are sufficient to cover the cost while still meeting minimum reserve requirements. This report and the accompanying resolution provide that appropriation.

Budget authority. The FY 2026-27 budget was adopted by the City Council on June 2, 2026, by Resolution No. 1671-2026. The Animal Kennel Project was identified after budget adoption and is not included in the adopted FY 2026-27 budget. Section 3 of Resolution 1671-2026 provides that budget adoption does not approve expenditures beyond existing purchasing authority, and RDMC 3.30 prohibits a purchase unless an unencumbered appropriation exists in the account against which it is charged. The City's legal level of budgetary control is department within fund, so the appropriation must exist in the Police Department within the General Fund. No such appropriation currently exists, and the concrete slab contract cannot be encumbered until one is adopted.

Scope of this request. Consistent with the Council's July 21 action, this request is limited to the concrete slab. Authorization and appropriation for the kennel structure, the gate and fencing improvements, and the utility and wastewater holding tank improvements will be brought back to the Council after outside funding totaling approximately 30 percent of total project cost has been secured.

Updated project cost. The July 21 staff report identified a total anticipated project cost of approximately \$103,000. During the presentation, the Chief of Police revised the estimate for utility improvements and the wastewater holding tank from approximately \$10,000 to approximately \$25,000, bringing the total anticipated project cost to approximately \$125,000. Two further adjustments to that estimate are pending. The kennel quotation included in the July 21 packet is superseded, because the proposed air conditioning system was replaced with a fan and heating element to reduce cost. The estimate also does not include California use tax on the kennel purchase. Revised figures will be presented with the future funding request.

Basis of the amount requested. The amount requested reflects staff's estimate for site preparation and construction of the reinforced concrete slab, including contingency. It is a staff estimate and is not a contract price. Any amount not expended will remain in General Fund fund balance.

FISCAL IMPACT

Summary of the appropriation requested and the balance of the project:

	Amount
Appropriation requested, concrete slab	\$18,000
Total anticipated project cost, as reported July 21, 2026	approx. \$125,000
Outside funding goal, approx. 30 percent	approx. \$37,500
Balance of project subject to future Council action	approx. \$107,000

Funding source. The appropriation would be funded from available General Fund fund balance. City staff reported to the Council on July 21, 2026 that the City's reserves are sufficient to cover the cost while still meeting minimum reserve requirements. Adoption of this resolution appropriates the concrete slab amount only and does not commit the City to the remaining project cost. The total project cost will be updated for the Council when revised quotations and final project costs are available.

ATTACHMENTS

1. Resolution No. 1679-2026.