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DATE: November 18, 2024

TO: Honorable Mayor and Members of the City Council through City Manager

FROM: Jessie Gooch, Finance Director  
Corey Garberolio, Assistant Finance Director  
Linda Le, Human Resources Director

SUBJECT: Introduction (First Reading) of the Ordinance to Change Certain Appropriations for the Operations of the City of Petaluma from July 1, 2024 to June 30, 2025; and, Authorizing and Eliminating the Position or Funding Allocations Associated with the Adopted Fiscal Year 24/25 Budget by: 1) Authorizing the Position Allocations of One (1) Management Analyst I/II, One (1) Geographic Information System Analyst, One (1) Administrative Technician, One (1) Senior Management Analyst, One (1) Project Manager, One (1) Street Maintenance Worker III, Two (2) Utility Service Worker IIIs, and One (1) Accounting Technician and 2) Eliminating the Position or Funding Allocations of One (1) Housing Specialist, One (1) Senior Engineering Technician, One (1) Administrative Assistant, One (1) Senior Transit Planner, One (1) Transit Specialist, One (1) Street Maintenance Worker I/II, Two (2) Utility Service Worker I/II, and One (1) Accounting Assistant I/II; and Resolution Updating the Authorized and Funded Permanent Position Schedule

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### **RECOMMENDATION**

It is recommended that the City Council introduce the attached Ordinance amending Ordinance No. 2889 N.C.S. to Change General Fund, Utilities Funds, Internal Service Funds, and Special Revenue and Trust Funds- Appropriations for the Operations of the City of Petaluma from July 1, 2024 to June 30, 2025. It is also recommended that the City Council authorize and eliminate position or funding allocations associated with the adopted FY 24/25 budget and include the following- Community Development: Authorizing the Position Allocation of One (1) Management Analyst I/II and Eliminating One (1) Housing Specialist; Public Works: Authorizing the Position Allocations of One (1) Geographic Information System Analyst, One (1) Administrative Technician, One (1) Senior Management Analyst, One (1) Project Manager, One (1) Street Maintenance Worker III, Two (2) Utility Service Worker IIIs and Eliminating One (1) Senior Engineering Technician, One (1) Administrative Assistant, One (1) Senior Transit Planner, One (1) Transit Specialist, One (1) Street Maintenance Worker I/II, Two (2) Utility Service Worker I/II Finance: Authorizing One (1) Accounting Technician and

Eliminating One (1) Accounting Assistant I/II. It is also recommended that City Council adopt a Resolution Adopting the Updated Authorized and Funded Permanent Position Schedule.

## **BACKGROUND**

The City reviews its budget on a continual basis and recommends periodic adjustments. The proposed 1<sup>st</sup> Quarter Budget Adjustments are to the Adopted Budget for FY 2024/2025, approved on June 17, 2024. Adjustments to the adopted budget take into account unexpected and emerging budget changes and provide an updated and timely calculation of actual vs. budget comparisons.

On May 20, 2024, City staff convened a budget workshop, where the Proposed Fiscal Year 24-25 Operating and Capital Budgets along with the Revised Long-Term General Fund Operating Forecast were reviewed. A core part of this review involved assessing needs citywide and the City's staffing requirements from the perspective of "A City That Works for Everyone" - a goal that commits us to recruit, hire, retain, and advance a workforce that is diverse, representative, skilled, talented, and prepared to serve the full range of needs in our City.

The proposed staffing changes were carefully considered and developed to align with the City's needs, and to provide our community with the level of service it deserves. Funding for position updates included in this agenda item are fully funded in the adopted FY 24/25 budget. The action tonight is to amend the authorized and funded count as well as the FTE schedule.

## **DISCUSSION**

The proposed 1<sup>st</sup> quarter budget adjustments are for the General Fund, Utilities Funds, Internal Service Funds, and Special Revenue and Trust Funds, for the fiscal year ending June 30, 2025. Adjustments included, reflect actions previously taken and approved by Council since July 1st, 2024, and emerging and unexpected budget changes and provide a more accurate budget vs. actual.

The resulting adjustments are herein presented for City Council consideration and approval. Budget adjustments modify previously approved budget appropriations. As such, they must be adopted by ordinance to become effective.

The proposed changes are categorized as follows:

***Adjustments*** – Increases or (decreases) in funds to update the budget based on Council action since July 1<sup>st</sup>, current economic conditions, changes to City projects, or changes in work activity.

***Transfers*** – Transfers from one fund to another to identify funding sources, facilitate reporting requirements, and true-up fund balances. A Transfer In from one fund is always accompanied by a Transfer Out from another; i.e.: Transfers In = Transfers Out.

***Encumbrances & Designated Reserves*** – Encumbrances are appropriations budgeted in the prior fiscal year that were delayed for a variety of reasons. Designated Reserves can be used for unexpected, critical and one-time expenditures. These transactions do not affect fund balances in the current fiscal year.

Provided below is a summary of the recommended 1<sup>st</sup> quarter budget adjustments. Account details are listed in Exhibit A.

- Resolution No. 2024-076 N.C.S accepts the California Highway Patrol grant award to conduct DUI Education and Enforcement Campaigns. Adjustment to Special Revenue Fund appropriations and revenues, \$203,356.
- Purchase of 5 Patrol e-bikes. Adjustment to General Funds appropriations, \$28,849.
- Workers Compensation and Risk Management consultants. Adjustment to Risk Management fund, \$150,000; Adjustment to Workers Compensation fund, \$175,000.
- Resolution 2024-109 N.C.S, approved the purchase of a Bike Lane Sweeper. Adjustment to the Streets Maintenance fund appropriations, \$29,482

Encumbrances:

Encumbrances are appropriations budgeted in the previous fiscal year that were delayed and are being re-appropriated. These adjustments do not affect fund balances in the current fiscal year.

- Funding for the Mid Pen Housing, Washington Commons approved by resolution No. 2023-013 and for the Meridian at Corona Station Affordable Housing Project approved by resolution No. 2021-119. Adjustment to Housing in Lieu Fund, \$1,400,000.
- Carryforward FY 24 budget for Groundwater Sustainability Agency (GSA), replacement of Water Conservation Fixtures and the Creek Maintenance Contract. Adjustment to Water fund appropriations, \$200,000; Adjustment to Storm Water Fund appropriations, \$75,000.
- Carryforward FY24 budget for one time outfitting of Ford interceptors. Adjustment to the Vehicle Replacement Fund appropriations, \$335,042

The City aligns its operational strategy with the City Council's goals and priorities to keep pace in a constantly evolving public service environment with ever changing regulatory, compliance, and service demands. The ability for the City to navigate changes in its staffing needs and assess appropriate position allocations which best align with the duties and responsibilities of existing workload is critical to success and goal achievement. To assist the transformational changes, Human Resources collaborated and partnered with City departments to develop an apt human resource allocation plan to address operational needs affecting processes and activities.

Presented to the Council on May 20, 2024, during the Budget Workshop, the additional action to amend the FTE schedule showing updated authorized and funded position counts is the next step in implementing the applicable recommendations related to allocating additional positions, and eliminating others allowing for applicable changes, which exist within the City's Plan. The majority of the position changes were discussed and budgeted during FY 2024-25 budget

preparation, and no additional appropriations are necessary in this fiscal year due to these staffing adjustments.

### **PUBLIC OUTREACH**

This agenda item appeared on the City's tentative agenda document on 11/4/2024 which was a publicly-noticed meeting.

### **COUNCIL GOAL ALIGNMENT**

N/A

### **CLIMATE ACTION/SUSTAINABILITY EFFORTS**

There is no climate action or sustainability impacts associated with this item.

### **ENVIRONMENTAL REVIEW**

Environmental analysis for compliance with the California Environmental Quality Act (CEQA) was already completed with each adjustment, transfer, and encumbrance. Additionally, the proposed action is exempt from the requirements of CEQA in accordance with CEQA Guidelines Section 15378, in that adopting Ordinances amending the Appropriations Ordinances for the Operations of the City of Petaluma from July 1, 2024 to June 30, 2025 does not meet CEQA's definition of a "project," because the action does not have the potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment, and because the action constitutes organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

### **FINANCIAL IMPACTS**

#### **General Fund**

General Fund budgeted appropriations will increase by \$28,849 to purchase five Patrol e-Bikes. The net financial impact to the General Fund associated with the recommended budget adjustments is a decrease in fund balance of \$28,849.

#### **Special Revenue Funds**

Special Revenue Funds budgeted revenues will increase by \$203,356 due to the grant award from the California Highway Patrol per resolution No. 2024-076. Appropriations will increase by \$232,838 due to the approved grant award approved by resolution No. 2024-076 and the purchase of bile lane sweeper Reso 2024-109. Transfers Out and Transfers In will remain unchanged. Total change to fund balance is a decrease of \$29,482.

### Internal Service Funds

Internal Service Funds budgeted revenues, transfers in, and transfers out will remain unchanged. Budgeted appropriations will increase by \$325,000 due for Workers Compensation and Risk Management consultants. Total change to fund balance is a decrease of \$325,000.

### Encumbrances

Encumbrances total \$2,010,042 to the Housing in Lieu the Utility Funds for Mid Pen Housing, Washington Commons & Danco for the Meridian at Corona Station Housing project, one-time outfitting of Ford interceptors and for Groundwater Sustainability Agency (GSA) and replacement of Water Conservation Fixtures and the Creek Maintenance Contract.

### Position Changes

The FY2024-25 budget includes the appropriations for the Laboratory Analyst and the reclassifications of the Administrative Technician, Street Maintenance Worker III, Utility Service Worker III and the Geographic Information System Analyst. The costs for the Project Manager, Senior Management Analyst, Accounting Technician, and Management Analyst I/II will be absorbed through the current appropriated budget.

## **ATTACHMENTS**

1. FY 2024/25 1st Quarter Budget Adjustment Summary
2. Appropriations Ordinance Amendment, Operating and Capital Improvement Program with Exhibit A – Detailed FY 2024/25 1st Quarter Budget Adjustments
3. Resolution Authorizing and Eliminating the Position or Funding Allocations Associated with the Adopted Fiscal Year 24/25 Budget by: 1) Authorizing the Position Allocations of One (1) Management Analyst I/II, One (1) Geographic Information System Analyst, One (1) Administrative Technician, One (1) Senior Management Analyst, One (1) Project Manager, One (1) Street Maintenance Worker III, Two (2) Utility Service Worker IIIs, and One (1) Accounting Technician and 2) Eliminating the Position or Funding Allocations of One (1) Housing Specialist, One (1) Senior Engineering Technician, One (1) Administrative Assistant, One (1) Senior Transit Planner, One (1) Transit Specialist, One (1) Street Maintenance Worker I/II, Two (2) Utility Service Worker I/II, and One (1) Accounting Assistant I/II
4. Resolution Adopting the Updated Authorized and Funded Permanent Position Schedule with Exhibit A- Authorized and Funded Permanent Position Schedule and Exhibit B - Authorized Staff/Position Changes 2024/25