



# AGENDA BILL

Agenda Item No. 9.D.

**Date:** March 7, 2023  
**To:** El Cerrito City Council  
**From:** Sandra Dalida, Finance Director/Treasurer, Finance Department  
**Subject:** Fiscal Year 2022-23 Midyear Budget Update

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## **ACTION PROPOSED**

Receive an update on City revenues and expenditures for the first six months of the fiscal year through December 31, 2022 and adopt a resolution authorizing amendment to the FY 2022-23 budget and approving new spending limits.

## **BACKGROUND AND ANALYSIS**

### **GENERAL FUND REVENUES, EXPENDITURES, AND FUND BALANCE**

#### **REVENUE**

Based on actual revenues to date and estimates for the remaining six months of the fiscal year, staff is recommending one-time and ongoing General Fund revenue adjustments totaling \$1,223,621.19 as detailed below. In addition, the City is requesting approval to recognize \$31,000 received in one-time donations and establish an ongoing Miscellaneous Donations Budget of \$4,000 and adjust revenue and expenditure budgets.

<b>FY 2022-23 Mid-Year Budget Request</b>			
<b>General Fund</b>			
<b>Dept</b>	<b>One-Time Revenue</b>	<b>Ongoing Revenue</b>	<b>TOTAL REVENUE</b>
<b>City Manager</b>			-
<b>Human Resources</b>			-
<b>Finance Dept</b>		125,000.00	<b>125,000.00</b>
<b>Community Development</b>	462,000.00		<b>462,000.00</b>
<b>Fire Department</b> <i>(diff btwn OES fees/exp)</i>	338,890.00 5,731.19	222,000.00	
	344,621.19	222,000.00	<b>566,621.19</b>
<b>Police Department</b>			-
<b>Public Works</b>	70,000.00		<b>70,000.00</b>
<b>Recreation Department</b>			-
<b>TOTAL GF IMPACT</b>	876,621.19	347,000.00	<b>1,223,621.19</b>

**EXPENDITURES**

The staff is recommending approval of ongoing and one-time General Fund expenditures and budgetary adjustment related to the use of Special Funds.

FY 2022-23 Mid-Year Budget Request							
General Fund							
Dept	One-Time Revenue	Ongoing Revenue	TOTAL REVENUE	One-Time Expense	Ongoing Expense	TOTAL EXPENSE	Net General Fund
City Manager			-	60,000.00	44,000.00	104,000.00	(104,000.00)
Human Resources			-		110,203.00	110,203.00	(131,131.00)
Finance Dept		125,000.00	125,000.00	239,731.00	16,400.00	256,131.00	\$(131,131.00)
Community Development	462,000.00		462,000.00	558,618.26		558,618.26	\$(96,618.26)
Fire Department <i>(diff btwn OES fees/exp)</i>	338,890.00 5,731.19	222,000.00		771,650.20	211,124.75		
	344,621.19	222,000.00	566,621.19	771,650.20	211,124.75	982,774.95	(416,153.76)
Police Department			-	801.40		801.40	\$(801.40)
Public Works	70,000.00		70,000.00	158,439.00	10,063.87	168,502.87	\$(98,502.87)
Recreation Department			-			-	\$ -
<b>TOTAL GF IMPACT</b>	876,621.19	347,000.00	1,223,621.19	1,789,239.86	391,791.62	2,181,031.48	\$(957,410.29)

**City Manager**

1. Approve request to increase Professional Services expenditure budget by \$60,000 for costs associated with services related to exploring a ballot measure for the proposed Library project.
2. Approve the request to add back one (1.0) Management Assistant position, eliminated in 2020-21, to provide administrative support for the City Manager's Office and the Finance Department. The Management Assistant will be responsible for performing critical meeting planning, coordination, and calendaring for the City Manager, Assistant City Manager, and Finance Director/City Treasurer; coordinate postings and distribution of meeting agendas, packets, minutes and material distributions for specified Advisory Boards and Commissions; coordinate incoming and outgoing mail, coordinate replenishment of warrant stock and related supplies, and coordinate record retention and destruction processes. The absence of any administrative support for the City Manager's Office and the Finance Department leaves these critical duties unassigned due to the lack of bandwidth of management staff and finance professional staff. This position is represented by SEIU. The cost for the remainder of FY 2022-23 is \$44,000.00. The annualized cost associated with restoring the Management Assistant position will be included in the FY 2023-24 Recommended Budget.
3. Approve request to upgrade the current vacant Management Analyst position to Assistant to the City Manager, which had been eliminated in FY 2020-21. This position is better suited to the functions of the City Manager's office and will, among other duties, be responsible for the coordination of public information and

engagement specifically including the Library project, upcoming Strategic Plan process, and emergency operations. The Assistant to the City Manager position is an at-will position and, same as the Management Analyst position, is in the Management and Confidential unit. Because of the current vacancy, funding is available through salary savings for the rest of the fiscal year, and annualized costs will be included in the FY 2023-24 Budget.

### **Human Resources**

1. Approve request to restore ongoing General Fund expenditure appropriation inadvertently omitted from the FY 2022-23 Adopted Budget.
2. Approve the request for ongoing General Fund expenditure appropriation increase associated with cost increases due to increased rates/cost from providers or increased need and utilization occurring during the fiscal year. The increased costs will be included in the FY 2023-24 Proposed Budget.

### **Finance Department**

1. Approve request for \$16,400 for ongoing costs associated with licensing and configuration of a new budget system. The FY 2022-23 Adopted Budget includes \$20,000 annual funding for the outgoing budget system and the additional funding requested for the new budget system is \$16,400 for one-time technical professional services for budget system configuration, data migration, budget publication (hard copy and web versions) and staff training. The total cost for Year 1 of the budget system contract is \$36,400 (approx.5% cost increase each subsequent year of the 3-year contract term). The annualized cost will be included in the FY 2023-24 Proposed Budget.
2. Approve request for \$17,000 for one-time technical professional services from the City's financial systems provider, NewWorld Tyler, to configure automated data extracts from the financial system to the new budget system and to plan and implement the NewWorld Position Control and Forecasting Module (enabling position cost modeling and scenario forecasting for the 74% of City General Fund expenditures including comparative analysis for changes in benefit costs, labor costs, and position/overhead cost allocation).
3. Approve request for \$160,118 for one-time funding for professional accounting services to backfill three Finance Department vacant positions (Budget Manager, Senior Accountant, and Accountant I).
4. Approve request to increase expenditure budget by \$62,613 to cover costs associated with one-time payouts for one staff retirement and one separation.

### **Community Development Department**

1. Approve request to recognize revenue totaling \$462,000 and increase expenditure appropriation totaling \$558,612.28 for a net General Fund increase of \$96,618.26. Revenue and expenditures are primarily related to Plan Check Fees and Major Project expenditures for BART TOD Application, BRIDGE, and

other projects.

### **Fire Department**

1. Revenue and Fee Increases

Approve request for ongoing FY 2022-23 General Fund revenue increase of \$222,000 associated with reimbursed expenses, one-time excess Plan Check Fees of \$5,731.29, and net difference in OES fees and OES fee expenses of \$338,890. The revenue will be annualized and included in the FY 2023-24 Proposed Budget.

2. Salaries and Wages

Approve expenditure appropriation increase of \$925,774.95 that includes cost increases related to the Local 1230 labor contract increase of 4.5% and retroactive pay from October 2022, overtime pay increase of \$505,050, special overtime pay increase of \$40,000, workers' compensation premium increase of \$169,660, and projected overtime pay and holiday pay based on the current vacancy rate at the new labor contract rate. In addition, the cost includes the Department's request for a part-time civilian position to assist with timely plan checks and mid-rise buildings. The ongoing increased cost associated with the 4.5% labor contract will be annualized and included in the FY 2023-24 Proposed Budget.

3. Vehicles and Equipment Purchases

Approve request for one-time General Fund expenditure appropriation increase of \$57,000 to purchase two (2) command vehicles, at a cost of \$45,000 to replace two vehicles which are past their useful life, and \$12,000 for the purchase of eleven (11) computers to replace computers purchased in 2013 and no longer functioning.

### **Police Department**

1. Equipment Lease

Approve request for increased ongoing expenditure appropriation in the amount of \$801.40 for increased copier lease costs.

2. Asset Forfeiture Fund Expenditures

Approve expenditure from Asset Forfeiture Fund accounts in the amount of \$49,000.00 for retention programs, food service supplies, and a catalytic converter theft prevention program. The Asset Forfeiture Fund balance is \$299,973.72 and these funds are earmarked for law enforcement activities and/or drug awareness programs. No General Funds are requested.

3. Supplemental Law Enforcement Services Fund (SLESF)

The State of California, by statute, allocates designated funds to counties and cities for the Citizens' Option for Public Safety Funds (COPS). COPS funding is allocated to provide additional resources for public safety at the local level for front-line law enforcement activities. COPS funding cannot be used to supplant any existing funds and the COPS funding must be maintained in a Supplemental Law Enforcement Services Fund.

California Government Code 30061 stipulates that in the case of a city, the city council shall appropriate existing and anticipated SLESF moneys exclusively to fund frontline municipal police services, in accordance with written requests submitted by the chief of police of that city or the chief administrator of the law enforcement agency that provides police services for that city. Accordingly, the El Cerrito Police Department is submitting planned expenditures and uses of SLESF. No change in revenue or expenditure budgets are requested.

<b>Category</b>	<b>Amount</b>
Body worn cameras	\$45,000
Building renovation services and expenses	\$45,000
Recruitment services and expenses	\$30,000
Safety Supplies	\$30,000

**Public Works Department**

**General Fund**

1. Approve request to restore (1.0) Engineering Technician position, eliminated in FY 2020-21, to perform a variety of specialized engineering and transportation services, including field reviews and inspections for permits, evaluation and response to requests from the public, maintain and update engineering records, maps and drawings, and support capital improvement projects. Other Public Works staff and consultants are covering some of the Engineering Technician's critical duties, at the expense of other duties which are not backlogged. The cost for the remainder of FY 2022-23 is \$36,595.87. The Engineering Technician position is an SEIU position. The annualized cost associated with adding back the Engineering Technician position will be included in the FY 2023-24 Recommended Budget.
2. Approve request to add a part-time Senior Program Manager to add capacity to meet Citywide goals and objectives, manage projects and procurement processes to complete on-going maintenance and facilities work, expedite and streamline the procurement of supplies and equipment, plan for and address deferred maintenance such as budget and resource development, and develop standard operating procedures to improve efficiency and ensure environmental compliance. Also, the part-time Senior Program Manager position will support larger environmental efforts, such as the Hillside Natural Area Wildfire Resiliency Plan, develop a new Post-Collection Agreement, and comply with new Clean Water Program permit requirements. The cost for the remainder of FY 2022-23 is \$42,656.29, and the position is a member of the Management/Confidential unit. The annualized cost associated with the part-time Senior Program Manager position will be included in the FY 2023-24 Recommended Budget.

3. Approve one-time request to increase expenditure budget by \$15,000 to cover costs associated with one-time payouts for one staff retirement.
4. Approve one-time request for \$22,000 for Building Maintenance services to resolve functionality issues for City Hall Council Chambers audio visual room and air conditioning units.
5. Approve one-time request for \$22,000 for Building Maintenance services for the Community Center roof gutters to prevent damage to the building.
6. Encroachment Permit Application - Approve request to recognize \$70,000 in revenue from cost reimbursement related to the Encroachment Permit Application and add \$70,000 expenditure appropriation budget for professional services to review traffic control plans and inspection by on-call consultants for a large utility project and EMBUD Wildcat Pipeline.

### **Measure J Return to Source Fund**

1. Approve request to recognize \$10,000.00 in revenue from Measure J Return To Source fund balance and one-time increase of expenditure budgets totaling \$35,000.00 for professional services.
2. \$10,000.00 for staff augmentation for on-call transportation consultant required to review traffic requests and evaluate safety concerns and will be paid from Measure J Return to Source fund balance.
3. \$25,000.00 for staff augmentation to provide on-call engineering consultant to partially back-fill a Senior Engineer vacancy and perform time-sensitive activities. The Senior Engineer position has been vacant since May 2022 and has created critical delays. The engineering consultant will be assigned projects with non-negotiable deadlines, urgent and safety-related engineering services.

### **SB-1 Road Repair Fund**

1. Approve one-time request for \$40,000.00 for infrastructure maintenance services for Underground Services Alert Marking of electrical conduits and repair of streetlight and transportation infrastructure. \$18,000.00 of cost will be reimbursed and recognized as revenue related to Damage Claim Recoveries.

### **Street Improvements Fund**

1. Approve one-time request for \$5,000.00 for professional services for Capital Improvement Project (CIP) for the close-out of Gladys-B-EI Dorado Street Improvement Projects and grant reimbursement activities.

### **Integrated Waste Management Fund**

1. Approve one-time request for \$24,800.00 for environmental insurance premiums for environmental legal liability hazard insurance for the Recycling and Environmental Resource Center (bill triennial) that was not included in the FY 2022-23 Adopted Budget but is included in the IWM 10-Year Plan.

## **Recreation Department**

1. Approve request to restore two (2) positions, Assistant Supervisor (Aquatics) and Administrative Clerk Specialist which are essential for successful program service planning and delivery. No additional General Funds are requested, as the cost associated with the addition of the two (2) positions of approximately \$36,000 for the remainder of FY 2022-23 will be absorbed within current budget due to the sunset of the Kensington modular lease (currently subleased by Kensington Police Department and the lease expires in May 2023). The Administrative Clerk Specialist is an SEIU position and the Assistant Supervisor is unrepresented. The annualized cost associated with the two positions will be included in the FY 2023-24 Recommended Budget.

## **DONATIONS**

The City, as a qualified organization under Internal Revenue Code Section 170(c) (1), “for the use of a state, a possession of the United States or the District of Columbia, made exclusively for public purposes.” IRC 170 indicates, a charitable donation must be a gift whereas the donor does not receive anything of value for the contribution.

Local governments must follow IRS guidance to issue a written acknowledgement of any contribution donation of \$250.00 or more. Accordingly, aligned with IRS guidance and transparency purposes, the City is requesting approval to accept various restricted donations and increase revenue and expenditure appropriations corresponding with the terms of the donation.

### **Community Center Donation**

On June 13, 2022, the Recreation Department received a \$5,000 earmarked donation from Albany-El Cerrito Access for accessibility improvements at the El Cerrito Community Center located at 7007 Moeser Lane. The City is requesting approval to accept the \$5,000 donation and increase revenue and expenditure budgets within restricted donation accounts.

### **Senior Center Programs Donation**

On August 26, 2022, the Recreation Department received a \$25,000 earmarked donation for Senior Center Programs from the Lillie T. Jue Living Trust. The City is requesting approval to accept the \$25,000 donation and increase revenue and expenditure budgets within restricted donation accounts.

### **Employee Recognition Event Donation**

On January 27, 2023, the City received a \$1,000 earmarked donation in support of the City’s Employee Recognition Event from the United Professional Fire Fighters of Contra Costa County IAFF Local 1230. The City is requesting approval to accept the \$1,000 donation and increase revenue and expenditure budgets within restricted donation accounts.

**Miscellaneous Restricted Donations**

Throughout the fiscal year, Departments receive various small, earmarked donations - - ranging in value from less than \$1.00 to \$200.00. The City is requesting approval to establish an ongoing fiscal year Miscellaneous Donations budget with a revenue and expenditure budget of \$4,000. Expenditures will always reconcile with donation revenue received, with no negative General Fund impact.

Donations				
Category	Recommendation	Status	Expenditure	Revenue
Community Center Donation	Increase revenue and expenditure appropriation related to restricted donation.	One-Time	5,000.00	5,000.00
Senior Center Programs Donation	Increase revenue and expenditure appropriation related to restricted donation.	One-Time	25,000.00	25,000.00
Employee Recognition Event	Increase revenue and expenditure appropriation related to restricted donation.	One-Time	1,000.00	1,000.00
Miscellaneous Restricted Donations, Recreation Department	Increase revenue and expenditure appropriation related to restricted donation.	One-Time	4,000.00	4,000.00
<b>TOTAL</b>			<b>35,000.00</b>	<b>35,000.00</b>
<b>NET GENERAL FUND</b>				-

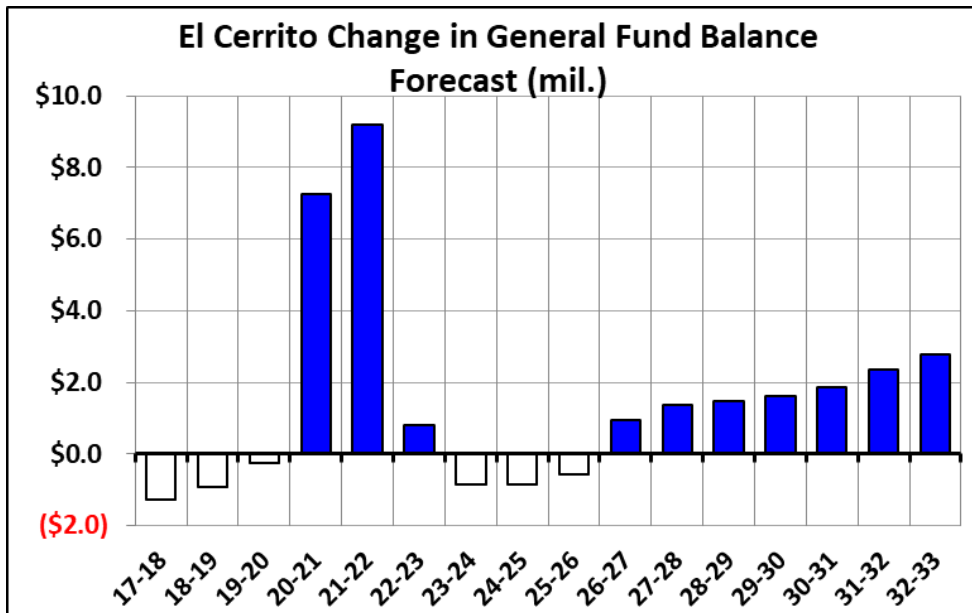
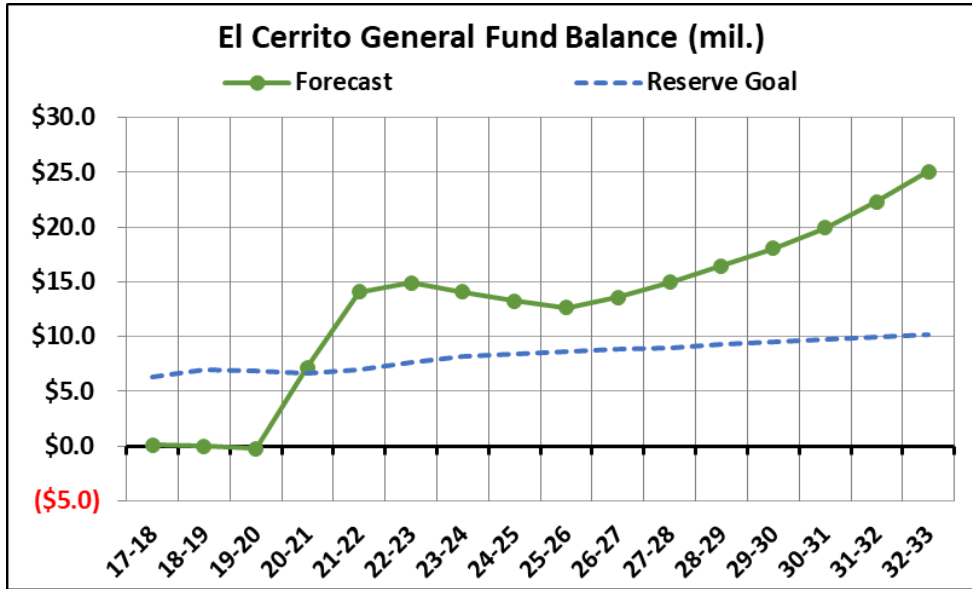
**UNRESERVED FUND BALANCE AND TEN-YEAR PROJECTIONS**

The City is recommending use of \$957,410 of Unreserved Fund Balance for the previously described proposed one-time expenditures related to retroactive pay for executed labor agreements, critical technology upgrades and software licenses, election-related costs, and professional services to backfill vacant positions. At the end of FY 2020-21, the Unreserved Fund Balance was \$7.1 million and the projected FY 2021-22 fund balance is projected to be at least \$7 million for a cumulative Unreserved Fund Balance of \$14.1 million. The final Unreserved Fund Balance will be included in the FY 2021-22 Annual Comprehensive Financial Report (ACFR) presented at an upcoming City Council Meeting.

The following charts show the Ten-Year Projections for both the year-end FY 2021-22 actuals, and the fund balance following the proposed midyear adjustments, and the assumptions are listed beneath each table. As shown in Table 2, the midyear adjustments still reflect the City being well above the 10% minimum in the City's Comprehensive Financial Policy as well as the 17% GFOA-recommended minimum. As both of these models show a snapshot of each point in time, it allows the City Council to see that with current conditions, and for the next three fiscal years before the property tax adjustment due to the end of the Successor Agency in 2026, the budget will still need to be closely monitored to ensure that the General Fund balance remains at or above the minimum recommended balances. However, it is clear that the actions the City Council has taken toward fiscal sustainability have made a significant difference in the future of the General Fund Balance and has restored stability to the City's budget now and in the future.



**Table 1: Estimated General Fund Balance and Change in Fund Balance, Actual through FY 2021-22 and Forecast through 2032-33, Cash Basis**

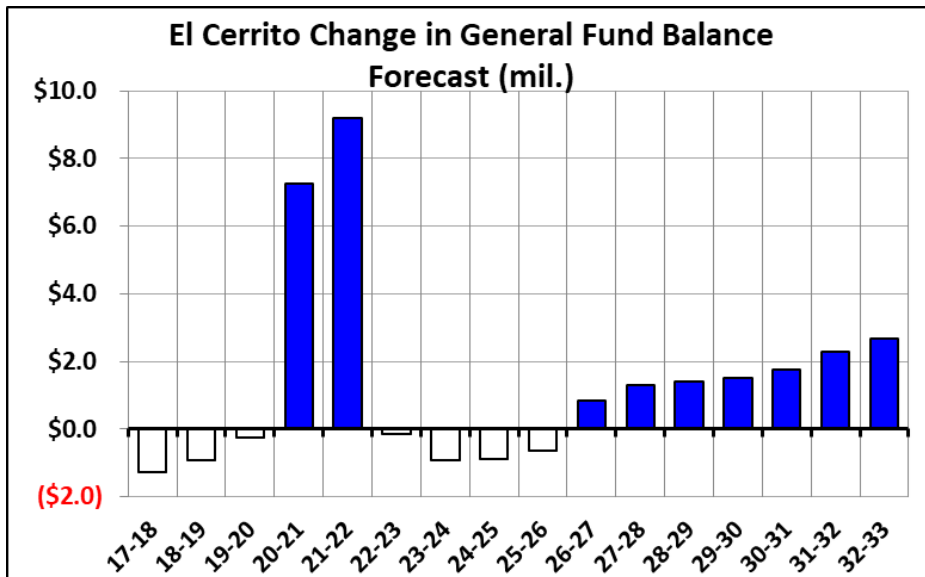
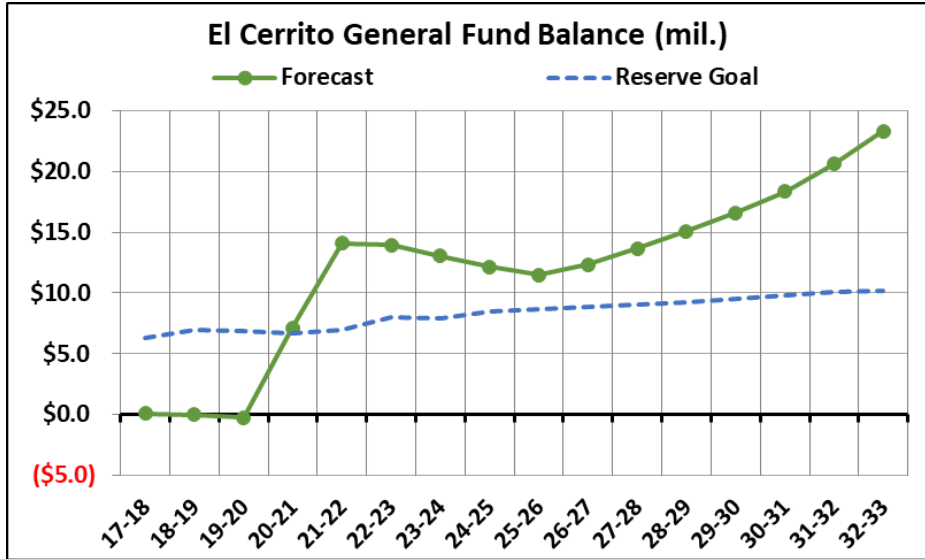


**Assumptions/Data:**

- FY 2021-22 actual revenues and expenditures
- FY 2022-23 approved revenues and expenditures
- Pension estimated at \$9.9 million for FY 2023-24 compared to budget of \$8.3 million for FY 2022-23
- FY 2026-27 property tax revenues increase by \$1.2 million due to the end of the Successor Agency

- Personnel increases by 4.5% in FY 2023-24 then settles at a 3% annual increase
- Healthcare costs increase by 10% in FY 2023-24 then settles at a 5% annual increase
- All other non-personnel line items increase 5% for FY 2024, 4% for FY 2023 and 3% ongoing

**Table 2: Estimated General Fund Balance and Change in Fund Balance, Actual through FY 2021-22 and Forecast through 2032-33, Cash Basis**  
*Includes Mid-Year Appropriation Adjustments*



Assumptions/Data:

- Includes all assumptions in the first model above

- Includes one-time revenues of \$876,621 and ongoing revenues of \$398,500
- Includes one-time expenditures of \$1,789,240 and ongoing expenditures of \$391,792

**STRATEGIC PLAN CONSIDERATIONS**

Approving the requested mid-year budget adjustments is consistent with Goal A: Deliver exemplary government services; and Goal B: Achieving long-term financial sustainability.

**ENVIRONMENTAL CONSIDERATIONS**

This section is not applicable to this agenda item.

**FINANCIAL CONSIDERATIONS**

Each fiscal year, the City Council adopts a resolution establishing spending limits by Fund. On June 21, 2022, Resolution 2022-49 was adopted by City Council authorizing \$69,573,629 in total spending limits across all funds for FY 2022-23. The following chart summarizes the requests by Fund and the total spending authority requested as a part of this action.

<b>Fund</b>	<b>Midyear Request</b>	<b>Total</b>
General Fund	\$2,181,032	\$47,046,145
Gas Tax Fund	23,488	676,521
NPDES	9,124	418,726
Landscaping and Lighting	1,350	867,341
Measure J Return to Source	20,139	457,941
Measure A Parcel Tax		270,350
Measure H Parcel Tax		704,536
Asset Forfeiture	49,000	49,000
Vehicle Abatement		30,900
SB-1 Road Repair	40,000	743,232
Street Improvement Fund	7,225	2,103,905
Public Art Fund		100,000
Measure J – Paratransit		163,862
Federal, State, & Local Grants		395,511
C.O.P.S. Grant		153,000
City LMI Housing		207,528
Capital Improvements		11,127,175
Measure J Storm Drain	10,963	807,702
Integrated Waste Management	32,323	4,113,444
Vehicle/Equipment Replacement		136,591
Employees' Pension Trust Section 401A		85,000
Financing Authority City Hall Debt Svc		582,763
Financing Authority Street Improv Debt Svc		707,100
	<b>\$2,374,644</b>	<b>\$71,948,273</b>

Authorization is needed to align budgets with current operations, recognize donation funds and associated expenditures, increase spending authority to add requested positions and expenditures, and modify the FY 2022-23 total appropriations accordingly.

**LEGAL CONSIDERATIONS**

Approval of the attached resolution is required to amend the City's FY 2022-23 spending authority.

**Reviewed by:**

A handwritten signature in blue ink, appearing to read "Karen Pinkos".

Karen Pinkos, City Manager

**Attachments:**

1. Resolution