

City of Arroyo Grande

Fiscal Year 2020-21

First Quarter Financial Status Report

INTRODUCTION

The following report is an overview of the City's fiscal position at the end of the first quarter of Fiscal Year (FY) 2020-21. The purpose of this report is to update the public and the City Council on the City's financial position at the end of the first quarter and compare actual results to the prior year and the budgeted Target, calculated at 25% of the Budget, to determine the City's performance. The first quarter timeframe is July 1 through September 30, 2020.

The financial report is organized in the following sections:

Section 1 – an overview of City's financial position at the end of the first quarter of FY 2020-21. This includes a comparison of first quarter results between the current and prior year. In addition, first quarter results will be compared to the budgeted Target (25% of budget). As part of the analysis, brief explanations of significant revenue and expenditure variances are included.

Section 2 – a listing of any personnel changes occurring during the first quarter and a summary of headcount by department. This section also includes the City's calculated vacancy rate.

Section 3 – an update on the Capital Improvement Projects (CIP) managed by the Public Works and Community Development Departments. This section includes CIP that were completed in the first quarter along with their final costs.

Section 4 – a listing of Budget Amendment Requests (BAR) previously approved by Council and completed in the first quarter, as well as a list of additional BARs that are included in Attachment A and that are being presented to Council along with the first quarter report for consideration and approval.

CITY COUNCIL PRIORITIES: FISCAL STABILITY

One of the Top 10 Council Priorities for FY 2020-21 includes continuing to ensure fiscal stability for the organization throughout the planning, budgeting, and expenditure process. This includes preparing and presenting year-end and quarterly financial reports to Council.

SECTION 1: OVERVIEW OF FINANCIAL POSITION

CITY FUND STRUCTURE

The overall City budget is comprised of many individual funds, which are categorized below. This financial report will focus primarily on the General Fund but will also report on all Governmental Funds.

General Fund – The General Fund is the primary operating fund of the City, which accounts for resources and services traditionally associated with government.

Special Revenue Funds – Special revenue funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds – This fund is used to account for the accumulation of resources and payment of long-term debt principal interest. This includes the USDA loan issued by the City to finance the relocation of City Hall.

Enterprise Funds - An enterprise fund is a separate accounting and financial reporting mechanism for which revenues and expenditures are segregated into a fund with financial statements separate from all other governmental activities. These funds include Water and Sewer services provided to City residents.

Private Purpose Fund – The private-purpose fund was created to hold the assets of the former Redevelopment Agency of the City of Arroyo Grande until they are distributed.

Agency Funds – Agency funds are funds that the City holds on behalf of another entity. Currently, there are two Agency funds. One is the Sanitation District fund, which accounts for the receipt and remittance of wastewater processing fees on behalf of the South San Luis Obispo County Sanitation District. The other is the Downtown Parking Fund, which collects assessments from Arroyo Grande Village merchants within the boundaries of the Parking and Business Improvement Area for maintenance of the Village parking lots.

The following chart below shows an overview of the City’s fund structure.

ALL FUNDS										
GOVERNMENTAL FUNDS			PROPRIETARY FUNDS		FIDUCIARY FUNDS					
General Fund	Legislative & Information Services	Fire Protection Impact Fees	Debt Service Funds	City Hall Debt Service	Enterprise Funds	Sewer	Private Purpose Fund	Successor Agency to RDA	Agency Funds	Downtown Parking
	Administrative Services	Public Access Television		Sewer Facility		Sanitation Distribution				
	Community Development	Police Protection Impact		Water						
	Police Department	Park Development		Water Facility						
	Recreation Services	Park Improvement		Lopez Water						
	Public Works	Recreation Community Center								
		Grace Lane Assessment District								
		Parkside Assessment District								
		Street (Gas Tax)								
		Traffic Signalization								
		Traffic Circulation								
		Transportation Facility Impact								
		Transportation								
		In-Lieu Water Neutralization								
		In-Lieu Affordable Housing								
		Tourism Business Improvement Dist.								
		Water Availability								
	CDBG Grant Fund									
	State COPS Block Grant									

CURRENT YEAR ACTUALS COMPARED TO PRIOR YEAR

Table 1 below reflects revenue and expenditure patterns for the first quarter of FY 2020-21 and compares the current quarter results against the prior year's results for all Governmental Funds as well as the City's General Fund. The calculated percentages in the table reflect the first quarter actuals for both revenue and expenditures, divided by that fiscal year's annual budget.

Table 1

Governmental Funds			
	First Quarter FY 2020-21	First Quarter FY 2019-20	Variance
Revenue	12%	17%	-5%
Expenditures	21%	23%	-2%
General Fund			
	First Quarter FY 2020-21	First Quarter FY 2019-20	Variance
Revenue	12%	17%	-5%
Expenditures	25%	30%	-5%

The following discussion focuses on both the City's Governmental Funds and the General Fund and provides a comparison between first quarter results for the current and prior year for both revenue and expenditures. Governmental Funds and General Fund revenue and expenditures for the first quarter of this year are generally on target with the prior year. The Governmental Funds category includes Special Revenue Funds, Debt Service Funds, as well as the General Fund.

Governmental Funds – At the end of the first quarter of FY 2020-21, Governmental Fund revenue was 5%, or \$1.3 million below the prior year, and expenditures were lower by 2% or \$1.6 million.

The majority of the revenue and expenditure variances in Governmental Funds were attributed to variances within the General Fund. The Governmental Funds category includes the General Fund as well as other Special Revenue Funds. The General Fund variances are explained as follows:

General Fund - The General Fund is the primary operating fund of the City and accounts for resources and services traditionally associated with government. General Fund revenue in the first quarter was 5%, or \$1.2 million lower than the first quarter of the prior year. Expenditures were also 5%, or \$1.7 million lower in the first quarter of this year versus the prior first quarter. The lower General Fund revenue can be attributed to the following:

- Revenue (\$1.2M lower, -5%)

 - In the first quarter of FY 2019-20, revenue related to Senate Bill 1090 – Diablo Canyon Nuclear Power Plant economic development funding was received in the amount of \$780,032 and recognized as revenue in that quarter. Subsequently, in the third quarter of FY 2019-20, the SB 1090 revenue was transferred from a revenue account and placed in a balance sheet account until specific economic development projects can be identified, at which time the SB 1090 funds will be allocated to specific projects and the revenue recognized. Since the one-

time revenue was recognized in the first quarter of FY 2019-20, this created an unfavorable variance between the current and prior year's quarter.

- Due to timing issues, Unsecured Property Tax of \$191,126 was received in the first quarter of FY 2019-20; however, in FY 2020-21 the first Unsecured Property Tax payment was not recorded until the second quarter, which resulted in the unfavorable variance between the current and prior year quarters. Unsecured Property Tax bills are payable in one installment and due prior to August 31st. The County Tax Collector is responsible for collecting property tax and distributing these funds. Depending on when the County issues payment can result in timing issues between years.
- Transient Occupancy Tax (TOT) was \$102,073 lower in the first quarter of this fiscal year than in the previous year. Overall, TOT revenue is expected to be lower than the prior year due to impacts resulting from the COVID-19 pandemic.

Expenditures (\$1.7M lower, -5%)

- A significant amount of the expenditure variance between the two fiscal quarters is related to the timing of the City's Unfunded Accrued Liability (UAL) retirement payment. The favorable variance of \$1.1 million can be explained by two changes in the way UAL payments were made between the two fiscal quarters.
 - In the first quarter of FY 2019-20, the City made a \$2 million prepayment to the CalPERS retirement system to pay down its unfunded liability obligation. Since a similar prepayment was not made in the current first quarter, the \$2 million variance reflects favorably when comparing the first quarter of FY 2020-21 to the prior year's first quarter.
 - The City typically pays the required UAL retirement payment at the beginning of the year. In doing so, it saves approximately \$57,600 or 3% in interest versus making monthly UAL payments. In FY 2020-21, the full UAL payment was made in July and the full year's expense recognized in the first quarter. In FY 2019-20, the full year's UAL payment was also made in July; however, only one quarter of the payment was expensed at that time. The remaining three UAL payments were expensed quarterly throughout the year. The difference in methodology for recognizing the expense resulted in a \$1.1 million unfavorable variance between the first quarter of FY 2020-21 and the prior year's first quarter.
- In FY 2019-20, payment for the City's General Liability Insurance in the amount of \$651,302 was paid in full within the first quarter. In the current fiscal year, the General Liability Insurance payment will be paid in two installments. The first payment of \$325,280 was paid in the first quarter and the second installment will be paid in January 2021. The timing of the payments between years contributed to the overall favorable expenditure variance.

GENERAL FUND IMPACTS

The following discussion focuses on the City's General Fund performance. The following Chart 1 starts off with a simple overview of General Fund performance compared to the Target. Next are expenditures by category (Table 2). This is followed with a summarized look at departmental expenditures (Table 3), more specifically FY 2020-21 first quarter actual expenditures compared to the Target. Lastly, a discussion on revenue is included which compares first quarter actual results to the Target (Table 4). The Target is

calculated as one quarter (25%) of the FY 2020-21 Budget. Using the Target as a comparator against actual results provides a simplified method to evaluate performance for the quarter.

Chart 1

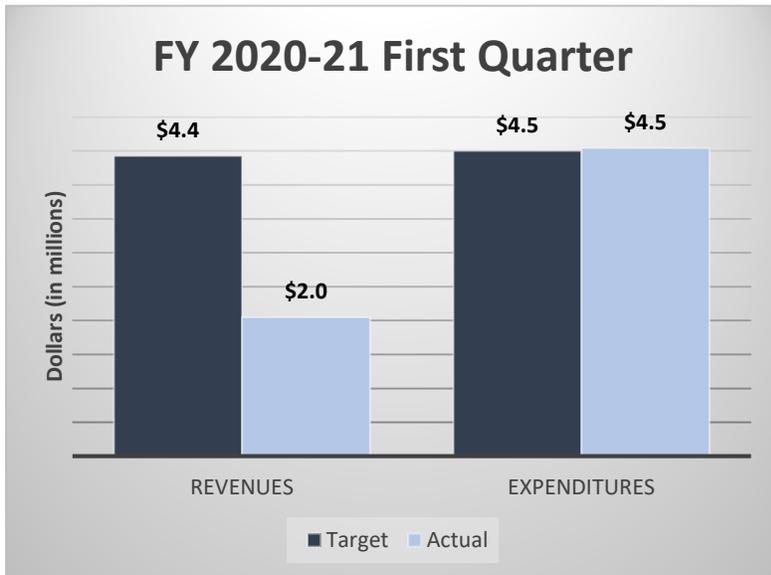


Chart 1 to the left shows a simple comparison of actual first quarter revenue and expenditures compared to the Target. The actual first quarter General Fund revenue is less than half of the budgeted Target. This is not unusual. Revenue realization is typically low in the first quarter due to the time lag involved in billing cycles and the receipt of reimbursements. In addition, some of the largest revenue sources, such as Property Taxes, are historically realized later in the fiscal year. On the other hand, actual expenditures in

the first quarter totaled \$4.5 million, or 25% of the full year’s Budget, and are in line with the Target. A more detailed discussion on General Fund revenue and expenditure variances is included further down within this report.

Table 2

Expense Category	FY 2020-21	
	Q1 Actuals	% of Actuals
Personnel Costs	\$ 3,116,882	68.6%
Operating Costs	1,352,841	29.8%
Debt Service	23,015	0.5%
Capital Outlay	4,238	0.1%
Transfers Out	48,825	1.1%
Total	\$ 4,545,801	

Table 2 to the left reflects major cost categories within the General Fund. This chart is intended to explain where the City’s resources were spent during the first quarter. Within the total expenditures of \$4.5 million, 69% of the City’s costs are associated with personnel, 30% with operating and maintenance, 1% with transfers to other funds, and .5% for the City’s debt service related to City Hall.

Table 3 reflects the first quarter status of all General Fund operating departments. Some departments include multiple divisions. The divisions are consolidated under their respective department, rather than reflected individually within the table.

Table 3 – General Fund Expenditures by Department

General Fund Department	General Fund Department Variances - First Quarter			
	2020-21 Adjusted Budget	2020-21 First Qtr Target	2020-21 First Qtr Actuals	Dollar Fav/(Unfav)
City Administration	1,072,900	268,225	122,989	145,236
Legislative & Information Services	1,161,314	290,329	175,929	114,400
Administration Services	4,438,025	1,109,506	2,441,348	(1,331,842)
Community Development	1,970,450	492,613	261,054	231,558
Police Department	6,187,643	1,546,911	959,344	587,567
Recreation Services	1,027,020	256,755	198,880	57,875
Public Works	2,154,350	538,588	386,257	152,331
TOTAL EXPEDITURES	18,011,702	4,502,926	4,545,801	(42,875)

Overall, first quarter expenditures were only \$42,875 over the Target. However, this is in part due to an unfavorable variance of \$1.3 million in the Administrative Services Department that offsets other favorable department variances. As mentioned previously, it is in the City’s best interest to pay its Unfunded Accrued Liability (UAL) retirement payment at the beginning of the year rather than on a monthly basis. In FY 2020-21, the \$1.2 million UAL payment was paid in full and recorded in the Administrative Services Department’s 4145-Non Departmental division. Had the UAL payment not been paid in full in the first quarter and paid on a monthly basis, then overall expenditures would have been \$3.6 million, amounting to a \$884,000 favorable variance to the Target.

A more detailed explanation of key expenditure variances by individual department/division is provided below.

KEY EXPENDITURE VARIANCES FOR INDIVIDUAL DIVISIONS/DEPARTMENTS FOR FISCAL YEAR 2020-21

Department: City Administration	The City Manager Division mainly captures the labor costs and expenditures incurred by the City Manager. One of the recommendations approved in the FY 2020-21 Adopted Budget was to delay the hiring of the City Manager position for the first quarter. The vacant City Manager position resulted in approximately \$32,000 of labor savings and contributed to the favorable variance between actuals and the Target. The identified labor savings included one pay period (two weeks) of City Manager salary costs based on the appointment of a City Manager in September. In addition, the City Manager budget included \$28,000 annually for consulting and professional services. Since there were no expenditures incurred in this category in the first quarter, a favorable variance of \$7,000 resulted.
Division: 4101-City Manager	
Issue: Overall savings in salaries and contractual services	
Impact to General Fund: \$39,000 savings	

Department: Administrative Services
Division: 4145-Non Departmental
Issue: Timing differences in annual payments for CalPERS UAL and City insurance payments
Impact to General Fund: \$1.4 million overage

The Non Departmental Division of the Administrative Services Department is set up to capture overhead costs that are not specific and cannot be linked to any one division. For example, this Division includes all of the City's insurance costs, utilities costs, and payment to the Five Cities Fire Authority (FCFA). As mentioned earlier, the Division is reflecting a \$1.3 million

unfavorable variance in the first quarter. The variance is attributed to the timing of the annual payments for CalPERS UAL retirement and the City's insurance payments.

- The annual CalPERS UAL retirement payment of \$1.2 million was paid in full within the first quarter, resulting in an unfavorable variance to the Target, which amounts to one quarter of the budget.
- The City's payment for General Liability Insurance is paid semiannually, with the first half of the payment paid in the first quarter. In addition, the City's Property Insurance is paid annually in the first quarter. Since the Target represents a quarter (25%) of the budget, timing differences between the actual payments of insurance resulted in a variance to the Target of approximately \$200,000.

Department: Community Development
Division: Various (4301, 4130, 4212)
Issue: Overall savings in salaries and contractual services
Impact to General Fund: \$134,250 savings

The Community Development Department includes the functions of Planning, Engineering and Building & Safety Divisions. The majority of the favorable variance in this department can be attributed to salary savings and lower first quarter spending in contractual services.

Salary savings within Community Development is attributed to a number of staffing variances that occurred in the first quarter and include:

- One of the recommendations approved in the FY 2020-21 Adopted Budget was to delay the hiring of the Permit Technician position through the first quarter. The vacancy of the Permit Technician position in the first quarter resulted in labor savings of approximately \$27,500 compared to the Target.
- A Community Development Department (CDD) staff member was on maternity leave for a portion of the first quarter and the position was not backfilled, saving approximately \$20,000.
- The part-time CDD Intern position remained vacant through the first quarter.
- Contracted services were budgeted for on-call engineering services; however, none of the budgeted services were incurred in the first quarter resulting in a favorable variance of \$20,000 to the Target.
- Contracted services for plan check and inspection costs were lower than the Target by approximately \$21,000.
- Minimal contractual services for the Planning Division were incurred in the first quarter resulting in \$63,000 of favorability to the Target; however, it is anticipated that consulting services for projects such as the Housing Element Update will occur in the second quarter or beyond.

Department: Police Services
Division: Various (4201,4203,4204)
Issue: Overall savings in salaries and contractual services
Impact to General Fund: \$225,000 savings

For simplicity, Police Services will be analyzed in total rather than by individual divisions. The majority of the Police Department’s favorable variance is attributed to salary savings resulting from vacant permanent Police Officer positions during the first quarter. Some of the

more significant variances include:

- In mid-July, the City promoted one of its two Police Commanders to the position of Police Chief. This created a vacancy in the Police Commander position during the first quarter resulting in salary savings of approximately \$55,000.
- The Police Patrol Division experienced vacancies in three of its Police Officer positions. One of the Police Officer positions was budgeted to remain vacant for the year, with the salary savings designated to purchase new digital radios. The impact of the salary savings versus the Target in the first quarter was \$69,000.
- The contract with the County Sheriff Department for dispatch services in the amount of \$403,000 is paid semiannually in the months of January and June. Payments for these services will not be made until the third and fourth quarters, resulting in a first quarter favorable variance to the Target of \$100,750.

KEY REVENUE VARIANCES BY ACCOUNT FOR THE FIRST QUARTER

Table 4 – General Fund Revenue

General Fund Revenue Variances - First Quarter				
REVENUE BY CATEGORY	FY 2020-21 Budgeted	FY 2020-21 Q1 Target	FY 2020-21 Q1 Actual	Target vs Actual (Unfav)/Fav
Property Tax	5,499,240	1,374,810	34,940	(1,339,870)
Sales Tax	3,749,600	937,400	401,871	(535,529)
Transient Occ. Tax	680,000	170,000	165,464	(4,536)
Property Tax in Lieu of VLF	1,741,000	435,250	-	(435,250)
Franchise Fees	690,000	172,500	82,230	(90,270)
License & Permit Fees	561,300	140,325	98,216	(42,109)
User Fees	479,300	119,825	120,950	1,125
Planning Fees	500,500	125,125	113,630	(11,495)
Recreation Fees	410,700	102,675	118,334	15,659
Transfers In	2,735,700	683,925	677,976	(5,949)
Other Revenue	652,310	163,078	234,515	71,437
TOTAL	17,699,650	4,424,913	2,048,124	(2,376,788)

As reflected in Table 4, first quarter actual revenue was well short of the Target by \$2.4 million. The first quarter shortfall is not unusual. Revenue realization is typically low in the first quarter due to the time lag involved in billing cycles and the receipt of reimbursements. In addition, some of the largest revenue sources, such as property taxes, are historically realized after the first quarter or later in the fiscal year. A more detailed discussion is included below to help explain first quarter actual revenue variances compared to the Target.

Property Tax –The majority of the City’s property tax revenue comes from Secured Property Taxes. This tax is billed on a fiscal year (July 1- June 30) basis and is payable in two (2) annual installments. Property owners typically receive their first property tax bill at the end of September or early October, with a due date of November 1st. Property tax typically represents around 31% of the City’s annual revenue. In the first quarter of FY 2020-21, the City received a small amount of property transfer tax, but the majority of City’s property tax is not typically billed until the second quarter. Other than the small amount in property tax received as a result of property transfers, no property taxes were received within the first quarter.

Sales Tax – Similar to property tax revenue, sales tax realization in the first quarter is lower due to the time lag involved in billing cycles and the receipt of the City’s sales tax payment from the State. Actual sales tax revenue received in the first quarter was \$401,871 and only represents July’s payment.

Transient Occupancy Tax (TOT) – While the actual first quarter variance looks to be flat compared to the Target, the actual TOT revenue represents only two months of TOT receipts due to the timing of payments. Lodging facilities have thirty days after the month’s end to make their TOT payments. Fortunately, TOT revenue for the first two months of the fiscal year is 45% higher than what was budgeted for the same two-month period.

Property Tax in Lieu of Vehicle License Fees (VLF) – Property tax in Lieu of VLF is received in two installments during the fiscal year. Typically, the revenue is received in the months of January (3rd quarter) and June (4th quarter). Since the Target is based on a quarter of the annual budget, this timing difference contributes to the overall favorable variance in this revenue category.

License & Permit Fees – License and permit revenue fell short of the Target by \$42,109. The majority of the variance is due to fewer building permits being issued in the first quarter than estimated in the Target.

Franchise Fees – Only two months of Waste Water Connection franchise fees were received in the first quarter. In addition, Charter Communications franchise fees earned in the first quarter will not be paid and received until the second quarter. Due to the timing of these franchise fee collections, actual first quarter revenue is lower to the Target by \$90,270.

SECTION 2: POSITION CHANGES AND HEADCOUNT NUMBERS

POSITION ALLOCATION CHANGES MADE BY THE CITY COUNCIL (1st Quarter)

Division 4307- Public Works Administration

Delete 1.00 FTE Director of Public Works

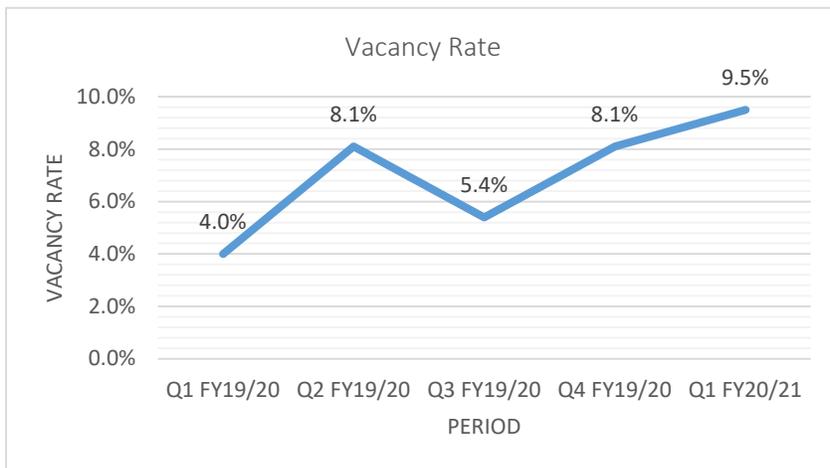
Add 1.00 FTE Assistant City Manager/Public Works Director

FULL TIME EQUIVALENT (FTE) BY DEPARTMENT – PERMANENT STAFF ONLY

The following table reflects FTE staffing by department. The table only includes permanent staff and does not include part-time or temporary staffing. While departments may hire part-time staff on a regular or seasonal basis, they are not included in the analysis below.

Department	Adopted Budget Headcount (FTE's)	Vacancies (end of 1st Qtr.)	% of Total Staffing	Vacant Positions
City Manager	1.00	0.00	6.4%	
Administrative Services	6.00	0.00	7.7%	
Community Development	10.00	2.00	12.8%	Permit Tech, Director of Community Development
Legislative & Info Services	4.00	0.00	5.1%	
Police Services	29.00	4.00	37.2%	Commander, Police Officers (3)
Public Works	21.00	1.00	27.0%	Maintenance Worker I
Recreation Services	3.00	0.00	3.8%	
Total	74.00	7.00	100%	

EMPLOYEE VACANCY RATE



The City's employee vacancy rate at the end of the first quarter of FY 2020-21 was 9.5%. This equates to seven (7) vacant positions. The vacancy rate tracks the number of permanent vacant positions at the end of the quarter in comparison to the total number of permanent positions available. Unlike a turnover rate which tracks employees that separated

during the period, the vacancy rate only looks at vacancies at the end of period. The costs associated with turnover includes the cost of advertising new positions, training, overtime, lowered productivity, and workload balance. In the FY 2020-21 Budget, it was agreed that the City Manager, Permit Tech, and Maintenance Worker positions were to remain vacant until after the first quarter. These positions, other than the City Manager position which was appointed prior to the end of the first quarter, remained vacant through the first quarter. In addition, a Police Officer position was to remain vacant for the full year. The higher than normal vacancy rate can be attributed to the delay in hiring these positions through the first quarter.

SECTION 3: UPDATE ON COMPLETED CAPITAL PROJECTS

This information is provided to keep the Council apprised of the status of the City's Capital Improvement Projects (CIP). The projects listed below represent projects that were completed in the first quarter of FY 2020-21.

FY 2020-21 First Quarter - Completed Capital Improvement Projects									
Project Title	Comments	Total Amount Budgeted for Project	Total Final Project Costs	% Expended	FY 2020-21 Budget for Project	FY 2020-21 Project Costs	% Expended	Fund Center	Funding Sources
Street Repairs	Digouts on West Branch Street and Traffic Way, and pavement improvements on East Cherry Avenue directly off of Traffic Way	1,746,638	1,053,074	60%	48,375	48,375	100%	Sales Tax	Sales Tax, Urban SHA, SB-1

SECTION 4: APPROPRIATION TRANSFERS AND BUDGET ADJUSTMENTS

The following first quarter budget adjustments were previously approved by Council or are classified as administrative and not requiring Council approval.

\$18,910 Capital Improvement: Transferred \$18,910 of 2019 unspent CDBG funds to the Soto Sports Complex Project to increase appropriations for design and construction costs of \$18,910.

\$8,579 Capital Improvement: Transferred \$8,579 in Police Impact Fees to CIP fund to increase appropriations in the amount of \$8,579 for the construction of a secondary/emergency exit from the police station property and evidence room. Approved on 9/8/2020 Council meeting, item 8.e.

\$250,000 Capital Improvement: Transferred \$250,000 in Federal Highway Bridge Program (HBP) funds to increase appropriations in the amount of \$250,000 for the habitat mitigation phase of the Bridge Street Bridge Rehabilitation Project. Approved on 8/25/2020 Council meeting, item 8.h.

\$42,000 Police Department: Received \$42,000 of Office of Traffic Safety Grant funds and appropriated the funding to implement driving under the influence enforcement services. Approved on 9/8/2020 Council meeting, 8d.

Included in Attachment A are additional Budget Adjustment Requests requiring Council approval. The four budget adjustments are as follows:

- Request to approve a budget adjustment related to CARES Act funding.
- Request to approve a budget adjustment associated with the amendment of the Arroyo Grande Tourism Business Improvement District Fiscal Year 2020-21 Budget and reallocate the funds to the Community Service Grant Fund.
- Request to approve a budget adjustment to increase carryover appropriations for uncompleted Capital Improvement Program (CIP) projects.
- Request to approve a budget adjustment to increase carryover appropriations for uncompleted non-capital projects.

Council provided direction regarding the use of CARES Act funding on October 13, 2020, in addition to adopting a resolution on August 25, 2020, amending the Arroyo Grande Tourism Business Improvement District (AGTBID) budget and reallocating those funds to the Community Services Program. However, the corresponding budget adjustments associated with these items were not included as part of the original request for Council approval. Staff has included these requests in Attachment A.

Two additional Budget Adjustment Requests are also included in Attachment A to request the re-appropriation (carryover) of prior year budgets for projects that were not completed as of June 30, 2020. The first request is a request to increase appropriations for Capital Improvement Program (CIP) projects and the second request is to approve non-capital requests for projects expected to be completed in the current year.