



# City of San Leandro

Meeting Date: November 2, 2020

## Staff Report

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**File Number:** 20-479

**Agenda Section:** ACTION ITEMS

**Agenda Number:** 10.A.

**TO:** City Council

**FROM:** Jeff Kay  
City Manager

**BY:** Susan Hsieh  
Finance Director

**FINANCE REVIEW:** Susan Hsieh  
Finance Director

**TITLE:** Staff Report for a City of San Leandro City Council Resolution to Amend the Adopted Fiscal Year 2020-21 Budget for General Fund and Capital Improvement Projects Fund Revenues and Expenditures

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### SUMMARY AND RECOMMENDATIONS

Staff recommends the City Council approve the proposed budget amendments to the General Fund, Capital Improvement Project (CIP) Fund, and certain capital projects for Fiscal Year (FY) 2020-2021.

### BACKGROUND

The COVID-19 pandemic has had significant financial impacts on cities across the nation. The length and depth of its affects remain unknown. A prolonged economic downturn will continue to impact General Fund revenues and the City's essential services and programs. To ensure the City's fiscal health and sustain vital services, the City amended the biennial budget in June 2020 to reflect projected revenue losses resulted from the pandemic. In addition, the City implemented a number of measures to control costs such as a selective hiring freeze and reductions to contributions to capital projects to preserve cash.

### ANALYSIS

Following the budget amendment in June 2020, staff continued to identify strategies to reduce the projected budget deficit for Fiscal Year 2020-21. In July 2020, staff sought feedback and direction from the Facilities & Transportation Committee and the Finance Committee regarding potential budget solutions. The General Fund makes significant annual contributions to the CIP Fund to support the City's infrastructure. Besides funding from the General Fund, a number of capital projects are supported by bond funds such as the Casa Peralta project and the Family Aquatic Center Competition Pool (Manor Pool) improvements. The potential budget solutions focused on the following key areas:

- Reduce General Fund support for certain projects and transfer unspent funds back to the General Fund;
- Swap General Fund money with bond fund money and defer some capital projects; and
- Use future Park Development Impact fees for recreation facility improvements.

The Committees' discussion focused on the capital projects presented below. The Committees also discussed the Manor Pool, Street Overlay Rehabilitation, and Street Sealing projects. Since the unspent General Fund balance for Manor Pool is only \$23,000 and repair and maintenance of City Streets is one of the community's highest priorities, staff is not proposing funding reductions from these projects.

The proposed adjustments below are based on the ranges recommended by the two Committees. The transfers out to the General Fund total \$4.9 million, and the swap of bond funds between capital projects total \$2.1 million. See EXHIBIT 1 "Transfers".

### ***Boat Harbor Deconstruction***

Staff proposes to transfer \$1.5 million back to the General Fund and fund this project with the proceeds from sale of land to the Shoreline Developer. Land sale is expected to generate \$29.0 million and is anticipated to be used for Mulford Marina Branch Library, a shoreline park, City share of street improvements, and cost of reviewing and approving private developments.

### ***Storm Water Trash Capture Project***

Staff proposes to transfer \$1.0 million back to the General Fund and defer the project. The General Fund will still need to support this project in the future; however, staff recently confirmed that the compliance requirement has been extended to June 30, 2025.

### ***Casa Peralta Improvements***

Staff proposes to transfer \$265,000 back to the General Fund and defer the majority of this project. In addition, staff proposes to transfer \$1.1 million of the unspent bond funds to the Boys and Girls Club Pool and \$1.0 million to the Farrelly Pool Replacement project. However, approximately \$500,000 is needed to repair the roof and protect the building from future deterioration.

### ***Boys and Girls Club Pool and Farrelly Pool Replacement***

Staff proposes to transfer \$2.1 million back to the General Fund and replace funding with bond funds from the Casa Peralta project. Depending on the timing of the development project described below and the timing of the pool projects, there is the potential to use development impact fees for these two projects.

### ***Alvarado Street Park***

The City expects to receive approximately \$10.0 million in park development fees from the Maximus residential project on Alvarado Street for use on a downtown park likely at the current fire training site. Potentially \$2.1 million is available for the Boys and Girls Club Pool and the Farrelly Pool Replacement projects. Because the revenue has not been received, no proposed adjustments are recommended at this point. Should the City decide to use Park Development Impact fees for the pool projects, the bond funds can be transferred back to the Casa Peralta

project in the future.

### **Reduction of Transfers in to Capital Improvement Projects Fund**

On June 15, 2020, the City Council approved an amendment to the biennial budget for FY 2020-21. The City Council approved a decrease of \$1.9 million in transfers out from the General Fund for CIP. This expenditure decrease was reflected on Exhibit 1 that was attached to the resolution. A budget amendment is being proposed to reflect the corresponding decrease to CIP revenues, or transfers in, of \$1.9 million. This is merely a correction to the record.

### **FISCAL IMPACT**

Staff requests that the City Council approve the proposed budget amendment to the General Fund, the CIP Fund, and the capital projects described above. While some projects continue to incur costs, actual transfers will not exceed the amounts presented in the table above. The proposed adjustments are reflected in Exhibit 1 "Revised" attached to the resolution. The net impact of these actions would result in a savings of \$4.9 million for the General Fund, helping the City preserve its reserves and assist with weathering the revenue losses resulting from the COVID-19 pandemic.

### **PREPARED BY**

Susan Hsieh, Finance Director

## EXHIBIT 1 "Transfers"

### *Transfers out/in from projects in the Capital Improvement Projects Fund (210)*

<b>Project</b>	<b>Unspent General Fund Contribution</b>	<b>Proposed Adjustment Increase / (Decrease)</b>	<b>Adjusted General Fund Contribution</b>	<b>Unspent Bond Fund Balance</b>	<b>Proposed Adjustment Increase / (Decrease)</b>	<b>Adjusted Bond Fund Balance</b>
Boat Harbor Deconstruction	\$4,543,637	(\$1,500,000)	\$3,043,637			-
Storm Water Trash Capture	2,079,098	(1,000,000)	1,079,098			-
Casa Peralta Improvements	264,779	(264,779)	-	\$3,607,000	(\$2,153,044)	\$1,453,956
Boys and Girls Club Pool	1,136,944	(1,136,944)	-	-	1,136,944	1,136,944
Farrelly Pool Replacement	1,016,100	(1,016,100)	-	-	1,016,100	1,016,100
Alvarado Street (Fire Training) Park	<i>Future revenue</i>	-	-	<i>Future revenue</i>	-	-
<b>Total</b>	<b>\$9,040,558</b>	<b>(\$4,917,823)</b>	<b>\$4,122,735</b>	<b>\$3,607,000</b>	<b>-</b>	<b>\$3,607,000</b>

### *Transfers in to the General Fund (010)*

<b>Fund</b>	<b>Proposed Adjustment</b>
General Fund	\$4,917,823



# City of San Leandro

Meeting Date: November 2, 2020

## Resolution - Council

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**File Number:** 20-480

**Agenda Section:** ACTION ITEMS

**Agenda Number:**

**TO:** City Council

**FROM:** Jeff Kay  
City Manager

**BY:** Susan Hsieh  
Finance Director

**FINANCE REVIEW:** Susan Hsieh  
Finance Director

**TITLE:** RESOLUTION of the City of San Leandro City Council to Amend the Adopted Fiscal Year 2020-21 Budget for General Fund and Capital Improvement Projects Fund Revenues and Expenditures

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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 to address changes that may arise and which require additional budget appropriations or re-appropriations between budget line items; and

WHEREAS, the Fiscal Year 2020-21 Budget was adopted by the City Council on June 15, 2020; and

WHEREAS, the COVID-19 pandemic has significant impacts on the City's budget; and

WHEREAS, to preserve funding for City services and programs, budget adjustments to the General Fund, Capital Improvement Projects Fund and certain capital projects are necessary; and

WHEREAS, some projects continue to incur costs and actual transfers will not exceed the proposed budget adjustments presented in EXHIBIT 2 "Transfers"; and

WHEREAS, City Council approved a decrease of \$1.9 million in transfers out from the General Fund for CIP; and

WHEREAS, the CIP revenues, or transfers in, are being adjusted to reflect the corresponding decrease of \$1.9 million.

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

follows:

That the Fiscal Year 2020-21 Adopted Budget is hereby amended as shown on that certain attached document entitled EXHIBIT 1 "Revised", Adopted Budget Amendments.

	Revenues/ Transfers In	Expenditures/ Transfers Out	Reserves	Description
<b>GENERAL FUND</b>	\$118,045,460	\$120,349,415	(\$2,303,955)	Adopted Budget
<u>Revenues</u>				
Property tax	\$857,417			Updated County Assessments
Sales tax	(5,569,853)			Sales tax consultant projects decrease
Real Property transfer tax	(1,163,507)			Large dollar valued property sales down
Transient Occupancy tax	(525,527)			COVID-19 impact
Utility Users tax	(690,787)			UUT consultant projects decrease
Charges for Current Services	(354,963)			COVID-19 impact
Other Revenues	(1,420,584)			COVID-19 impact to investment earnings
<b>Transfers In</b>	<b>4,917,823</b>			Reduced 2 CIP projects and eliminated General fund contributions to 3 CIP projects funded by bond proceeds
<u>Expenditures</u>				
Salaries and benefits:				
Community Development		\$140,409		New FT Proj Specialist, eliminate PT Proj Spec
Finance		(117,533)		Eliminate FT Cashier position
Library		64,561		New 2 PT Security Aides
Police		1,562,400		SLPOA & SLPMA MOUs approved 1/6/20 & 2/18/20
Police		(1,844,992)		Police reduction of 5 positions eliminated, and vehicle func
Non-departmental		1,844,992		Increased non-dept from Police Dept reductions
Non-departmental		(2,000,000)		Selective hiring freeze impact
Services and supplies:				
City Council		(2,284)		Services & supplies \$500k decrease
City Manager		179,800		includes \$250k for COVID-19 costs
Community Development		(22,097)		Includes services/supplies \$500k decrease
Engineering & Transportation		(9,354)		Includes services/supplies \$500k decrease
Finance		400,674		Accounting and business licensing services
Library		(25,105)		Includes services/supplies \$500k decrease
Police		(108,287)		Includes services/supplies \$500k decrease
Public Works		(72,578)		Includes services/supplies \$500k decrease
Recreation & Human Services		11,199		Security services, graphic services
Non-departmental		(10,787)		Includes services/supplies \$500k decrease
Travel and training:				
City Manager		(16,303)		Travel & training \$100k decrease
Community Development		(16,766)		Travel & training \$100k decrease
Engineering & Transportation		(4,191)		Travel & training \$100k decrease
Finance		(7,125)		Travel & training \$100k decrease
Police		(44,174)		Travel & training \$100k decrease
Public Works		(5,307)		Travel & training \$100k decrease
Recreation & Human Services		(3,642)		Travel & training \$100k decrease
Non-departmental		(2,493)		Travel & training \$100k decrease
Fire service contract		(471,726)		ACFD updated projection
Fire equipment		327,017		Replace fire engine & equipment cost increase
Internal service fund charges:				
Facilities Maintenance		(100,000)		Facilities ISF allocation reduced \$100k
Information Technology		(115,009)		IT ISF allocation reduced \$100k
Equipment Maintenance		(300,000)		Equipment R&M ISF allocation -\$300k
Transfers out - CIP		(1,900,000)		Deferred 3 capital projects
<b>Total General Fund</b>	<b>\$114,095,479</b>	<b>\$117,680,714</b>	<b>(\$3,585,235)</b>	

	Revenues/ Transfers In	Expenditures/ Transfers Out	Reserves	Description
<b>OTHER FUNDS</b>	\$73,270,221	\$70,462,755	\$2,807,466	Adopted Budget
Street & Traffic Improvements (DFSI)	(250,000)	11,530		Updated revenues & Admin Support allocation
Park Development Fees	(700,000)	17,950		Updated revenues & Admin Support allocation
Parking	90,000	23,810		Updated revenues & Admin Support allocation
Gas tax	(469,805)	159,650		Updated revenues & Admin Support allocation
Measure BB	(2,143,621)	0		ACTC updated revenue projections
Measure B	(46,693)	40,570		ACTC updated revenue; Admin support alloc.
Measure F	(2,000)	0		Updated VRF revenue projections
Asset Seizure	0	342,427		Equipment, service & training needs
Heron Bay Maintenance Assessment	0	28,790		Administrative Support allocation
Grants	(1,059,950)	220,471		Reduced grant funds; FT Paratransit position, PD equip.
CDBG	819,000	0		Increased CDBG funding
Housing Rehabilitation	(86,400)	0		Reduced County funding
Housing Services	(5,000)	0		Reduced interest income
Business Improvement District	(46,530)	0		Reduced grant funding
Capital Improvement Projects	(1,900,000)			Deferred 3 capital projects
Capital Improvement Projects		(4,917,823)		General Fund reduced contributions to 5 CIP
Water Pollution Control Plant	350,000	726,200		New grant & sewer rates; Admin Support allocation
Environmental Services	(100)	107,040		Administrative Support allocation
Shoreline	(965,656)	160,790		Reduced TOT, rental income; Admin Support alloc
Storm Water	0	66,830		Administrative Support allocation
Facilities Maintenance	(100,000)	190,820		GF reduced alloc; Admin Support allocation
Information Technology	(103,000)	16,764		GF reduced alloc; Admin Support allocation
Self Insurance	0	440,629		Administrative Support allocation
Equipment Maintenance	(300,000)	371,441		GF reduced alloc; Admin Support allocation
<b>Total Other Funds</b>	<b>66,350,466</b>	<b>68,470,644</b>	<b>(2,120,178)</b>	
<b>GRAND TOTALS</b>	<b>180,445,945</b>	<b>186,151,358</b>	<b>(5,705,413)</b>	
Adopted budget	\$191,315,681	\$190,812,170	\$503,511	
Budget amendments	(\$10,869,736)	(\$4,660,812)	(6,208,924)	
2020-21 Proposed budget	<u>\$180,445,945</u>	<u>\$186,151,358</u>	<u>(5,705,413)</u>	



## EXHIBIT 2 "Transfers"

### *Transfers out/in from projects in the Capital Improvement Projects Fund (210)*

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### *Transfers in to the General Fund (010)*

<b>Fund</b>	<b>Proposed Adjustment</b>
General Fund	\$4,917,823