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DATE: March 18, 2024

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

FROM: Jessie Gooch, Finance Director

SUBJECT: 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).

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### **RECOMMENDATION**

It is recommended that the City Council introduce the attached Ordinances Amending Ordinances 2868, 2869, 2870, 2871, 2872, 2873 N.C.S. 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, 2023 to June 30, 2024. 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 2023/2024. 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, 2024. 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, 2023.

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.

- Rollover FY 2022-23 budget for Mid Pen Housing, Washington Commons and the Danco Group, the Meridian at Corona Station approved by Resolutions 2023-013 and 2021-119. Adjustment to Housing in Lieu appropriations, \$1,400,000
- Funding needed for design of the Kenilworth Park Revitalization Plan. Transfers out from Measure M Parks and Transfers In to Parks CIP, \$200,000
- Salaries and Benefits for a Permit Technician in the Community Development department to cover 0.25 of the FY 24 year
- Carryover from FY2022-23 CDBG grant funding for the Sea Level Rise Mapping and Modeling, e11502028. Adjustment to CDBG revenue, \$193,000; Transfer Out from CDBG and Transfers In to General Government CIP, \$193,000
- Resolution 2023-136 approved the purchase of a Computer-Aided Dispatch- Automatic Vehicle Location (CAD-AVL) System and the cost of the first year of a system support agreement. Adjustment to Transit Appropriations, \$488,360
- Resolution 2023-189 approved the purchase of a Hybrid Ford Police Interceptor and an Harley Davidson Police Motorcycle. The City was awarded the Office of Traffic Safety grant for a total of \$425,000, the additional FY 2024/25 budget is \$225,000 for salaries & benefits, supplies and travel, Adjustment to Police Grants Revenues and Appropriations, \$225,000
- The following FY 23/24 CIP project budgets need increases. Increase to appropriations, \$11,641,639, Transfers in and out, \$7,699,266

The projects included are:

- o Community Center Repairs- Roof Gutter & Storefront Window replacements. Resolution 2023-107
- o Aircraft Parking Apron Rehabilitation, completed. Resolution 2023-160
- o Fire Station 1 Seismic Retrofit & Improvements
- o Fire Station 3 Remodel
- o Citywide Facilities Audit & Energy Program
- o Council Chambers Upgrades – completed
- o 27 Howard Improvements

- o Petaluma Community Baseball Field
- o Parks Access Improvements. Resolution 2024-003
- o Playground Replacements Anna's Meadows, Resolution 2023-065
- o Maria Drive Pavement Restoration and Reconstruction, Resolution 2023-188
- o North McDowell Boulevard Complete Streets, Resolution 2023-184
- o Caulfield Bridge Crosstown Connector
- o Active Transportation Plan and Wayfinding
- o Oxidation Pond Dredge
- o Sewer Main Replacement – 1<sup>st</sup> and F Street
- The budgets for the FY23/24 CIP projects are being right sized for a variety of reasons, including construction continuing into the next fiscal year due to weather delays, contractor availability, etc., requiring the projects be re-appropriated in future years, undetermined funding and/or non-CIP project prioritization. Decrease to revenues (\$8,745,000), Decrease to appropriations, (\$46,275,000). Transfers in and out, (\$26,851,000).  
The affected projects are:
  - o Safety Zone Improvements by Drainage Channel
  - o Emergency Power Backup City Hall & Police Headquarters
  - o Seismic Analysis City Facilities Assessment
  - o City Facilities Emergency Power Backup Feasibility Study
  - o Public Library New Fire Suppression System
  - o Petaluma Library ADA Improvements
  - o Petaluma Library HVAC Replacement
  - o Public Library Roof Replacement
  - o HVAC & Energy Efficiency Upgrades
  - o Fire Station No. 4/ Public Safety Building
  - o Turning Basin Docks
  - o Swim Center Pool Replastering
  - o Lynch Creek Trail/ Crosstown Connector
  - o Kenilworth Park Revitalization Plan
  - o Lucchesi Skate Park
  - o Pavement Restoration & Reconstruction- Citywide
  - o Pedestrian Improvements Citywide
  - o Pedestrian Bridge Renovations
  - o D Street Improvements
  - o Street Light Repairs and Upgrades – Citywide
  - o LED Streetlight and Facility Lighting Retrofit
  - o 1<sup>st</sup> and F Street Bridge Replacement phase 2
  - o Downtown Beautification
  - o Trestle Rehabilitation
  - o Storm Drain Trash Capture Device Pilot
  - o Wilson Stormwater Pump Station & Outfall Upgrades
  - o 960 Lakeville Drainage Improvements
  - o Old Corona Road Water & Quality Mitigation
  - o Trnsit Facility Renovation
  - o Transit Facility Fence and Gate Improvements
  - o Agricultural Recycled Water System Expansion- Adobe Road/Lakeville

- o CNG Fueling Station at Ellis Creek
  - o Corp Yard Master Plan
  - o Ellis Creek Outfall Replacement
  - o Sewer Main Replacement- Payran & Madison
  - o PIPS Forcemain Replacement
  - o Chemical System Upgrade at Ellis Creek
  - o PIPS Upgrade and Pump Replacement
  - o Sewer Main Replacement- Howard and Various Locations
  - o Sewer Main Replacement- D Street
  - o Manhole Rehabilitation
  - o Ellis Creek Water Recycling Facility Energy Plan
  - o Advanced Metering Infrastructure (AMI)
    - o Water Main Replacement Howard Street and Various Locations
  - o Hardin Tank Recoating
  - o Water Main Replacement- Payran and Madison
  - o Water Services Replacement St Francis and Various Locations
- Resolution 2023-033 approved the completion of Petaluma Boulevard South Road Diet Extension project. Transfers Out of Traffic Mitigation IF and Transfers In to Public Works CIP \$39,017.
  - Increase revenues and appropriations in the Fire General Fund for Strike Team reimbursements and associated overtime costs. Adjustment to the General Fund appropriations, \$531,776.
  - Resolution 2023-167 approved the purchase of a Monarch MK-V Electric Utility Tractor. Adjustment to revenues in Parks and Recreation Grants, \$53,547, adjustment to Vehicle Replacement Fund appropriations, \$53,547, Transfers Out from Parks and Recreation Grants and Transfers In to Vehicle Replacement Fund, \$53,547.
  - Resolution 2023-189 approved the purchase of a Hybrid Ford Interceptor and a Harley Davidson Motorcycle. Adjustment to Police Grants revenues and appropriations, \$125,000.
  - Adjustment to the Transit budget to reduce the 2 buses programmed for FY23/24 which will be included in next year's budget. Adjustment to Transit revenues, -\$1,751,200, adjustment to Transit appropriations, -\$1,850,000
- Carry forward the budget for the Fare Free Public Transit to FY24/25. Adjustment to Transit revenues and appropriations, -\$180,000

This item also includes a resolution to adopt the updated Authorized and Funded Permanent Position Schedule. The Schedule includes 1 funded limited-term Emergency Medical Services Coordinator to the Fire Department.

## **PUBLIC OUTREACH**

This agenda item appeared on the City's tentative agenda document on March 11th, 2024 which was a publicly noticed meeting.

## **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, 2023 to June 30, 2024 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 \$531,776 for the current fiscal year for Fire Strike Team reimbursement. Appropriations will increase by \$531,776 due to increased overtime cost associated with deployed fire strike teams. Transfers out will decrease by \$180,000 due to budget for the Free Fare Transit program being shifted out and re-budgeted in FY 24/25. The net financial impact to the General Fund balance is an increase of \$180,000. The addition of the limited-term Emergency Medical Services Coordinator to the Fire Department does not have a financial impact; the position funding was included in the FY 2023/24 adopted budget.

### **Special Revenue Funds**

Special Revenue Funds budgeted revenue will decrease by \$2,420,547. This is mainly due to a decrease in revenues for capital projects that have been re-budgeted in FY 2024/25 slightly offset by grant revenues for capital expenditures and sea level rising. Appropriations will be increased by \$1,625,000 for MidPen Housing - Washington Commons Affordable Housing Project, Danco Group- Meridian at Corona Station Affordable Housing, the purchase of a Hybrid Police Interceptor and a Harley Davidson Motorcycle, wages & benefits, travel, and supplies funded by the OTS grants. Transfers out will decrease by \$3,116,436 for capital projects that have been re-budgeted in FY 2024/25, offset by funds needed for current and recently completed projects. The net financial impact to the funds will be a decrease in fund balance of \$929,111.

### **Capital Project Funds**

Budgeted revenues and transfers in for the Capital Project Funds will decrease by \$24,572,623 due primarily to right sizing the FY23/24 project budgets. This is partially offset by budget increases for the Kenilworth Park Revitalization Plan, the CDBG funds for sea level rising, to close the Petaluma Blvd South Road Diet Extension project, and to fund projects that are further along in their timeline. Corresponding appropriations will decline by \$34,633,361 slightly offset by increases for the projects previously mentioned. Transfers Out will increase by \$101,906 due to the completed Council Chambers Upgrades project. The net financial impact to the Capital Project Funds is an increase of \$9,958,832.

### **Enterprise Funds**

Revenue and transfers in for the Enterprise Funds will decrease by \$1,468,575 due mainly to the Transit buses being carried forward to next year's budget, slightly offset by funding to close the Aircraft Parking Apron Rehabilitation project. Appropriations will decrease by \$1,333,640 mainly due to the electric Transit buses being rolled forward to the FY24/25 budget, slightly offset by the purchase of the Computer-Aided Dispatch- Automatic Vehicle Location System and the salaries and benefits for a permit technician for the remainder of FY 23/24. Transfers Out will decrease by \$57,640 mainly due to right sizing the CIP budgets. The net financial impact to the Enterprise Fund balance is a decrease of \$77,295.

#### Utility Funds

Utility Funds revenues, Appropriations, and Transfers In will remain unchanged. Transfers out will decrease by \$15,594,000 due to right sizing the CIP project budgets. The net financial impact to the Utilities Funds is an increase of \$15,594,000.

#### Internal Service Funds

Budgeted Revenues and Transfers Out to the Internal Service Funds will remain unchanged. Transfers In and Appropriations will increase by \$53,547 to fund the purchase of an Electric Utility Tractor. The net financial impact to the Internal Service Funds is 0.

### **ATTACHMENTS**

1. Mid-Year General Fund Financial Forecast Update
2. FY 2023/24 Mid-Year Budget Adjustment Summary
3. Ordinance Amending General Fund and Measure U Fund Appropriations
  - a. Detailed FY 2023/24 Mid-Year Budget Adjustments
4. Ordinance Amending Enterprise Funds Appropriations
  - a. Detailed FY 2023/24 Mid-Year Budget Adjustments
5. Ordinance Amending Utility Funds Appropriations
  - a. Detailed FY 2023/24 Mid-Year Budget Adjustments
6. Ordinance Amending Internal Service Funds Appropriations
  - a. Detailed FY 2023/24 Mid-Year Budget Adjustments
7. Ordinance Amending Special Revenue and Trust Funds Appropriations
  - a. Detailed FY 2023/24 Mid-Year Budget Adjustments
8. Ordinance Amending Capital Projects and Debt Funds Appropriations
  - a. Detailed FY 2023/24 Mid-Year Budget Adjustments
9. Resolution Adopting the Updated Authorized and Funded Permanent Position Schedule
  - a. Authorized and Funded Positions FTE Schedule
  - b. Authorized Staff/Position Changes 2023/24