



DATE: March 20, 2023

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

FROM: Corey Garberolio, Deputy City Manager/Finance Director

SUBJECT: Introduction (First Reading) of Ordinances to Change Certain Appropriations for the Operations of the City of Petaluma from July 1, 2022 to June 30, 2023; Resolution Updating the Authorized and Funded Permanent Position Schedule; and Mid-Year FY 2022-2023 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 Ordinances 2826, 2827, 2814, 2815, 2828, 2829 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, 2022 to June 30, 2023. 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 2022/2023. 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, 2023. 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, 2022.

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.

- Resolution 2022-050 approved the completion of the Multi Use Path & Park Pathways. Transfers Out from Parks CIP, \$2,505, Transfers In to Measure M Parks, \$2,505
- Resolution 2022-069 approved the budget of \$1,941,538 for the Airport Parking Apron Rehabilitation project. Adjustment to Airport CIP appropriations, \$986,793, Airport CIP revenues, \$869,309. Transfers Out from Airport Capital and Transfers In to Airport CIP, \$140,299.
- Resolution 2022-164 approved the purchase of a Mobile Battery Trailer included in the Community Center Power Back up Purchase and Building Modifications project, c11202116. Adjustment to the Facilities CIP appropriations, \$50,000. Transfers Out from City Facilities Impact Fees and Transfers In to Facilities CIP, \$67,000.
- Resolution 2022-170 approved the completion underbudget of the Payran Lift Station project, c665015199. Transfers Out from Wastewater CIP and Transfers In to Waste Water Capital, \$90,917.
- Resolution 2022-184 approved the carryforward prior year budget for the Toro Groundmaster large area rotary mower. Resolution 2022-171 approved F150 Lightning Trucks for the City's fleet Adjustment to Vehicle Replacement appropriations, \$463,541. Transfers Out from General Fund and Transfers In to Vehicle Replacement, \$300,000.
- Resolution 2022-190 approved Salary and Benefit adjustments resulting from labor negotiations. Adjustment to General Fund appropriations, \$32,638
- The following FY22/23 project budgets are being adjusted for a variety of reasons, including construction continuing into the next fiscal year due to weather delays, contractor availability, etc., requiring the project be re-appropriated in FY 2023/24, undetermined funding and/or non-CIP project prioritization. With the onboarding of new staff, including project managers, many of these projects will see significant movement with a portion completed within the next fiscal year. Decrease to revenues

(\$15,069,000), Decrease to appropriations, (\$47,529,000). Transfers in and out, (\$32,385,000).

The affected projects are:

- o Community Center Repairs
- o Seismic Analysis City Facilities Assessment
- o City Facilities Emergency Power Backup Feasibility Study
- o Emergency Power Backup City Hall & Police Headquarters
- o City Hall East Wing Remodel
- o HVAC & Energy Efficiency Upgrades
- o Public Library New Fire Suppression System
- o Petaluma Library ADA Improvements
- o Fire Station 3- kitchen remodel
- o Fire Reserve Apparatus Storage & Security Gate Installation
- o Lucchesi Turf Field Replacement
- o Marina, Turning Basin Dredging & Dock Upgrades
- o Shollenberger Amphitheater & Kiosk Improvements
- o Lynch Creek Trail/ Crosstown Connector
- o Kenilworth Park Revitalization
- o Pavement Restoration & Reconstruction- Citywide
- o North McDowell Boulevard Complete Streets
- o Trestle Rehabilitation
- o Caulfield Bridge Crosstown Connector
- o 1st and F Street Bridge Replacement Phase 2 (appropriations increase)
- o LED Streetlight and Facility Lighting Retrofit
- o Pedestrian Bridge Renovations
- o Old Corona Road Water & Quality Mitigation
- o Wilson Stormwater Pump Station & Outfall Upgrades
- o 960 Lakeville Drainage Improvements
- o Tertiary Filtration System Expansion
- o Agricultural Recycled Water System Expansion- Adobe Road/ Lakeville
- o Urban Recycled Water System Expansion- Park Irrigation Conversions
- o Transit Facility Electrification
- o Manhole Rehabilitation
- o Chemical System Upgrade at Ellis Creek
- o Sewer Main Replacement- Payran & Madison
- o Sewer Main Replacement- Webster/Fair/Upham Streets and Various Locations
- o PIPS Forcemain Replacement
- o Replace PIPS High Capacity Pumps
- o Ellis Creek Outfall Replacement
- o Ellis Creek Water Recycling Facility Oxidation Pond Flow Structure Rehab
- o Well Construction
- o Water Main Replacement- Payran and Madison
- o Water Main Replacement Howard Street and Various Locations
- o Water Services Replacement – Daniel Drive
- o SCADA Upgrades

- o Aquifer Storage & Recovery (ASR) Plan
- o Advanced Metering Infrastructure (AMI)

- Resolution 2022-186 approved the completion of the 12-inch Santa Rosa Junior College Water Main project. Transfers Out of Water Capital and Transfers In to Water CIP \$43,691.
- Resolution 2021-114 approved the purchase of a Vac-Con truck. The budget is a roll forward from FY 2021/22. Adjustment to Water appropriations, \$400,000.
- Increase appropriations in the General Fund for Healthy Democracy and professional services Fairgrounds Advisory Panel. Adjustment to the General Fund appropriations, \$185,000.
- General Fund and Measure U expected revenue increases. Decreased transfer out from Measure U to the General Fund. Adjustment to the General Fund revenues, \$800,000. Adjustment to the General Fund- Measure U revenues, \$700,000. Transfers Out from General Fund-Measure U, (\$732,362), Transfers In to General Fund, (\$732,362).
- Resolution 2022-127 approved the completion of the Corp Yard Tank Demo Phase 2. Transfers Out from Waste Water Capital and Transfers In to Waste Water CIP, \$1,556.
- Resolution 2023-013 approved the appropriations of Housing In-Lieu Funds to MidPen Housing Corporation for acquisition and development of the Washington Commons Affordable Housing Project. Adjustment to the Housing In Lieu appropriations, \$500,000.

PUBLIC OUTREACH

This agenda item appeared on the City’s tentative agenda document on March 6th, 2023 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, 2022 to June 30, 2023 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 \$800,000 for the current fiscal year. Transfers in will decrease by \$732,362 due to expected increased Measure U Sales Tax revenues. Appropriations will increase by \$217,638 due to employee labor negotiations and additional funding Healthy Democracy and professional services fairgrounds advisory panel. Transfers out will increase by \$300,000 for the purchase F150 Lightning trucks. The net financial impact to the General Fund balance is a decrease by \$450,000.

Measure U

General Fund Revenues for the Measure U Sales Tax are expected to increase by \$700,000. Transfers out will decrease by \$732,362. The net financial impact to the Measure U General Fund balance is an increase of \$1,432,362.

Special Revenue Funds

Special Revenue Funds budgeted revenue will decrease by \$869,000. This is mainly due to a decrease in revenues for capital projects that have been re-budgeted in FY 2023/24. Appropriations will be increased by \$500,000 for acquisition and development of the Washington Commons Affordable Housing Project. Transfers In will increase by \$2,505 due to the completion of the Multi Use Path & Parks Pathways CIP project. Transfers out will decrease by \$6,174,000 for capital projects that have been re-budgeted in FY 2023/24, partially offset by funds needed for the purchase of a Mobile Battery Trailer. The net financial impact to the funds will be an increase in fund balance of \$4,807,505.

Capital Project Funds

Budgeted revenues and transfers in for the Capital Project Funds will decrease by \$42,401,215 due primarily to FY22/23 project budgets that will be re-budgeted in the FY 23/24 budget. This is partially offset by budget increases for the Aircraft Parking Apron Rehabilitation, the Mobile Battery Trailer for the Community Center Power back up project, the completions of the 12-inch Santa Rosa Junior College Water main and the Corp Yard Tank Demo phase 2 projects. Corresponding appropriations will decline by \$46,492,207 slightly offset by increases for the projects previously mentioned. Transfers Out will increase by \$93,422 due to the Multi Use Path & Parks Pathways and the Payran Lift Station Upgrade projects completed underbudget. The net financial impact to the Capital Project Funds is an increase of \$3,997,570.

Enterprise Funds

Enterprise Funds revenues, Appropriations, and Transfers In will remain unchanged. Transfers Out will increase by \$140,229 to fund the Airport Parking Apron Rehabilitation project. The net financial impact to the Enterprise Fund balance is a decrease of \$140,229.

Utility Funds

Revenue and transfers in for the Utility Funds will decrease by \$2,971,083. Due primarily to a Water Grant being re-budgeted in FY23/24, slightly offset by the return of funds from the Payran Lift Station Upgrades to the Waste Water Fund. Appropriations remain unchanged. Transfers out will decrease by \$26,098,753 due mainly to capital improvement projects being re-budgeted in FY 23/24, slightly offset by the 12-inch Santa Rosa Junior College Water Main and the Corp Yard Tank Demo Phase 2 projects needing funding to close. The net financial impact to the Utilities Funds is an increase of \$23,127,670.

Internal Service Funds

Budgeted Revenues and Transfers Out to the Internal Service Funds will remain unchanged. Transfers In will increase by \$300,000 to fund the purchase electric trucks. Appropriations will increase by \$863,541 to purchase electric trucks, the Toro Groundmaster large mower, and the Vac-Con truck The net financial impact to the Internal Service Funds is a decrease of \$563,541.

ALTERNATIVES

N/A

ATTACHMENTS

1. Mid-Year General Fund Financial Forecast Update
2. FY 2022/23 Mid-Year Budget Adjustment Summary
3. Ordinance Amending General Fund and Measure U Fund Appropriations
 - a. Detailed FY 2022/23 Mid-Year Budget Adjustments
4. Ordinance Amending Enterprise Funds Appropriations
 - a. Detailed FY 2022/23 Mid-Year Budget Adjustments
5. Ordinance Amending Utility Funds Appropriations
 - a. Detailed FY 2022/23 Mid-Year Budget Adjustments
6. Ordinance Amending Internal Service Funds Appropriations
 - a. Detailed FY 2022/23 Mid-Year Budget Adjustments
7. Ordinance Amending Special Revenue and Trust Funds Appropriations
 - a. Detailed FY 2022/23 Mid-Year Budget Adjustments
8. Ordinance Amending Capital Projects and Debt Funds Appropriations
 - a. Detailed FY 2022/23 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 2022/23