



DATE: February 24, 2025

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

FROM: Jessie Gooch, Finance Director
Linda Le, Human Resources Director

SUBJECT: Introduction (First Reading) of Ordinances 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) Housing Manager, One (1) Senior Planner, One (1) Recreation Supervisor, One (1) Office Assistant, One (1) Project Manager, One and ½ (1.5) Administrative Assistants, and One (1) Utility Service Worker III and 2) Eliminating the Position or Funding Allocations of One (1) Management Analyst I/II, One (1) Permit Technician, One and ½ (1.5) Senior Administrative Assistants, and One (1) Utility Service Worker I/II. Resolution Updating the Authorized and Funded Permanent Position Schedule; and Mid-Year FY 2024-2025 General Fund Update and Finding that this Action is Not a Project Pursuant to CEQA Guidelines Section 15378(B)(5).

RECOMMENDATION

It is recommended that the City Council introduce the attached Ordinances Amending Ordinance 2898. to Change General Fund, Enterprise Funds, Utilities Funds, Internal Service Funds, Special Revenue and Trust Funds, and Capital Projects and Debt 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 authorize and eliminate position or funding allocations associated with the adopted FY 24/25 budget by: 1) Authorizing the Position Allocations of One (1) Housing Manager, One (1) Senior Planner, One (1) Recreation Supervisor, One (1) Office Assistant, One (1) Project Manager, One and ½ (1.5) Administrative Assistants, and One (1) Utility Service Worker III and 2) Eliminating the Position or Funding Allocations of One (1) Management Analyst I/II, One (1) Permit Technician, One and ½ (1.5) Senior Administrative Assistants, and One (1) Utility Service Worker I/II. It is also recommended that the City Council adopt a Resolution adopting the Updated Authorized and Funded Permanent Position Schedule. A Mid-Year General Fund Financial Update is also included for informational purposes and does not require Council action.

BACKGROUND

The City reviews its budget on a continual basis and recommends periodic adjustments. The proposed Mid-Year Budget Adjustments are to the Adopted Budget for FY 2024/2025. Adjustments to the adopted budget take into account unexpected budget changes and provide a more accurate and timely calculation of actual vs. budget comparisons.

DISCUSSION

The proposed Mid-Year Budget Adjustments are for the General Fund, Enterprise Funds, Utilities Funds, Internal Service Funds, Special Revenue and Trust Funds, and Capital Projects and Debt Funds for the fiscal year ending June 30, 2025. These proposed mid-year requests were submitted by Departments and comprise critical and time-sensitive needs, project timing adjustments, unexpected increases, and adjustments previously approved by Council action since the adoption of the budget on July 1, 2024.

The resulting adjustments are herein presented for City Council consideration and approval. Budget adjustments modify previously approved budget appropriations. The proposed changes are categorized as follows:

Adjustments – Increases or (decreases) in funds to update the budget based on 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 and for Council approved specific uses. These transactions do not affect fund balances in the current fiscal year.

The recommended Mid-Year budget adjustments are summarized below. Fund and account details are listed in Exhibit A.

- Tree grates downtown and tree plantings Adjustment to Streets Maintenance appropriations, \$25,000
- Resolution 2024-126 N.C.S approved the additional funding needed for the Pierce Enforcer Type 1 Fire Engine. Adjustment to the Vehicle Replacement appropriations, \$300,000; Transfer Out from Measure H and Transfer In to Vehicle Replacement Fund, \$300,000
- Resolution 2024-126 reflects the DOJ Tobacco Grant Program awarded to the city for 3 years This budget adjustment is for year 1. Adjustment to the Police Grant revenues and appropriations, \$7,340.
- Resolutions 2024-130 N.C.S. and 2024-146 N.C.S approved the ERP Replacement Project. Adjustment to the General Government CIP Appropriation, \$2,182,227; Transfers In to General Government CIP, \$1,353,100; Transfers Out from 3% Admin Fee \$31,400; Street Maintenance, \$79,200; from Airport, 135,300; from,

Development Services, \$32,800; from Marina, \$74,400; from Transit, \$49,200, from Waste Water, \$536,800 and from Water, \$414,000

- Increase revenues and appropriations in the General Fund for Fire Strike Team reimbursements and associated overtime costs. Adjustment to the General Fund appropriations and revenues, \$1,214,908.
- Increase revenues in the General Fund for Ground Emergency Medical Transport (GEMT) Intergovernmental Transfer (IGT) Program. Increase to the General Fund appropriations for fire operations and the purchase of a fuel trailer, rescue boat, fire safe battery storage cabinets, utility vehicle flatbed, turnout dryer and detoxification sauna. Adjustment to the General Fund revenues, \$1,340,155; adjustment to the General Fund appropriations, \$790,155.
- Revenue Adjustments. Decrease sales tax, business license tax and property transfer Tax slightly offset by and increase in fees, permits & fines, investment earnings and intergovernmental revenues. Adjustment to the General Fund revenues, (\$1,223,000); adjustment to the Measure U Fund, (\$585,000); adjustment to the Risk Management fund, (\$884,000); Transfers out from Transient Occupancy Tax Fund and Transfers In to the General Fund, \$339,045; Transfers out from the Measure U and Transfers in to the Governmental Debt Service, (\$523,490); Adjustment to the Measure U revenue fund (\$585,000).
- The budgets for FY24/25 CIP projects are being right sized. As project work progresses, cost estimates and funding requirements become more precise. Finance collaborates closely with the CIP team to evaluate each project's budget status and recommend mid-year adjustments. These adjustments account for various factors, including changes in project scope, finalized design plans, funding updates, and shifts in priorities. Some budgets are increasing due to refined cost estimates informed by completed designs, unforeseen site conditions, or additional regulatory requirements, while others are decreasing due to project efficiencies, scope reductions, or offsetting external funding. As a result, many projects will receive additional appropriations to maintain progress, while others will see reductions to align with realistic timelines and expenditures. Increase to revenues \$3,212,000, Decrease to appropriations, (\$4,764,000). Transfers in and out, (\$10,026,000).

The affected projects are:

- o South Taxilane B Rehabilitation
- o Fire Station 1 Seismic Retrofit & Improvements
- o Fire Station 2 Kitchen Replacement and Renovation
- o Petaluma Public Safety Facility-Decrease
- o Temporary Fire Station
- o Fire Reserve Apparatus Storage & Paving
- o Keller Street Garage Improvements
- o City Facilities HVAC Replacements
- o Emergency Power Backup City Hall & Police Headquarters
- o City Facilities Electric Vehicle Chargers

- o Police Department Facility Remodel
- o City Facilities Emergency Power Backup Feasibility Study
- o Petaluma ADA Improvements
- o Swim Center Pool Replastering-
- o Playground Replacements
- o Petaluma Community Baseball Field Phase 1
- o Lynch Creek Trail / Crosstown Connector
- o Kenilworth Park Revitalization
- o Lucchesi Skate Park
- o Lynch Creek Trail Maintenance
- o Paula Lane Preserve
- o Petaluma North SMART Station Access Improvements
- o Downtown Public Restroom & Beautification
- o Pedestrian Improvements Citywide
- o Caulfield Bridge Crosstown Connector
- o Petaluma River Trail- US-101 and Rail Undercrossing
- o Pavement Restoration D Street
- o Pavement Restoration St Francis Drive
- o US-101 Bicycle/Pedestrian Crossings Study
- o Active Transportation Plan
- o Wilsom Stormwater Pump Station & Outfall Upgrades
- o Storm Dain Trash Capture Device Pilot
- o 960 Lakeville Drainage Improvements
- o Agricultural Recycled Water System Expansion Adobe Road
- o CNG Fueling Station at ECWRF
- o ECWRF High Strength Waste Facilities
- o ECWRF Digester #2 Repair
- o ECWRF Oxidation Pond Flow Structure Rehabilitation
- o Sewer Main Replacement- Howard St and Various Locations
- o Sewer Main Replacement- St Francis and Various Locations
- o Sewer Main Replacement – 1st & F Street
- o Advanced Metering Infrastructure (AMI)
- o Aquifer Storage & Recovery (ASR) Plan – Increase
- o La Cresta Tank Replacement – Increase
- o Harding Tank Recoating
- o Water Main Replacement Howard Street and Various Locations
- o Water Service Replacement St Francis and Various Locations
- o Water Service Replacement- Rainier Ave
- o Oak Hill Well Constructions
- o Water Main Replacement – Payran and Madison
- o Water Main Replacement – 1st & F Street
- o Water Services Replacement – Garfield Drive – Increase
- o Transit Yard Electrification – Increase

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

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) Housing Manager, One (1) Senior Planner, One (1) Recreation Supervisor, One (1) Office Assistant, One (1) Project Manager, One and ½ (1.5) Administrative Assistants, and One (1) Utility Service Worker III and 2) Eliminating the Position or Funding Allocations of One (1) Management Analyst I/II, One (1) Permit Technician, One and ½ (1.5) Senior Administrative Assistants, and One (1) Utility Service Worker I/II

1. Authorizes the Position Allocations of One (1) Housing Manager, One (1) Senior Planner, One (1) Recreation Supervisor, One (1) Office Assistant, One (1) Project Manager, One and ½ (1.5) Administrative Assistants, and One (1) Utility Service Worker III, specifically:

Classification	Department	Allocation
Housing Manager	Community Development	1
Senior Planner	Community Development	1
Recreation Supervisor	Parks and Recreation	1
Office Assistant	Parks and Recreation	1
Project Manager	Public Works	1
Administrative Assistant	Public Works / Water Resources and Utilities	1.5
Utility Service Worker III	Water Resources and Utilities	1

2. Eliminates the Position Allocations of One (1) Management Analyst I/II, One (1) Permit Technician, One and ½ (1.5) Senior Administrative Assistants, and One (1) Utility Service Worker I/II, specifically:

Classification	Department	Allocation
Management Analyst I/II	Community Development	1
Permit Technician	Community Development	1
Senior Administrative Assistant	Public Works / Water Resources and Utilities	1.5

Utility Service Worker I/II	Water Resources and Utilities	1
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PUBLIC OUTREACH

This agenda item appeared on the City’s tentative agenda document on February 3rd, 2025 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. Furthermore, every appropriation already had its own analysis for compliance with CEQA.

FINANCIAL IMPACTS

General Fund

Revenues for the General Fund are expected to increase by \$1,332,063 for the current fiscal year for Fire Strike Team reimbursement, the Ground Emergency Medical Transport (GEMT) Intergovernmental Transfer (IGT) Program, increased revenues in fees, permits and fines, investment earnings, and intergovernmental revenues slightly offset by a decrease in sales tax, business license tax and property transfer tax. Appropriations will increase by \$1,460,063 due to increased overtime cost associated with deployed fire strike teams and the increase cost in contract services and the purchase of fuel trailer, rescue boat, storage cabinet, utility vehicle flatbed, turnout dryer, detoxification sauna, slightly offset by a reduction in the risk management administrative overhead charges. Transfers in will increase by \$339,04. The net financial impact to the General Fund balance is an increase of \$211,045.

Measure U

Revenues to the Measure U Fund will decrease by \$585,000. Transfers Out for Measure U will decrease by \$523,490. This is mainly due to sales tax coming in lower than expected. The net financial impact to the Measure U Fund balance is a decrease of \$61,510.

Measure H

Transfers Out for Measure H will decrease by \$1,293,000. This is mainly due to shifting the budget for the Public Safety building to FY 25/26 slightly offset by the funds needed for the Fire Engine approved with Reso No.2024-126. The net financial impact to the Measure H Fund balance is an increase of \$1,293,000.

Special Revenue Funds

Special Revenue Funds budgeted revenue will decrease by \$2,248,660. This is mainly due to a decrease in revenues for capital projects that have been re-budgeted in FY 2025/26 slightly offset by grant revenues for the Minor Decoy Operations. Appropriations will decrease by \$25,660 mainly due to a reduction in the risk management administrative overhead charges, slightly offset by costs for the tree grates and plantings and the Minor Decoy Operations. Transfers out will decrease by \$7,621,355 for capital projects that have been re-budgeted in FY 2025/26, offset by funds needed for current ongoing projects that are advancing faster than anticipated and a transfer out from transient occupancy tax to the general fund. Transfers in will decrease by \$523,490 to the Governmental Debt Service fund. The net financial impact to the funds will be an increase in fund balance of \$4,874,865.

Capital Project Funds

Budgeted revenues and transfers in for the Capital Project Funds will decrease by \$3,241,900 due primarily to right sizing the FY24/25 project budgets. This is partially offset by budget increases to fund projects that are further along in their timeline and the ERP Replacement. Corresponding appropriations will decline by \$2,642,773 slightly offset by increases for the projects that are further along in their timeline and the ERP Replacement. The net financial impact to the Capital Project Funds is a decrease of \$599,127.

Enterprise Funds

Revenue and transfers in for the Enterprise Funds will increase by \$37,000 due primarily to right sizing the FY24/25 project budgets. Appropriations will decrease by \$46,000 due to the reduction of the risk management administrative overhead charges. Transfers Out will increase by \$1,467,700 mainly due to right sizing the CIP budgets and the ERP Replacement. The net financial impact to the Enterprise Fund balance is a decrease of \$1,384,700.

Utility Funds

Utility Funds revenues and Transfers In will remain unchanged. Appropriations will decrease by \$148,000 mainly due to the reduction in the risk management administrative overhead charges. Transfers out will decrease by \$587,200 due to right sizing the CIP project budgets slightly offset by the ERP Replacement. The net financial impact to the Utilities Funds is an increase of \$735,200.

Internal Service Funds

Transfers Out to the Internal Service Funds will remain unchanged. Budgeted revenues will decrease by \$884,000 due to a reduction in risk management administrative overhead charges. Transfers In and Appropriations will increase by \$300,000 to fund the additional cost to purchase Fire Engine. The net financial impact to the Internal Service Funds is a decrease of \$858,000.

ALTERNATIVES

N/A

ATTACHMENTS

1. Mid-Year General Fund Financial Forecast Update
2. FY 2024/25 Mid-Year Budget Adjustment Summary
3. . Ordinance Amending Operating and Capital Improvement Program Appropriations
 - a. Detailed FY 2024/25 Mid-Year Budget Adjustments
4. 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) Housing Manager, One (1) Senior Planner, One (1) Recreation Supervisor, One (1) Office Assistant, One (1) Project Manager, One and ½ (1.5) Administrative Assistants, and One (1) Utility Service Worker III and 2) Eliminating the Position or Funding Allocations of One (1) Management Analyst I/II, One (1) Permit Technician, One and ½ (1.5) Senior Administrative Assistants, and One (1) Utility Service Worker I/II
5. Resolution Adopting the Updated Authorized and Funded Permanent Position Schedule
 - a. Authorized and Funded Positions FTE Schedule
 - b. Authorized Staff/Position Changes 2024/25