



## AGENDA BILL

Agenda Item No. 8.B.

**Date:** March 1, 2022  
**To:** El Cerrito City Council  
**From:** Karen Pinkos, City Manager, City Management  
**Subject:** FY 2021-22 Mid-Year Budget Update

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### **ACTION PROPOSED**

Receive an update on City revenues and expenditures for the first six months of the fiscal year through December 31, 2021 and adopt a resolution authorizing amendment to the FY 2021-22 budget and approving new spending limits.

### **BACKGROUND/ANALYSIS**

The City Council adopted the FY 2021-22 Budget on June 22, 2021 by Resolution No. 2021-35. This report will discuss material variances from the adopted budget and recommend mid-year adjustments as needed.

### **GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCE**

#### **REVENUES (Net total change - \$2,479,000 increase)**

Based on actual revenues to date and estimates for the remaining six months of the fiscal year, staff is proposing the following changes to the General Fund revenue budget for the fiscal year. These adjustments are explained below.

Real Property Transfer Tax (RPTT): **Net change - \$800,000 increase.** The FY 2021-22 Adopted Budget projected \$3.0 million in RPTT revenue for the fiscal year. Based on actual revenues to date, staff is proposing that the budget be increased by \$800,000 to \$3.8 million for FY 2021-22.

Charges for Services: **Net Change - \$1,183,000 increase.** Recreation, Public Works, and Community Development have all realized increased revenues for charges for services during the fiscal year.

- In Recreation, lap swim and childcare fees have outpaced revenue estimates due to increased participation. While the Recreation Department is trending to be \$500,000 over revenue estimates, this request is to increase estimates by \$250,000. Considering the volatility of the pandemic, the City wants to be cautious going forward.
- Public Works has seen increased charges for services due to implementation of permit fee increases and an increase in the workload, specifically building and encroachment permit fees.

- Community Development has addressed the backlog of permit applications and continues to see a sharp increase in revenue for building permit and plan check fees, including for some large projects. This will be offset by additional expenditures explained later in the report.

**Intergovernmental Revenues: Net Change - \$496,000 increase.**

The Fire Department Revenue increase is due to the reconciliation of the Kensington Fire Protection District contract, additional OES reimbursement, and additional local reimbursements.

**EXPENDITURES (Net total change - \$2,062,400 increase)**

Based on actual expenditures to date, staff is proposing an additional appropriation primarily due to the increased workload of the operational departments. Details of the reasons are included below.

**Personnel: Net Change - \$569,500 increase.** Staff is requesting this amount to address the staffing shortages, overtime need, and to address the additional workload in various departments.

- Fire requests \$150,000 in additional overtime due to staff vacancies. This request has been reduced by vacancy savings. Fire also requests an additional \$200,000 for Office of Emergency Services (OES) response, \$100,000 for workers' compensation costs, and \$50,000 for one-time payouts.
- Public Works is proposing charging 25% of the Management Analyst position to the General Fund to assist with the workload related to General Fund activities, resulting in a need of \$12,500.
- Recreation is requesting to restore a previously eliminated Community Services Coordinator position to address the increased workload of childcare operations and the year-round aquatic facility. This position will add \$32,000 to the current year budget and have an estimated annual impact of \$100,000.
- Community Development is requesting to add a Senior Program Manager position to address the increased workload of the Department with respect to transportation related projects and programs. This position will add \$25,000 to the current year budget and have an estimated annual impact of \$120,000.

**Professional Services: Net change - \$817,500 increase.**

Staff is requesting this amount primarily for temporary and professional staffing to address workloads. Fire requests \$22,500 for OES maintenance of vehicles, which is covered by the OES reimbursement. Public Works requests \$75,000 in temporary staffing to address the permit workload and \$20,000 for engineering services for the electric vehicle charging station at City Hall. Community Development requests \$700,000 in professional staffing services to address the current permit workload. Professional staffing costs are 65% of the permit revenue, which covers this cost.

Property and Capital: **Net change - \$155,000 increase.** Staff is requesting this increase to address additional infrastructure and vehicle needs in FY 2022. The Fire Department requests \$75,000 to initiate leasing a new fire apparatus. The estimated total cost of the engine is up to \$1.3 million that will be spread over the life of the lease, and this funding coupled with a delay in the replacement of the Fire Chief's vehicle that is currently budgeted at \$81,000 will be used to secure the order for the truck. Public Works requests an additional \$50,000 for the construction to replace the EV charging station at City Hall and \$30,000 for infrastructure and vehicle repairs, including repairs to the generator, Public Safety building sewer, and vehicle fleet.

Other Administrative Services: **Net Change - \$520,400 increase.** Staff is requesting this increase to address additional insurance premiums and other miscellaneous administrative services. General liability insurance premiums increased \$263,000 for FY 2021-22, so this amount covers the increase. There is also a need of \$250,000 for administrative services to address the various investigations, legal fees, labor negotiations, and executive recruitment services that were not budgeted in the Human Resources division's budget. There is also an additional need of \$5,100 for travel and training expenses for Councilmembers, as the FY 2021-22 Budget included minimal expenses for meetings, including the League of California Cities Annual Conference, because of the assumption that most meetings would be held remotely instead of in person.

### **GENERAL FUND BALANCE**

Based on the updated revenue and expenditure request, the estimated year end FY 2021-22 fund balance will increase by \$0.6 million resulting in a projected year end fund balance of \$7.7 million, before factoring in the additional ARPA payment of \$3.05 million. This includes adding two additional General Fund positions and cost sharing a management analyst position in Public Works.

### **SPECIAL REVENUE FUNDS AND APPROPRIATIONS**

For FY 2021-22, Special Revenue funds represent \$14,087,217 the City's total adopted budget of \$54,012,096. The proposed amendments to the Special Revenue Funds are partly due to the result of City Council action during the current fiscal year, and partly due to new funding needs for ongoing projects.

- Fund 207 Measure H Park & Rec Facilities: **Net change - \$88,000 expenditure increase.**

Staff is requesting additional funds for additional improvements to Arlington Park, Fairmount, and Castro. There is adequate fund balance to address this need.

- Fund 222 C.O.P.S. Grant Fund: **Net change - \$0.**

Staff is requested to use the current revenue related to this grant for the purchase of 10 additional mobile data computers and one police cruiser. There is no additional appropriation requested, but due to the requirement of the grant, City Council must approve any changes to the use of funds during the fiscal year.

- Fund 501 Integrated Waste Management: **Net change - \$25,000 expenditure increase.**

Public Works is requesting to add an additional recycling driver position to address the increased workload of the department. This position will add \$25,000 to the current year budget and have an estimated annual impact of \$100,000 in this fund.

### **STRATEGIC PLAN CONSIDERATIONS**

Approving the midyear budget adjustments is consistent with Goal B: Achieving long-term financial sustainability and Goal A: Deliver exemplary government services.

### **ENVIRONMENTAL CONSIDERATIONS**

This section is not applicable to this agenda item.

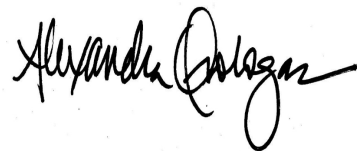
### **FINANCIAL CONSIDERATIONS**

The City Council annually adopts a resolution that establishes spending limits by fund for each fiscal year. On June 22, 2021, the City Council through Resolution 2021-35 authorized \$54,012,096 in total appropriations for FY 2021-22. City Council has also approved budget amendments totaling \$1,052,849 year to date (Resolutions 2021-44, 2021-53, 2021-70, 2022-07, and 2021-71). However, additional spending authority is needed to accommodate current operations. For FY 2021-22, staff is proposing amendments which require a change in the spending authority totaling \$2,175,400 across all funds, bringing the total appropriations for the year to \$57,240,345.

### **LEGAL CONSIDERATIONS**

Approval of the attached resolution is required to amend the City's spending authority for Fiscal Year 2021-22.

#### **Reviewed by:**



Alexandra Orologas, Assistant City Manager

#### **Attachments:**

1. Resolution

RESOLUTION NO. 2022-XX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CERRITO AMENDING THE SPENDING AUTHORITY BY FUND FOR THE CITY OF EL CERRITO FOR FISCAL YEAR 2021-22

WHEREAS, on June 22, 2021 the City Council of the City of El Cerrito adopted the Fiscal Year 2021-22 Budget with spending limits across funds (Resolution 2021-35); and

WHEREAS, changes to the spending limits throughout the year are necessary to account for unexpected opportunities, unforeseen changes, or if the city's financial position changes and additional spending authority is required to meet the needs of the City; and

WHEREAS, staff presented this update to the City Council of the City of El Cerrito for its consideration and the City Council has reviewed and analyzed it; and

WHEREAS, proposed changes to spending authority from tax proceeds are within the City's Fiscal Year 2021-11 Gann Appropriations Limit as defined by California State Constitution Article XIIB.

NOW THEREFORE, BE IN RESOLVED by the City Council of the City of El Cerrito that it hereby amends the spending authority by fund for fiscal year 2021-22 as follows:

Fund 101 - General Fund	\$42,352,378.00
Fund 201 - Gas Tax Fund	519,694.00
Fund 202 - Nat'l Pollut Dis Elim Sys	366,804.00
Fund 203 - Land & Light Assess Distr	842,185.00
Fund 204 - Measure J-Return to Source Fund	405,887.00
Fund 205 - Measure J Storm Drain	786,113.00
Fund 206 - Measure A Parcel Tax	217,366.00
Fund 207 - Measure H Park & Rec Facilities	724,948.00
Fund 209 - Vehicle Abatement Fund	30,900.00
Fund 211 - Street Improvemt & Maint	1,634,508.00
Fund 212 - SB1-Road Repair & Accountability	649,000.00
Fund 213 - Public Art Fund	100,000.00
Fund 214 - Measure J-Paratransit Fund	160,492.00
Fund 221 - Grants	395,511.00
Fund 222 - C.O.P.S. Grant Fund	153,000.00
Fund 232 - City LMI Housing Fund	207,528.00
Fund 301 - Capital Improvement Fund	2,645,610.00
Fund 501 - Integrated Waste Mgmt	3,676,358.00
Fund 701 - Pension Trust Sect 401-A	85,000.00
Fund 835 - City Hall Bond D/S	580,763.00
Fund 836 - Street Imp Bond D/S	706,300.00
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	\$57,240,345.00

BE IT FURTHER RESOLVED that the City Council of the City of El Cerrito hereby authorizes the City Manager or his/her designee to:

1. Create such appropriations into such new accounts as may be appropriate for proper accounting in the City's financial system and to make any necessary non-material changes to finalize the budget document.
2. Apply correct accounting rules for the proper classification of interfund transactions, including transfers between funds, or other financial transactions as may be necessary to address bond or loan covenants or any other requirements imposed by formal, legal agreements between the City any other parties, as previously entered into by the City.
3. Approve payment of goods and services received by the City in accordance with the City's approved budgets, programs, and policies, subject to a limitation of \$45,000 for any single vendor in any one fiscal year, beyond which amount the City Council retains authority to approve payment with the exception of those items falling under other statutory authority (e.g., public works, State purchasing).
4. Shift expenditure authority within funds among departments, as may be necessary to meet the City's operational needs.

BE IT FURTHER RESOLVED that this resolution shall become effective immediately upon passage and adoption.

I CERTIFY that at a regular meeting on March 1, 2022 the City Council of the City of El Cerrito passed this resolution by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:

IN WITNESS of this action, I sign this document and affix the corporate seal of the City of El Cerrito on March \_\_\_\_\_, 2022.

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Holly M. Charléty, City Clerk

APPROVED:

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Gabe Quinto, Mayor