



AGENDA REPORT

Finance Department

DATE:	March 5, 2024
TO:	Mayor Martinez and Members of the City Council
FROM:	Shasa Curl, City Manager Nickie Mastay, Deputy City Manager, Internal Services LaShonda White, Deputy City Manager, Community Services Andrea Miller, Director of Finance Mubeen Qader, Deputy Director of Finance Jerry Gurule, Accounting Manager Antonio Banuelos, Accounting Manager
SUBJECT:	Mid-Year Report on Fiscal Year (FY) 2023-24 Operating and Capital Improvement Budgets
FINANCIAL IMPACT:	The fiscal impact is an increase in the General Fund budget appropriation by \$9,773,748 and in the Non-General Funds Budget appropriation of \$4,735,346.
PREVIOUS COUNCIL ACTION:	June 20, 2023, November 28, 2023
STATEMENT OF THE ISSUE:	Fiscal Year (FY) 2023-24 Mid-Year budget report
RECOMMENDED ACTION:	RECEIVE the Fiscal Year 2023-24 Mid-Year budget presentation and report for the period of July 1, 2023, through December 31, 2023; and PROVIDE direction to staff; and ADOPT a Resolution to APPROPRIATE the Fiscal Year 2023-24 Mid-Year budget adjustments – Finance Department (Shasa Curl 510-620-6512 Andrea Miller 510-620-6790/Mubeen Qader 510-412-2077). This item was continued from the February 27, 2024, meeting.

DISCUSSION:

City staff prepares the mid-year budget report to assist in monitoring revenue and expenditures as compared to the approved budget. The report also provides staff, the

City Council, and the community with the ability to monitor trends that impact the budget cycle.

This report presents an overview of the City's mid-year operating revenue and expenditures for FY 2023-24, which covers financial activity from July 1, 2023, through December 31, 2023. The threshold for the first six months of the fiscal year is 50 percent, meaning an average of 50 percent of the adopted budget is expected to have been expended, and 50 percent of revenue should have been received. However, revenues can vary due to the seasonality of some of the major revenue sources, such as property taxes, which are received in December, April, and June of each year.

The economy is slowly beginning to stabilize as inflation continues to decrease. There have been mixed economic impacts resulting from inflation, the unemployment rate, a strong job market, and high interest rates. Although the unemployment rate was higher in December 2023, than it was in December of 2022, at 4.9 percent and 3.4 percent respectively, the job market is strong with US employers adding over 200,000 jobs in December 2023. The labor market is a key indicator in the Federal Reserve's interest rate decisions that remain above the Fed's 2 percent target rate contributing to a strong stock market. While many residents are being deeply impacted by ongoing inflation.

General Fund

General Fund Revenues

Overall, revenue received totaled \$99.9 million (44.3 percent of budget) through December of FY 2023-24. This is slightly below the threshold of 50 percent; however, the variance is primarily due to the seasonality of the revenue sources. For example, the City receives its first secured property tax installment (55 percent) in December. Table 1 below summarizes year-to-date revenue budget-to-actuals and proposed budget adjustments. General Fund revenue details are included in Attachment 1 – General Fund Revenue and Expenditure Summary.

Table 1: General Fund Revenue, FY2023-24, Mid-Year

GENERAL FUND	FY 2023-24 ORIGINAL BUDGET	FY 2023-24 REVISED BUDGET	YTD ACTUALS	AVAILABLE BUDGET	% USED W/O ENCUMB.	% USED W. ENCUMB.	PROPOSED BUDGET ADJUSTMENTS
PROPERTY TAXES	(50,567,173)	(50,567,173)	(23,877,788)	(26,689,385)	47.2%	47.2%	(1,614,181)
SALES & USE TAX	(56,752,495)	(56,752,495)	(15,864,789)	(40,887,706)	28.0%	28.0%	(1,144,846)
UTILITY USERS TAX	(55,775,083)	(55,775,083)	(31,341,319)	(24,433,765)	56.2%	56.2%	(2,162,928)
OTHER TAXES	(23,237,723)	(23,237,723)	(3,542,186)	(19,695,537)	15.2%	15.2%	(906,654)
LICENSES, PERMITS & FEES	(13,286,195)	(13,286,195)	(2,006,437)	(11,279,759)	15.1%	15.1%	(2,492,980)
FINES & FORFEITURES	(331,144)	(331,144)	(70,194)	(260,950)	21.2%	21.2%	179,706
USE OF MONEY&PROPRY	(1,011,535)	(1,011,535)	(877,697)	(133,838)	86.8%	86.8%	(784,886)
CHARGES FOR SERVICES	(2,561,992)	(2,561,992)	(949,409)	(1,612,583)	37.1%	37.1%	25,000
OTHER REVENUE	(238,480)	(238,480)	(137,190)	(101,290)	57.5%	57.5%	-
RENTAL INCOME	(777,028)	(777,028)	(549,296)	(227,732)	70.7%	70.7%	-
INTERGOV STATE TAXES	(125,000)	(125,000)	-	(125,000)	0.0%	0.0%	-
INTERGOV STATE GRANT	(110,000)	(110,000)	(148,524)	38,524	135.0%	135.0%	(73,911)
INTERGOV OTHER GRANT	(250,000)	(250,000)	(200,818)	(49,182)	80.3%	80.3%	(30,000)
PROC FR SLE PROP	-	-	(62,711)	62,711	-	-	-
LOAN/BOND PROCEEDS	(40,400)	(40,400)	-	(40,400)	0.0%	0.0%	-
OPER XFERS IN	(20,310,358)	(20,310,358)	(20,266,966)	(43,392)	99.8%	99.8%	-
TOTAL REVENUES	(225,374,607)	(225,374,607)	(99,895,323)	(125,479,284)	44.3%	44.3%	(9,005,680)

From July to December 2023, most revenues are trending as expected or better. Staff will continue to monitor the documentary transfer tax and may make recommendations for adjustments in Quarter 3 Fiscal Year 2023-24.

- Property Tax -- FY 2023-24 property tax revenue adopted budget includes estimated Assessed Valuation (AV) growth of 3.3 percent for Secured Property Taxes. Contra Costa County released the 2023-2024 Assessment Roll in July 2023 which indicated growth of the AV at 6.15 percent for Secured Property Taxes. This is the main component in changes to secure property taxes year-to-year. Other significant impacts include sale of properties and tax increment allocation. Additionally, Successor Agency Surplus and Pass-through revenues that flow into the General Fund were higher than expected in FY 2022-23 which means those revenues should be higher in FY 2023-24 as well. Therefore, City staff is proposing an increase to Property Tax revenues totaling \$1.6 million.
- Sales and Use Tax -- Sales and Use Tax revenue has seen a steady growth over the last few years and the trend has continued through the current fiscal year. Sales and Use Tax revenue is received two months after reporting. Year-to-date revenue reflects four months actuals at 28 percent. The updated forecast from the City's financial consultants and internal forecasts projects higher than anticipated Sales Tax revenue primarily bolstered by the big box stores located in Richmond and internet sales credited to Richmond. City staff is proposing an increase to Sales Tax revenues of \$1.1 million.
- Utility Users Tax (UUT) –The year-to-date revenue received for UUT is trending much higher than anticipated. UUT is comprised of gas, electricity, cable, and telecommunications. Although a couple of revenue streams are slightly lower

than anticipated and will be adjusted, that is more than offset by UUT for gas and electricity stemming from higher rates charged by the main utility company. Staff is proposing an increase to UUT revenues of \$2.2 million.

- Other Taxes -- Other taxes includes documentary transfer tax which is collected by Contra Costa County on the sale of properties. The City has received the July through November payments totaling \$1.7 million or 12.8 percent of budget. Of the major revenue streams, the documentary transfer tax is the most volatile and hardest to predict as the month-to-month actual varies significantly. One or two sales can have a huge impact on the tax amount. In accordance with the City's fiscal policies, the documentary transfer tax proposed budget has been recalculated using the mean monthly amount collected since the increase to the rate that was approved by voters in 2018. Within this revenue category, other revenue streams are also being adjusted to reflect anticipated actuals. Overall, staff is proposing a slight net increase to Other Taxes of \$906,000.
- Licenses, Permits, & Fees – This revenue stream includes the business tax revenue. Actual revenue collected through December 2023 is at 15.2 percent of the budget. Business tax revenue received year-to-date includes new Richmond businesses that started this fiscal year and delinquent payments from the prior year. With the 2024 due date as March 1st for rental properties, and April 1st for non-rental businesses, the bulk of the business tax will be received in February and March. Based on revenues received for 2023, staff estimates a base business tax of close to \$13 million, an increase of \$2.5 million from the original budget amount. Currently, staff are proposing an increase in Licenses, Permits, & Fees of \$2.5 million.
- In the remaining General Fund revenue streams, small adjustments are proposed to various categories including Use of Money and Property, Charges for Services, and Grants. The largest change proposed is an increase to Use of Money and Property due to higher than anticipated interest rates, which resulted in increased interest earned on City investments. Overall, staff is proposing an increase of \$684,000 for these revenue streams.

General Fund Expenditures

Overall, expenditures totaled \$109.7 million or 46.6 percent of budget through December 2023. Actuals at mid-year are within the 50 percent threshold including and excluding encumbrances which are respectively, 46.6 percent and 50 percent. Encumbrances are funds earmarked with a purchase order for specific expenditures, such as copier leases. Table 2 below summarizes year-to-date expenditure budget to actuals. General Fund expenditure details are included in Attachment 2 – General Fund Revenue and Expenditure Summary by Department.

Table 2: General Fund Expenditure, FY2023-24, Mid-Year

GENERAL FUND	FY 2023-24 ORIGINAL BUDGET	FY 2023-24 REVISED BUDGET	YTD ACTUALS	AVAILABLE BUDGET	% USED W/O ENCUMB.	% USED W. ENCUMB.	PROPOSED BUDGET ADJUSTMENTS
SALARIES AND WAGES	83,345,132	83,181,052	39,413,373	43,767,679	47.4%	47.4%	2,746,272
PYRLLFRINGE BENEFIT	62,867,833	62,866,974	29,285,450	33,581,524	46.6%	46.6%	2,671,322
PROF & ADMIN	20,302,711	20,874,642	5,274,821	10,960,086	25.3%	47.5%	612,471
OTHER OPERATING	8,611,971	8,644,492	2,718,776	3,806,835	31.5%	56.0%	473,239
UTILITIES	5,288,272	5,153,706	2,597,648	2,200,592	50.4%	57.3%	525,000
EQPT & CONTRACT SVCS	5,918,655	5,251,708	1,397,456	3,279,818	26.6%	37.5%	640,000
PROVISN FOR INS LOSS	34,200	34,200	29,572	4,628	86.5%	86.5%	-
COST POOL	21,593,734	21,593,734	10,806,533	10,787,201	50.0%	50.0%	-
ASSET/CAPITAL OUTLAY	1,893,500	2,694,363	1,121,993	1,257,302	41.6%	53.3%	-
DEBT SVC EXPENDITURE	841,353	841,353	418,000	423,353	49.7%	49.7%	-
A87 COST PLAN REIMBS	(3,531,611)	(3,531,611)	(1,827,819)	(1,703,792)	51.8%	51.8%	17,238
GRANT EXPENDITURES	19,155	19,155	(1,625)	14,503	-8.5%	24.3%	-
OPER XFERS OUT	18,189,702	27,709,920	18,468,514	9,241,406	66.6%	66.6%	2,088,206
TOTAL EXPENSES	225,374,607	235,333,687	109,702,690	117,621,136	46.6%	50.0%	9,773,748

- Salaries & Wages – includes base salaries for full-time and part-time staff, overtime, and other compensation types. Actual expenditures total \$39.4 million, or 47.4 percent of budget. This category is lower than the threshold primarily due to vacant positions.

A major part of the proposed \$2.7 million budget adjustment is based on the overtime budget in several departments. Of this amount, \$1.9 million is in the Police department due to staffing shortage. Other adjustments include part-time temporary staff in City Attorney's Office and Public Works. The Fire Department is also provided \$652,900 additional overtime due to staffing shortages.

- Fringe Benefits – includes medical, dental, workers compensation, CalPERS pension costs, other post-employment benefits (OPEB), and other fringe benefits. Actual expenditures total \$29.3 million, or 46.6 percent of budget which is below the threshold due to vacant positions.

The proposed budget adjustment of \$ 2.7 million is to allocate one-time contributions from prior year's unspent funds to the OPEB and Pension 115 trust accounts in accordance with the OPEB and Pension funding policies. This allocation was approved by City Council on October 24, 2023. According to the most recent CalPERS actuarial valuation report as of June 30, 2022, the City has a total unfunded pension liability of \$381 million. As of June 30, 2023, the OPEB unfunded liability is reported at \$75 million.

- Professional & Administrative Services – includes professional and consulting services, and contractual obligations, such as animal control and consulting services. Actual expenditures total \$5.3 million, or 25.3 percent of budget and is below the threshold. Factoring in purchase order encumbrances of \$4.6 million, the total is \$9.9 million, or 47.5 percent of budget.

The proposed budget adjustments total \$612,000. Some of the major adjustments include \$225,000 for fire fighter annual physical exams, and \$382,000 for additional services for network infrastructure and cyber security.

- Other Operating – includes copier leases, office supplies, and other items. Actual expenditures total \$2.7 million, or 31.5 percent of budget. Factoring in purchase order encumbrances of \$2.1 million, the total is \$4.8 million, or 56.0 percent of budget.

Total proposed budget adjustments are \$473,000, major items requested are new VHF radios that are compliant with new CalOES requirements for all fire agencies, and various neighborhood and community build activities.

- Utilities – includes gas, electricity, water, refuse, telephone, and internet services for City facilities. Actual expenditures total \$2.6 million, or 50.4 percent of budget. Factoring in purchase order encumbrances of \$350 thousand, the total is \$2.9 million, or 57.32 percent of budget. The variance is due to increased cost in water and Gas and Fuel.

The proposed budget adjustments total \$525,000. The baseline budget in gas and fuel is not sufficient to cover the annual expense in the line item and the existing budget has been fully exhausted as of December.

- Equipment & Contract Services – includes equipment and maintenance/repair services. Actual expenditures total \$1.4 million, or 26.6 percent of budget. Factoring in purchase order encumbrances of \$574,000, the total is \$2.0 million, or 37.5 percent of budget.

Total proposed budget adjustments equal \$640,000 for additional training on the financial system by Tyler MUNIS, facilities roof repairs and maintenance, and street light repairs and maintenance.

- Cost Pool – this category includes the City's insurance premium cost, Civic Center rent, and vehicle replacement charges. The proposed budget adjustment is the net impact of implementing the CFR 200 Cost Plan for the Richmond Housing Authority.
- Capital Asset Outlay – this category includes major capital purchases and maintenance projects. Total actuals without encumbrances are 41.6 percent and with encumbrances are 53.3 percent of the budget.
- Transfers Out – includes transfers out from the General Fund to non-General Funds primarily for operating subsidies and for debt service payments. Actuals total \$18.5 million, or 66.6 percent of budget. The variance is due to transfers that are processed in full instead of in monthly installments.

Total proposed budget adjustments of \$2.1 million include \$400,000 for Via Verdi mitigation, \$200,000 for Civic Center Plaza landscaping and lighting, \$500,000 for the city-wide facility needs assessment study, and other allocations for smaller projects.

Non-General Funds

Non-General Fund Revenues

Overall, 32.7 percent of non-general fund revenue has been collected and is trending as expected. The timing of receipts varies among the funds based on the source of funding. For instance, grant funds are typically received after expenditures are incurred and reimbursement requests are submitted to grantors. Table 3 below summarizes the revenue budget-to-actuals for non-general funds. Non-General Fund revenue details are included in Attachment 3 – Non-General Fund Revenue and Expenditures by Fund.

Table 3: Non-General Fund Revenues, FY 2023-24, Mid-Year

FUND	ORIGINAL BUDGET	REVISED BUDGET	YTD ACTUALS	% USED W/O ENCUMB	% USED W. ENCUMB.	PROPOSED BUDGET ADJUSTMENTS
Total Capital Improvement Fund	(45,085,732)	(71,470,814)	(17,472,931)	24.4%	24.4%	(2,580,220)
Total Debt Service Funds	(19,551,216)	(19,551,216)	(11,144,364)	57.0%	57.0%	-
Total Enterprise Funds	(41,443,141)	(41,443,141)	(22,371,972)	54.0%	54.0%	(50,000)
Total Housing Funds	(1,911,772)	(1,911,772)	(1,549,885)	81.1%	81.1%	-
Total Housing Authority Funds	(5,563,388)	(5,563,388)	(1,871,990)	33.6%	33.6%	13,466
Total Internal Service Funds	(30,919,340)	(30,919,340)	(15,852,074)	51.3%	51.3%	-
Total Other Operations Funds	(32,931,748)	(43,108,672)	(9,902,080)	23.0%	23.0%	(634,206)
Total Special Revenue Funds	(52,120,364)	(87,299,299)	(19,217,299)	22.0%	22.0%	(239,753)
Total All Funds	(229,526,702)	(301,267,643)	(99,382,594)	33.0%	33.0%	(3,490,713)

- Capital Improvement Funds -- the total actual revenue is below the budget threshold of 50 percent and the major source of the variance is due to the grant revenue reimbursements. Although the entire grant awards are appropriated as budget; the actual revenue is based on the expenditures submitted for reimbursement to the grantor.

The total proposed revenue budget adjustments include the transfer in from the General Fund for operating subsidies and debt service payments that is mentioned above. Other budget adjustments are in several Developer Impact Fee Funds to recognize actual revenues received.

- Debt Service -- revenues are above the budget threshold mainly due to the transfer in from Secured Pension Override fund for the Pension Obligation Bond debt service payment.
- Enterprise Funds -- actual revenue is above the threshold mainly in the Wastewater fund. The sewer drain fee, which is the largest of the three

installments from Contra Costa County was posted in December.

The proposed revenue budget adjustment includes additional lease revenue from the Basin 1 facility at Point Potrero.

- Housing Funds -- actual revenue is above the budget threshold due to the Housing In-Lieu Developer fee and Community Development Block Grant coming in higher than originally budgeted.
- Richmond Housing Authority (RHA) Funds -- the revenue is below budget mainly due to the federal grant revenues pending to be received for Nevin Plaza, and Richmond Village I, II, and III from the Federal Government.

RHA funds include several smaller adjustments with a net decrease in revenue of approximately \$13,000.

- Other Operation Funds -- actual revenue is below the budget threshold. The major source of the variance is in the Planning and Building fund due to grant revenues not received yet.

Proposed budget adjustments include transfer in revenue increase from the General Fund into the Transportation and Employment Training Funds for several line items detailed in Attachment 4 – Mid-Year Budget Adjustments.

- Special Revenue Funds -- total actuals are 22 percent of the budget as of December mainly due to the actual grant revenues being lower than the threshold due to pending reimbursements.

Non-General Fund Expenditures

Overall, 23 percent of non-general fund budget appropriations have been expended. Spending patterns in non-general funds vary due to the nature of capital, debt, and grant funds. Other funds are trending as expected. Most of the actual expenditures are either at or below the threshold of 50 percent. Amounts over the threshold are primarily due to purchase order encumbrances and debt service. Table 4 below summarizes the expenditure budget-to-actuals for non-general funds. Non-General Fund expenditure details are included in Attachment 3 – Non-General Fund Revenue and Expenditures by Fund.

Table 4: Non-General Fund Expenditures, FY2023-24, Mid-Year

FUND TYPE	ORIGINAL BUDGET	REVISED BUDGET	YTD ACTUALS	ENCUMB.	% USED W/O ENCUMB.	% USED W. ENCUMB.	PROPOSED BUDGET ADJUSTMENTS
Total Capital Improvement Funds	71,270,921	111,411,564	10,404,344	21,894,128	9%	29%	2,322,366
Total Debt Service Funds	19,174,878	19,174,878	13,060,596	-	68%	68%	-
Total Enterprise Funds	86,084,855	99,763,707	21,473,602	11,910,478	22%	33%	1,113,629
Total Housing Funds	6,249,305	6,275,149	399,622	77,599	6%	8%	-
Total Housing Authority Funds	5,570,438	5,570,438	1,941,276	194,616	35%	38%	193,072
Total Internal Service Funds	36,799,838	42,901,280	15,455,762	6,968,479	36%	52%	-
Total Other Operations Funds	33,182,604	47,788,104	12,021,464	7,002,314	25%	40%	674,918
Total Special Revenue Funds	68,197,088	119,828,961	29,390,808	6,718,955	25%	30%	431,361
Total All Funds	326,529,928	452,714,081	104,147,475	54,766,569	23%	35%	4,735,346

- Capital Improvement Funds -- total expenditures are below budget due to the projects' phases spanning over multiple years and their budgets being appropriated in a single year.

Proposed budget adjustments include appropriations for the Via Verdi Mitigation, Civic Center Landscaping, Traffic Calming, and Paving. The detailed list of adjustments can be found in Attachment 4 – Mid-Year Budget Adjustments.

- Debt Service Funds -- debt service expenditures are incurred in accordance with the debt service payment schedules. As a result, expenditures exceed the threshold of 50 percent.
- Enterprise Funds -- total actuals are 22 percent of budget without encumbrances and 33 percent with encumbrances. Most of the variance is in the Wastewater fund which includes several capital projects that span over multiple years.

Proposed budget adjustments are in the Wastewater fund for additional Veolia plant maintenance.

- Housing Funds -- total actuals are 6 percent of budget without encumbrances and 8 percent with encumbrances. Variances are primarily due to lower-than-expected expenditures in the Housing In-Lieu Developer Fee fund.
- Housing Authority Funds – year-to-date actuals without encumbrance are 35 percent of the budget and 38 percent without encumbrances. The variance is primarily due to lower-than-expected expenditures in the RHA-Capital fund.

RHA proposed several administrative budget adjustments to reflect actuals and their respective trends. The detailed list of adjustments can be found in Attachment 4 – Mid-Year Budget Adjustments.

- Internal Service Funds – year-to-date expenditures without encumbrances are 36 percent of budget and 52 percent with encumbrances. Equipment Replacement

fund has the largest amount of encumbrances due to several open purchase orders to replace city vehicles.

- Other Operations Funds – year-to-date expenditures is above the threshold for the period including and excluding encumbrances. The variance is due to higher than anticipated expenditures in the Marina Bay Landscape and Lighting District. Part-time temporary staff and utility costs are trending higher in the first six months of the fiscal year.
- Special Revenue Funds -- the variance is due to the transfer out of the Secured Pension Tax Override fund into the General Fund and the Debt Service Fund already being processed.

Proposed budget adjustments include several line items in Transportation, Marina Landscaping Maintenance District, Planning & Building, and Employment & Training Funds.

Mid-Year Budget Adjustments

Staff proposes a General Fund revenue budget increase of approximately \$9.0 million and expenditure budget increase of approximately \$9.8 million, which includes \$2.7 million from the fund balance for OPEB and Pension 115 Trust accounts, which was approved by City Council on October 24, 2023. Detailed budget adjustments are listed in Attachment 4 – Mid-Year Budget Adjustments. Table 5 below provides a summary of the adjustments.

Table 5: FY 2023-24 Mid-Year Proposed Budget General Fund

GENERAL FUND	FY 2023-24 ORIGINAL BUDGET	FY 2023-24 REVISED BUDGET	PROPOSED BUDGET ADJUSTMENTS	MID-YEAR PROPOSED BUDGET
TOTAL REVENUES	(225,374,607)	(225,374,607)	(9,005,680)	(234,380,287)
TOTAL EXPENSES	225,374,607	235,333,687	9,773,748	245,107,435
GENERAL FUND NET +SURPLUS/(-DEFICIT)	-	9,959,080	768,068	10,727,149

Total FY2023-24 Mid-Year proposed expenditure adjustments of approximately \$9.8 million, and includes \$2.7 million allocated from the fund balance using the prior year unspent funds towards OPEB and Pension 115 Trust accounts in accordance with the City's financial policies.

The proposed Non-General Fund revenue budget adjustments are approximately \$3.5 million across multiple funds detailed in Attachment 4 – Mid-Year Budget Adjustments. Table 6 below summarizes the adjustments by fund type.

Table 6: FY 2023-24 Mid-Year Budget Adjustments Non-General Fund Revenue

FUND	ORIGINAL BUDGET	REVISED BUDGET	PROPOSED BUDGET ADJUSTMENTS	MID-YEAR PROPOSED BUDGET
Total Capital Improvement Fund	(45,085,732)	(71,470,814)	(2,580,220)	(74,051,034)
Total Debt Service Funds	(19,551,216)	(19,551,216)	-	(19,551,216)
Total Enterprise Funds	(41,443,141)	(41,443,141)	(50,000)	(41,493,141)
Total Housing Funds	(1,911,772)	(1,911,772)	-	(1,911,772)
Total Housing Authority Funds	(5,563,388)	(5,563,388)	13,466	(5,549,922)
Total Internal Service Funds	(30,919,340)	(30,919,340)	-	(30,919,340)
Total Other Operations Funds	(32,931,748)	(43,108,672)	(634,206)	(43,742,878)
Total Special Revenue Funds	(52,120,364)	(87,299,299)	(239,753)	(87,539,052)
Total All Funds	(229,526,702)	(301,267,643)	(3,490,713)	(304,758,356)

The proposed Non-General Fund expenditure budget adjustments are \$4.7 million across multiple funds detailed in Attachment 4 – Mid-Year Budget Adjustments. Table 7 below summarizes the adjustments by fund type.

Table 7: FY 2023-24 Mid-Year Budget Adjustments Non-General Fund Expenditure

FUND TYPE	ORIGINAL BUDGET	REVISED BUDGET	PROPOSED BUDGET ADJUSTMENTS	MID-YEAR PROPOSED BUDGET
Total Capital Improvement Funds	71,270,921	111,411,564	2,322,366	113,733,930
Total Debt Service Funds	19,174,878	19,174,878	-	19,174,878
Total Enterprise Funds	86,084,855	99,763,707	1,113,629	100,877,336
Total Housing Funds	6,249,305	6,275,149	-	6,275,149
Total Housing Authority Funds	5,570,438	5,570,438	193,072	5,763,510
Total Internal Service Funds	36,799,838	42,901,280	-	42,901,280
Total Other Operations Funds	33,182,604	47,788,104	674,918	48,463,022
Total Special Revenue Funds	68,197,088	119,828,961	431,361	120,260,322
Total All Funds	326,529,928	452,714,081	4,735,346	457,449,427

Proposed Position Control Mid-Year Adjustments

The proposed Mid-Year Budget adjustments include changes to the City's position control resulting in a net increase of 17 Full-Time Equivalent (FTE) positions. This brings the total approved FTE to 769 across all City departments. Attachment 5 – Fiscal Year 2023-24 Mid-Year Proposed Position Listing lists all positions by department. These changes are also included in Attachment 4 – Mid-Year Budget Adjustments. Table 8 below shows the summary of the proposed position control changes.

Attachment 6 – List of Boards and Commissions, provides a listing of various Boards and Commissions City staff are required to support and attend.

Table 8: Proposed Position Control Changes, Mid-Year 2023-24

Department	Mid-Year Adjustment	Notes
COMMUNITY DEVELOPMENT (Building Services, Code Enforcement, Housing, & Planning)		
Building Inspector	1	Additional Position Requested
Plan Checking Engineer	1	Additional Position Requested
COMMUNITY SERVICES (Employment & Training)		
Admin Trainee(+3 Grant Funded)	3	Two Positions Requested, One Reclass from Office Assist
Office Assistant	-1	Reallocate to Administrative Trainee
COMMUNITY SERVICES (Recreation)		
Administrative Assistant(+1 Grant Funded)	1	Additional Position Requested
COMMUNITY SERVICES (Community Crisis Response)		
Administrative Analyst/Associate	1	Additional Position Requested
Community Intervention Specialists	8	Additional Positions Requested
Mental Health Clinician	1	Additional Position Requested
COMMUNITY SERVICES (Transportation)		
Associate Administrative Analyst	-1	Moved to Public Works
Project Manager I/II	-1	Moved to Public Works (Engineer Traffic & Trans.)
DEPARTMENT OF CHILDREN AND YOUTH		
Community Services Technician I/II	1	Additional Position Requested
ECONOMIC DEVELOPMENT/Environmental Initiatives		
Management Analyst/Associate Mgmt Anal	1	Additional Position Requested
ECONOMIC DEVELOPMENT/RHA		
Senior Development Project Manager	-1	Unallocate
PUBLIC WORKS		
Junio/Assistant Engineer	1	Additional Position Requested
PUBLIC WORKS (Water Resource Recovery)		
Project Manager I/II	-1	Reallocate to Water Resource Recovery Manager
Water Resource Division Manager	1	Reallocate from Project Manager I/II
PUBLIC WORKS (Transportation)		
Associate Administrative Analyst	1	Moved from Community Services (Transportation)
Junior/Assistant Engineer (Traffic & Trans.)	1	Moved from Community Services (Transportation)
Total Full Time Equivalents	17	

Summary of the Staff Report

As described in this staff report, the projected FY 23-24 mid-year revenue increase is approximately \$9 million. In addition, there is approximately \$6.9 million in additional unspent funds identified in the Annual Comprehensive Financial Report (ACFR). Combined, there is a total of approximately \$15.9 million available for City Council to allocate to projects and/or programs aligned with the City Council approved goals and objectives.

	Amount
ACFR Additional Unspent Funds (Above 21% Reserve Level)	(6,879,432)
Projected Mid-Year 23-24 Revenue Increase	(9,005,680)
Total Available	(15,885,112)
Recommendation:	
Mid-Year Proposed Expenditures Adjustments	7,102,426
Capital Improvement Projects	8,782,686
Total Appropriations	15,885,112

City staff's preliminary recommendation is to use the \$15.9 million to fund approximately \$7.1 million in mid-year proposed expenditure adjustments and approximately \$8.8 million to fund capital improvement projects.

The City Council approved 18 Traffic Calming Projects in November 2022. Staff will provide an update on the status with the presentation as well as showcase the CIP new Dashboard.

Next Steps

City staff will continue to monitor revenues and expenditure trends in the current fiscal year to determine if adjustments will be needed during the Quarter 3 budget review planned for May 2024.

DOCUMENTS ATTACHED:

- Attachment 1 – General Fund Revenue and Expenditure Summary
- Attachment 2 – General Fund Revenue and Expenditure by Department
- Attachment 3 – Non-General Fund Revenue and Expenditure by Fund
- Attachment 4 – Mid-Year Budget Adjustments
- Attachment 5 – Fiscal Year 2023-24 Mid-Year Proposed Position Listing
- Attachment 6 – List of Boards and Commissions
- Attachment 7 – Capital Improvement Projects Budget Report by Department
- Attachment 8 – Capital Improvement Projects with projected shortfalls
- Attachment 9 – Resolution
- Attachment 10 – Draft PowerPoint Presentation