



City of San Leandro

Meeting Date: February 18, 2020

Staff Report

File Number: 20-039 **Agenda Section:** CONSENT CALENDAR

Agenda Number: 8.F.

TO: City Council

FROM: Jeff Kay
City Manager

BY: James O'Leary
Finance Department

FINANCE REVIEW: Liz Warmerdam
Interim Finance Director

TITLE: Staff Report for a City of San Leandro City Council Resolution to Approve Budget Amendments to the City of San Leandro Budget for Fiscal Year 2019-20 General Fund, Special Revenue Fund, Capital Improvement Projects Fund, and Enterprise Fund

SUMMARY AND RECOMMENDATION

Staff recommends that the City Council review and approve the 2019-20 Budget Amendments for the General Fund, Special Revenue Fund, Capital Improvement Projects Fund, and Enterprise Fund - Environmental Services.

BACKGROUND

The City Council approves annual budgets based on the best revenue and expenditure information available at the time of adoption. Budget amendments are periodically necessary for changes that arise after the budget is adopted or when additional budget appropriations or re-appropriations between funds or budget line items is necessary. The City Council adopted the 2019-20 budget on June 3, 2019 and has adjusted other budget appropriations since that time.

DISCUSSION

Attachments 1 and 2 of this staff report include the Summary and the Detail of budget adjustments proposed by departments and fund appropriations over the first seven months of the current fiscal year requiring City Council approval in accordance with budget policies. The Summary includes information regarding funding sources, revenue and expenditure adjustments, fund transfers, and net changes in fund balance. The Detail report includes similar information but provides a more detailed description of the purpose of the adjustments.

The following are highlights of the proposed budget amendments, by City Department:

- **Police Department** - Recognize receipt of a \$1,000 donation for local youth programs and

corresponding appropriation to expend the funds for that purpose.

- **Community Development** - To accommodate increased workload and a growing complexity of projects, one new full-time Project Specialist II position is added for a limited duration (through June 30, 2022); the new position expenditures will be fully funded through the elimination of the part-time Project Specialist I vacant position and decrease in consulting services budget.

- **Recreation and Human Services** -
 - Funding for the quarterly activity guide graphic design, printing and translation costs. These costs are offset by salary savings in the Information Technology - Central Services division in the Internal Service fund.
 - One new full-time Administrative Assistant II position is added for the Senior Services Paratransit program to assist in the implementation of the expansion plan designed to upgrade and meet the paratransit needs of seniors and the disabled population of San Leandro. This position is funded from Measure B and Measure BB special grant revenues and replaces part-time hours previously utilized for the same program.

- **Engineering and Transportation** - Increase the budget for the Police Building and South Offices Improvement project by \$775,000 to cover the cost of unforeseen delays and ancillary expenses. Construction of this project is approximately 60% complete and staff projects that the original contingency of \$940,000 will be insufficient to complete the work. Construction change orders to date total approximately 16% of the work completed. Assuming this trend continues, construction change orders will exceed the project contingency and will total \$995,000.
Other project costs are higher than budgeted, the most significant of which is additional cost associated with an 11-month delay in obtaining new water service for fire suppression. This delay will extend the construction period triggering unanticipated project management costs of \$515,000. Additionally, the existing domestic water meter needs to be upsized, which will generate a corresponding system impact fee of \$105,000. Finally, the actual costs of final permits is anticipated to exceed the budget by \$100,000.

In summary:

\$995,000	expected construction change orders (16% of contract value)	\$515,000
	project management costs for 11 additional months	
\$105,000	system impact fee for upsizing existing water meter	
<u>\$100,000</u>	<u>permit fees beyond the budget</u>	
\$1,715,000	Total demand on project contingency	
<u>(\$940,000)</u>	<u>Less: Existing project contingency</u>	
\$775,000	Additional funding requested with this action.	

- **Environmental Services** - received a \$5,600 court settlement to be used for hazardous waste training.

FISCAL IMPACT

The estimated unassigned ending fund balance for the 2018-19 General Fund is \$43 million based on the preliminary 2018-19 Comprehensive Annual Financial Report. The Measure B Paratransit estimated ending fund balance for 2018-19 is over \$531,000. Both funds have sufficient funds available to support the General Fund, and Special Grants fund budget adjustments.

CONCLUSION

Staff recommends that the City Council review and approve the budget adjustments attached to the resolution that amends the 2019-20 Budget.

Attachments to Resolution

- Attachment 1 - Summary Budget Adjustments 2019-20
- Attachment 2 - Detailed Budget Adjustments 2019-20

PREPARED BY

Elizabeth Warmerdam, Interim Finance Director
Mary Ann Perini, Budget and Compliance Manager



City of San Leandro

Meeting Date: February 18, 2020

Resolution - Council

File Number: 20-040 **Agenda Section:** CONSENT CALENDAR

Agenda Number:

TO: City Council

FROM: Jeff Kay
City Manager

BY: James O'Leary
Finance Department

FINANCE REVIEW: Liz Warmerdam
Interim Finance Director

TITLE: RESOLUTION of the City of San Leandro City Council to Approve Budget Amendments to the City of San Leandro Budget for Fiscal Year 2019-20 General Fund, Special Revenue Fund, Capital Improvement Projects Fund and Enterprise Fund

WHEREAS, the City Council approves annual budgets based on the best revenue and expenditure information available at the time budgets are prepared; and

WHEREAS, budget adjustments are periodically necessary for changes that arise and require additional budget appropriations or re-appropriations between funds or budget line items; and

WHEREAS, the City Council adopted the 2019-20 Budget on June 3, 2019 and approved new budget appropriations since that date that amended the 2019-20 Budget.

NOW, THEREFORE, the City Council of the City of San Leandro does **RESOLVE** as follows:

That the 2019-20 City of San Leandro Budget is hereby amended as described on that certain document, and all attachments to that document, titled "Staff Report for the City of San Leandro City Council Resolution to Approve Budget Amendments to the City of San Leandro Budget for Fiscal Year 2019-20 General Fund, Special Revenue Fund, Capital Improvement Projects Fund and Enterprise Fund," copies of which are attached hereto and incorporated herein by reference, and as shown on the attachments to this Resolution, which are incorporated herewith and made a part hereof.

Funding Source	Revenue Adjustments	Expenditure Adjustments	Fund Transfers	Net Change to Fund Balance
General Fund	1,000	(26,000)	(775,000)	(800,000)
Grants Fund	-	(44,245)	-	(44,245)
Capital Improvement Projects Fund	-	(775,000)	775,000	(775,000)
Environmental Services Fund	5,600	(5,600)	-	-
TOTAL	\$ 6,600	\$ (850,845)	\$ -	\$ (1,619,245)

GENERAL FUND

Revenue Budget Adjustments:

Police - Donation for local youth program	\$ 1,000
Total Increase in Revenues	\$ 1,000

Expenditure Budget Adjustments:

Police - local youth program	\$ (1,000)
Community Development - 1 new full-time Special Project Specialist II position for January 1, 2020 - June 30, 2020 (position to be added to 2020-21 budget update for limited duration to 2022)	\$ (77,654)
Community Development - eliminate 950.6 hour part-time Special Project Specialist I position for new FT Project Specialist II position	\$ 23,046
Community Development - eliminate planning services consulting budget to supplement new FT Project Specialist II position costs	\$ 54,608
Recreation and Human Services - quarterly activity guide printing and translation costs (IT Central Services budget savings to cover costs)	(25,000)
Total Increase in Expenditures	\$ (26,000)

Transfers Out Budget Adjustments:

Transfer out to CIP for Police building and South Office expansion	\$ (775,000)
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Total Change in Projected Ending Fund Balance	\$ (800,000)
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GRANTS FUND

Expenditure Budget Adjustments:

Recreation and Human Services - Senior Services Paratransit Program new full-time Administrative Assistant II position to be funded by Measure B and Measure BB (January 1, 2020 - June 30, 2020; new position to be added to 2020-21 budget update)	\$ (44,245)
Total Increase in Expenditures	\$ (44,245)

Total Change in Projected Ending Fund Balance	\$ (44,245)
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CAPITAL IMPROVEMENT PROJECTS FUND

Expenditure Budget Adjustments:

Engineering - construction of Police building and South Office expansion	\$ (775,000)
Total Increase in Expenditures	\$ (775,000)

Transfers In Budget Adjustments:

Transfer in from General Fund to CIP for Police building and South Office expansion	\$ 775,000
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Total Change in Projected Ending Fund Balance	\$ -
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ENVIRONMENTAL SERVICES FUND

Revenue Budget Adjustments:

Public Works - Alameda County Court Settlement	\$ 5,600
Total Increase in Revenues	\$ 5,600

Expenditure Budget Adjustments:

Public Works - Hazardous Waste Training	\$ (5,600)
Total Increase in Expenditures	\$ (5,600)

Total Change in Projected Ending Fund Balance	\$ -
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TOTAL NET BUDGET ADJUSTMENTS FOR ALL FUNDS	\$ (844,245)
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