

## Responses to Council Questions and Comments

3/18/2024

### **Item #9: Introduction (First Reading) of Ordinances to Change Certain Appropriations for the Operations of the City of Petaluma from July 1, 2023 to June 30, 2024; Resolution Updating the Authorized and Funded Permanent Position Schedule; and Mid-Year FY 2023-2024 General Fund Update and Finding that this Action is Not a Project Pursuant to CEQA Guidelines Section 15378(B)(5).**

- Question: The biggest changes seem to be in the CIP and Utilities budgets due to the many projects that need to be adjusted, mostly upward in costs. A 15M and 9M in and out and could use a flow diagram of what money is going where. Hard to track all the ins and outs to get a high level feel of the "balance sheet". Lots of modifications seem to be in the wind and assume cost estimates are rising all over the place. Will expected income really be enough to cover all these changes or do we have to tighten the belt somewhere?

- Response: The majority of the CIP changes resulted in budget decreases, as current year budgets were adjusted to reflect updated work projections by Public Works and Utilities staff. These decreases reflect the shifting of timetables for the projects, with budget moved from the current year into the FY 2024-25 budget. The table below highlights the Mid-Year adjustments to the CIP and the Utility funds; the table shows current projected ending fund balances for Fiscal Year 2023-24 (does not include nonspendable amounts) and then factors in the Mid-Year Adjustments to show the new projected ending balance. All of the funds are projected to end the year with positive fund balance amounts, with the exception of fund 6690, Waste Water CIP. If this fund does end the year with a negative balance amount, this can be corrected in FY 2024-25 with additional transfers in from the Waste Water Operations Fund, which will likely end the year with a balance of \$39.5 million. While costs to CIP projects do continue to rise, just as costs throughout the City continue to increase, we currently anticipate having enough funding for this year and for the upcoming proposed Fiscal Year 2024-25 CIP plan.

There are several opportunities during the year that present good opportunities to review the City's financial condition. With the annual budget workshop, staff presents detailed updates on the major City funds, along with a 5-year General Fund financial forecast. This is coupled with the upcoming year's budget recommendations. Similarly, each year by December 31, the City releases its Annual Comprehensive Financial Report ("ACFR"), which presents the City's audited financial statements. While backward looking to the prior fiscal year, this document presents a very complete picture of the City's financial condition as of June 30 of each year.

Fund	Name	Current Projected 6/30/24 Fund Balance	Mid-Year Adjustments: Revenue / Transfers In Increase / (Decrease)	Mid-Year Adjustments: Expenditure / Transfers Out (Increase) / Decrease	Updated Projected 6/30/24 Fund Balance
3110	General Government CIP	701,679.80	(895,000.00)	2,573,094.00	2,379,773.80
3140	Parks & Rec CIP	(980,923.16)	(1,078,000.00)	4,319,000.00	2,260,076.84
3160	Public Works CIP	(554,419.73)	(1,196,983.00)	6,330,000.00	4,578,597.27
6100	Airport Operations	944,284.63	462,625.00	(273,360.00)	1,133,549.63
6190	Airport CIP	(36,917.13)	273,360.00	(122,639.00)	113,803.87
6500	Transit Operations	369,096.52	(1,931,200.00)	1,692,640.00	130,536.52
6590	Transit CIP	12,161.82	(331,000.00)	331,000.00	12,161.82
6600	Waste Water Operations	29,097,574.59	-	10,439,000.00	39,536,574.59
6690	Waste Water CIP	1,749,416.69	(13,035,000.00)	11,109,000.00	(176,583.31)
6700	Water Operations	6,500,891.61	-	5,155,000.00	11,655,891.61
6790	Water CIP	(126,096.91)	(8,310,000.00)	9,992,000.00	1,555,903.09

\* Fund Balance shown does not include nonspendable balances

Sent to Council 3/18/2024 at 2:45 PM

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