



City of Arroyo Grande

Fiscal Year 2021-22

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) 2021-22. 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 of the fiscal year, and compare actual results to the prior year and the budgeted Target, to determine the City's performance. The first quarter timeframe is July 1 through September 30, 2021.

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 the FY 2021-22. 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. 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 previously approved by Council and completed in the first quarter, as well as a list of additional budget adjustments that are being presented to Council along with the first quarter report for consideration and approval.

### ***ENSURING FISCAL STABILITY:***

*In Fall 2020, the City Council established a goal to ensure financial stability for the organization throughout the planning, budgeting, and expenditure process, including preparation and presentation of year-end and quarterly financial reports.*

**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

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Table 1 below reflects revenue and expenditure patterns through the end of the first quarter of FY 2021-22 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

<b>Governmental Funds</b>			
	First Quarter FY 2021-22	First Quarter FY 2020-21	Variance
Revenue	18%	11%	7%
Expenditures	23%	17%	6%
<b>General Fund</b>			
	First Quarter FY 2021-22	First Quarter FY 2020-21	Variance
Revenue	12%	11%	1%
Expenditures	31%	22%	9%

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 2021-22, Governmental Fund revenue was 7%, or \$2.6 million higher the prior year, and expenditures were higher by 6% or \$1.3 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 1%, or \$310,500 higher than the first quarter of the prior year. Expenditures were also 9%, or \$1.3 million higher in the first quarter of this year versus the prior first quarter.

## GENERAL FUND IMPACTS

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The following discussion focuses on the City's General Fund performance. 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 by a summarized look at FY 2021-22 first quarter actual expenditures compared to the Target (Table 3). Lastly, a discussion of General Fund revenue is included, which compares first quarter actual results to the Target (Table 4). The Target for expenditures is calculated as one fourth (25%) of the FY 2021-22 Budget and represents the 3-month period from July 2021 through September 2021 except

for the Non-Departmental Annual Payments line that has a Target of the full budget. Using the Target as a comparator against actual results provides a simplified method to evaluate performance for quarter. The Target for revenues does not use the 25% Target but a Target of 13.2% that more accurately reflects the anticipated revenues to be received in the first quarter of the fiscal year. Revenue realization is typically low at the end of the first quarter of the fiscal year due to the timing of receipt of major tax revenues, the time lag involved in billing cycles, and the receipt of reimbursements. The City's actual first quarter financial results will be compared to both the prior year's first quarter and the budgeted Target. During FY 2020-21, the Target was calculated as one quarter (25%) of the FY 2020-21 Budget, or basically three equal months of the budget. For FY 2021-22, staff has revised this approach to more accurately reflect what is expected through September 2021. The Target for expenditures is calculated as one fourth (25%) of the FY 2021-22 Budget and represents the 3-month period from July 2021 through September 2021, except for the Non-Departmental Annual Payments line that has a Target of the full budget. This approach increased the Target from 25% to 34% for the first quarter. The Target for revenues does not use the 25% Target but a Target of 13.2% that more accurately reflects the anticipated revenues to be received in the first quarter of the fiscal year. Revenue realization is typically low at the end of the first quarter of the fiscal year due to the timing of when major tax revenues are received, the time lag involved in billing cycles, and the receipt of reimbursements. Using the Target as a comparator against actual results provides a simplified method to evaluate performance for the quarter.

Chart 1



Chart 1 shows a simple comparison of actual first quarter revenue and expenditures to the Target. The actual first quarter General Fund revenue is less than the budgeted Target by \$200,000, which is not unusual since revenue realization is typically lower than the Target through the first quarter due to the time lag involved in billing cycles and the receipt of reimbursements. Likewise, actual expenditures through first quarter totaled \$5.9 million, or 31% of the full year's Budget, and are under the Target by \$600,000. A more detailed discussion on General Fund revenue and expenditure variances is included later in this report.

million, or 31% of the full year's Budget, and are under the Target by \$600,000. A more detailed discussion on General Fund revenue and expenditure variances is included later in this report.

Table 2

Expenditure Category	FY 2021-22	% of
	Q1 Acutals	Actuals
Personnel Costs	\$ 3,904,265	66.5%
Operating Costs	1,773,934	30.2%
Debt Service	111,477	1.9%
Capital Outlay	2,571	0.0%
Transfers Out	76,500	1.3%
Total	<u>\$ 5,868,747</u>	

Table 2 reflects major expenditure 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 \$5.8 million, 66.5% of the City's costs are associated with personnel, 30.2% with operating and maintenance, 1.9% for the City's debt service, and 1.3% with transfers to other funds.

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 Variances - First Quarter					
General Fund Department	2021-22	2021-22 Q1	2021-22 Q1	Dollar	%
	Budget	Target	Actuals	Fav/(Unfav)	Fav/(Unfav)
City Administration	\$ 1,129,656	\$ 282,414	\$ 194,616	\$ 87,798	8%
Legislative & Information Services	439,875	109,969	70,093	39,876	9%
Administration Services	4,111,432	1,027,858	1,001,582	26,276	1%
Non-Departmental Annual Payments	2,290,692	2,290,692	2,238,295	52,397	2%
Community Development	2,117,900	529,475	277,659	251,816	12%
Police Department	6,003,624	1,500,906	1,379,119	121,787	2%
Recreation Services	1,117,500	279,375	269,511	9,864	1%
Public Works	2,003,358	500,840	437,872	62,968	3%
<b>TOTAL EXPEDITURES</b>	<b>19,214,037</b>	<b>6,521,528</b>	<b>5,868,747</b>	<b>652,781</b>	<b>3%</b>

Overall, first quarter expenditures were \$652,781 under the Target. Though all City departments were under their spending Targets, some of the more significant savings is occurred in the Police and Community Development Departments. The first quarter Target is based on three months or 25%, except for the Non-Departmental Annual Payments line that has a Target of the full budget. This approach increased the Target from 25% to 34% for the first quarter. This line includes the City's Unfunded Accrued Liability (UAL) retirement payment and the General and Liability Insurance payment. 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 2021-22

Department: Administrative Services
Division: 4120-Administrative Services and 4145-Non Departmental
Issue: Overall savings in salaries and CalPERS prepayment
Impact to General Fund: \$78,673 savings

The Administrative Services Department includes the City's Fiscal as well as Information Technology functions. The annual CalPERS UAL retirement payment was budgeted at \$1,571,900 but the actual expenditure was \$1,519,503, resulting in a favorable variance to the budget of \$52,397. The remaining variance of is related to IT software and products being ordered by not yet received.

Department: Community Development
Division: Various (4301, 4130, 4212)
Issue: Overall savings in salaries and contractual services
Impact to General Fund: \$251,816 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 spending in contractual services. Salary savings within Community Development is attributed to a number of staffing variances that occurred through the first quarter of the fiscal year and include:

- The vacancy of the Building Permit Technician position in the Building division in the first quarter resulted in labor savings of approximately \$24,625. During the first quarter, this service has been provided by the City's Building Services contractor until the recruitment is completed.
- The vacancy of the Planning Manager and Neighborhood Services Technician positions in the Planning division in the first quarter resulted in labor savings of approximately \$70,500.
- Minimal contractual services for the Planning Division were incurred through first quarter resulting in \$55,895 of favorability to the Target. The following table will summarize where these savings occurred:

Planning Contractual Services	Budget	Target	Expenditures	Variance
Comprehensive General Plan Update	150,000	37,500	-	37,500
Comprehensive General Plan Studies	10,000	2,500	-	2,500
On-Call Environmental Review Services	50,000	12,500	-	12,500
On-Call Planning Services and Misc. Planning Studies	30,000	7,500	4,105	3,395
	240,000	60,000	4,105	55,895

- Contractual services for the Building division costs were lower than the Target by approximately \$56,600. However, not all invoices for July through September have been paid in the first quarter. Staff anticipate expenditures in this category will be closer to the Target in future quarterly reports.
- The part-time CDD Intern position remained vacant through the first quarter.
- Contractual services were budgeted for on-call engineering services; however, none of the budgeted services were incurred through first quarter resulting in a favorable variance of \$27,750 to the Target. The following table will summarize where these savings occurred:

Engineering Contractual Services	Budget	Target	Expenditures	Variance
Stormwater:				
2nd Nature Software	9,000	2,250	-	2,250
Annual Water Quality Testing/Report	15,000	3,750	-	3,750
MS4 Permit	7,000	1,750	-	1,750
On-Call Engineering Services	80,000	20,000	-	20,000
	111,000	27,750	-	27,750

Department: Police Services
Division: Various (4201, 4203, 4204, 4209)
Issue: Overall savings in salaries and benefits
Impact to General Fund: \$121,787 savings

Police Services includes the functions of Administration, Patrol Services, Support Services and the Office of Traffic Safety (OTS) Grant for Traffic/DUI Enforcement Program. For simplicity, will be analyzed in total rather than by individual divisions. Some of the more

significant variances include:

- The Police Patrol Division currently has one vacancy of its Police Officer positions in the first quarter resulting in labor savings of approximately \$39,700.
- The contract with the County Sheriff Department for dispatch services is paid semiannually in the months of December and June. Payments for these services will not be made until the second and fourth quarters, resulting in a first quarter favorable variance to the Target of \$107,500.
- The police fleet vehicle payment was fully paid in the first quarter, resulting in an unfavorable variance of \$54,200.

## KEY REVENUE VARIANCES BY ACCOUNT FOR THE FIRST QUARTER

Table 4 – General Fund Revenue

General Fund Revenue Variances - Year End					
REVENUE BY CATEGORY	2021-22 Budget	FY 2021-22 Q1 Target	FY 2021-22 Q1 Actuals	Dollar (Unfav)/Fav	% Fav/(Unfav)
Property Tax	\$ 5,665,926	\$ 472,161	\$ 217,721	\$ (254,440)	-4%
Sales Tax	4,487,142	373,929	365,905	(8,024)	0%
Transient Occ. Tax	972,000	162,000	313,699	151,699	16%
Property Tax in Lieu of VLF	1,895,649	-	-	-	0%
Franchise Fees	696,900	116,150	84,228	(31,922)	-5%
License & Permit Fees	571,200	142,800	85,088	(57,712)	-10%
User Fees	504,000	126,000	138,726	12,726	3%
Planning Fees	510,500	127,625	83,911	(43,714)	-9%
Recreation Fees	512,595	128,149	165,025	36,876	7%
Transfers In	3,047,025	761,757	761,757	-	0%
Other Revenue	647,575	161,894	142,585	(19,309)	-3%
<b>TOTAL</b>	<b>19,510,512</b>	<b>2,572,464</b>	<b>2,358,644</b>	<b>(213,820)</b>	<b>-1%</b>

As reflected in Table 4, first quarter actual revenue was short of the Target by \$213,820. This table uses a Target of 13.2% that more accurately reflects the anticipated revenues to be received in the first quarter of the fiscal year. Revenue realization is typically low at the end of the first quarter of the fiscal year due to the time lag involved in billing cycles and the receipt of reimbursements. A more detailed discussion is included below to help explain actual revenue variances through first quarter 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 1<sup>st</sup>. The majority of property tax related to the first installment will be received in December 2021. The second property tax bill installment is received in April 2021 and will be included in the fourth quarter report. Property tax typically represents around 31% of the City’s annual revenue. The Target is based on one month of Property Tax revenue. Actual revenue received in this category was lower than this conservative Target.

**Sales Tax** – Sales tax realization through first quarter is on track. Actual sales tax revenue received through first quarter was \$365,905 and represents two months of payments (Jul – Aug). The Target is also based on two months of revenue, taking into account the timing of anticipated payments.

**Transient Occupancy Tax (TOT)** – TOT revenue is reflecting an \$151,699 favorable variance to the Target. The Target and 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.

**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 (3<sup>rd</sup> quarter) and June (4<sup>th</sup> quarter). The Target for this revenue is zero in the first quarter.

**Franchise Fees** – Only two months of Waste Water Connection franchise fees were received through first quarter. In addition, Charter Communications franchise fees earned in the first quarter will not be paid and received until the second quarter. In light of the timing of payments, the Target is based on 2 months of revenue. Without the Charter communications franchise fee receipts, the actual revenue at the end of the first quarter is lower than the Target by \$31,922.

**License & Permit Fees and Planning Fees**– License and permit revenue fell short of the Target by \$57,712. Planning revenue fell short of the Target by \$43,714. The majority of the variance is due to fewer permits being issued through first quarter than estimated in the Target. The Target is based on 25% or 3 months of the fiscal year’s total budget. Revenue in this category is customer driven and fluctuates over the course of a year as well as year over year based on demand.

**Recreation Fees**– Recreation revenue is reflecting an \$36,876 favorable variance to the Target. The Target is based on 3 months of the fiscal year’s total budget.

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## SECTION 2: POSITION CHANGES AND HEADCOUNT NUMBERS

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

None made during this quarter.

### 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 (1st Qtr)	% of Total Staffing	Vacant Positions
City Manager & Human Resources	2	-	3%	
Administrative Services	7	1	9%	Accounting Manager
Community Development	10	3	13%	Planning Manager, Neighborhood Services Technician, Building Permit Technician
Legislative & Info Services	2	-	3%	
Police Services	29	1	39%	Police Officer
Public Works	22	1	29%	Maintenance Worker I
Recreation Services	3	-	4%	
<b>Total</b>	<b>75</b>	<b>6</b>	<b>100%</b>	

### EMPLOYEE VACANCY RATE

The City’s employee vacancy rate at the end of the first quarter of FY 2021-22 was 8%. This equates to six (6) 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.

**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 2021-22.

FY 2021-22 First Quarter - Completed Capital Improvement Projects					
Project Title	Comments	Total Amount Budgeted for Project	Total Final Project Costs	% Expended	Funding Sources
Corporation Yard Roof Repairs	Roof repairs to Buildings A and B at the City’s Corporation Yard	73,125	69,498	95%	General Fund, Sewer Fund, Water Fund
2021 Concrete Repairs	Sidewalk, curb and gutter repairs and sidewalk installation on Refugio Court and Huasna Road	148,297	121,260	82%	Sales Tax
Brick Walkway between 208 and 214 East Branch Street	Remove lifted and damaged brick walkway and replace with Village style sidewalk	65,000	65,000	100%	Sales Tax

**SECTION 4: APPROPRIATION TRANSFERS AND BUDGET ADJUSTMENTS**

**Administrative and Previously-Approved First Quarter Budget Adjustments**

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

\$5,586,166 Capital Improvement: Administrative Carryover of \$5,586,166 for the Capital Projects listed in the table below. Capital Project funds do not have annual appropriated budgets. Control over capital projects is maintained by a project-length capital improvement budget. This project-length budget authorizes total expenditures over the duration of a construction project, rather than year by year.

Fund	Project #	Project Title	Project Budget Adjustment
350	5450	Corporation Yard Renovations	50,000
350	5463	Woman's Club Interior Lighting	2,167
350	5468	Public Safety Video Cameras	80,000
350	5540	Central Irrigation Controls	5,000
350	5515	Various Park Improvements	7,725
350	5555	Strother Park No. 2 BBQ Repairs	8,000
350	5556	Soto Sports Complex / Elm Street Master Plan	46,195
350	5559	ADA Drinking Fountains	12,484
350	5561	Soto Sports Complex Courts Resurfacing	20,000
350	5565	Soto Sports Complex Fencing Repairs	742
350	5601	Fair Oaks/Orchard Avenue Intersection Improvements	100,000
350	5607	Pedestrian Crossing Enhancement Project	100,000
350	5608	Bridge Street Bridge Rehabilitation	34,120
350	5612	Systematic Safety Analysis Report Program (SSARP)	7,693
350	5614	Bridge Street Bridge Habitat Mitigation	273,596
350	5620	Swinging Bridge Reinforcement	592,800
350	5642	Brisco Road/US 101 Interchange	710,344
350	5658	Sidewalk Repairs and Improvements	33,297
350	5671	East Branch Streetscape	488,835
350	5679	Traffic Way Bridge Replacement Project	887,960
350	5678	Castillo Del Mar Extension	666,967
350	5778	Tally Ho/Corbett Canyon Creek Confluence Restoration/Sediment	58,987
350	5795	Oak Park Boulevard / El Camino Real Storm Drain System	400,000
350	5796	Storm Water Master Plan Update/Watershed Management Plan	172,500
612	5826	Woodland Dr. Sewer Upgrade	11,788
612	5849	Maintenance Hole Rehabilitation	47,254
640	5944	Water Well #11 Facilities	42,771
640	5975	Central Coast Blue	724,941
			<b>5,586,166</b>

Resolution resulted in a budget adjustment totaling \$31,400. Approved on 06/22/2021 Council meeting, items 8.e., 8.f, and 8.g.

\$95,000 Capital Improvement: Carryover \$95,000 for the Sidewalk Repairs and Improvements Program that was not spent in FY 2020-21 for repairs to the brick walkway between 208 and 214 east Branch Street. Approved on 07/27/2021 Council meeting, item 8.h.

\$2,493,950 Administrative Services Department: Appropriated American Rescue Plan Act (ARPA) Funds to Water, Sewer and Stormwater Infrastructure projects. Approved on 07/27/2021 Council meeting, item 11.a.

\$50,000 Police Department: Received \$50,000 of Office of Traffic Safety Grant funds and appropriated the funding to implement driving under the influence enforcement services. Approved on 09/14/2021 Council meeting, item 8.e.

\$1,696,709 Capital Improvement: Carryover \$1,696,709 (\$63,000 of USHA, \$160,872 of SB1 and \$1,472,837 of Local Sales Tax funds) for the Pavement Management Program that was not spent in FY 2020-21. Approved on 09/14/2021 Council meeting, item 8.h.

### **Additional Requested First Quarter Budget Adjustments**

In addition to the administrative budget adjustments for the CIP and the adjustments previously-approved by the City Council during the first quarter, six new budget adjustments are proposed for approval along with the review and receipt of this report.

Three of the adjustments request to carryover funds for non-CIP projects that were budgeted in FY 2020-21 and were not completed in that fiscal year but are expected to be completed in the current year. These three requested carryover adjustments include:

- \$11,488 Police Department: Carryover \$11,488 related to the Office of Traffic Safety (OTS) Grant for Traffic/DUI Enforcement Program. This Grant program operates from October 1, 2020 through September 30, 2021. This carryover is due to the misalignment of the program year ending in September but budgeted in FY 2020-21.
- \$40,000 City Council: Carryover \$40,000 for the retraining scholarship program funded using SB 1090 funds. This program was approved at the March 9, 2021 City Council meeting, item 10.a., but has not been completed. This program is administered by the South County Chamber of Commerce in partnership with SLO Partners.
- \$17,575 Administrative Services Department: Carryover \$17,575 for two on-going Information Technology (IT) projects, including \$12,175 for ExecuTime electronic time cards projects and \$5,400 for LaserFiche Accounts Payable workflow project.

Finally, three additional budget adjustments are requested as described in more detail below:

- \$10,000 Police Department: The Police Department has been sponsoring the annual Santa Cop program. Santa Cop gives law enforcement personnel the opportunity to interact with struggling families in a positive way to bring the families, and especially the children, an even more special holiday season that for many would not be possible without this program. Previously, all donations and related expenditures have been accounted for in the City's balance sheet within the donation account, which is an allowable way to account for this program. However, the budget did not previously show the true expenditure and revenue that the Police Department is

administering for the program. The proposed budget adjustment will create a new expenditure line item within the Police Department and a new revenue account to account for administration of this program.

- **\$11,500 Recreation Services Department**: It is recommended that the budget be adjusted to reflect a total of \$11,500 in revenue for the Recreation Department that was received from the California Department of Social Services as a one-time Stabilization Stipend. The Stipend is to recognize the ongoing challenges of operating a licensed child care facility while maintaining health and safety throughout the COVID-19 pandemic.
- **\$34,400 Water and Sewer Funds**: It is recommended that the Contractual Services budget be increased by \$34,400 to complete the Water and Wastewater Rate Study. This budget request would appropriate \$27,520 from the Water Fund and \$6,880 from the Sewer Fund. This has been an on-going project that began in 2019 and has faced many changing pieces, including amendments related to a potential Stormwater Enterprise Fund, delays associated with Covid-19, drought rates, and Central Coast Blue.