

FY 2021-22 Mid-Year Budget Review

SANTA ROSA CITY COUNCIL
FEBRUARY 15, 2022

ALAN ALTON
CHIEF FINANCIAL OFFICER

Fiscal Year End 2021-22

General Fund Mid-Year Budget
Performance

General Fund Mid-Year Budget
Adjustment

Other Funds

Organizational Changes

Mid-Year Budget Review

Fiscal Year End Close 2021-22

- ✓ Excludes Non-Operating Revenues and Expenditures
- ✓ Sales Tax \$11M ahead of budget
- ✓ Hold on vacant positions produced \$5M in savings

	Adopted Budget	Actual Results
Revenues	162,249,550	180,218,202
Transfers In	2,665,803	3,042,977
Expenditures	174,987,442	169,333,235
Transfers Out	5,654,724	5,011,342
Net Surplus (Deficit)	(15,726,813)	8,916,602

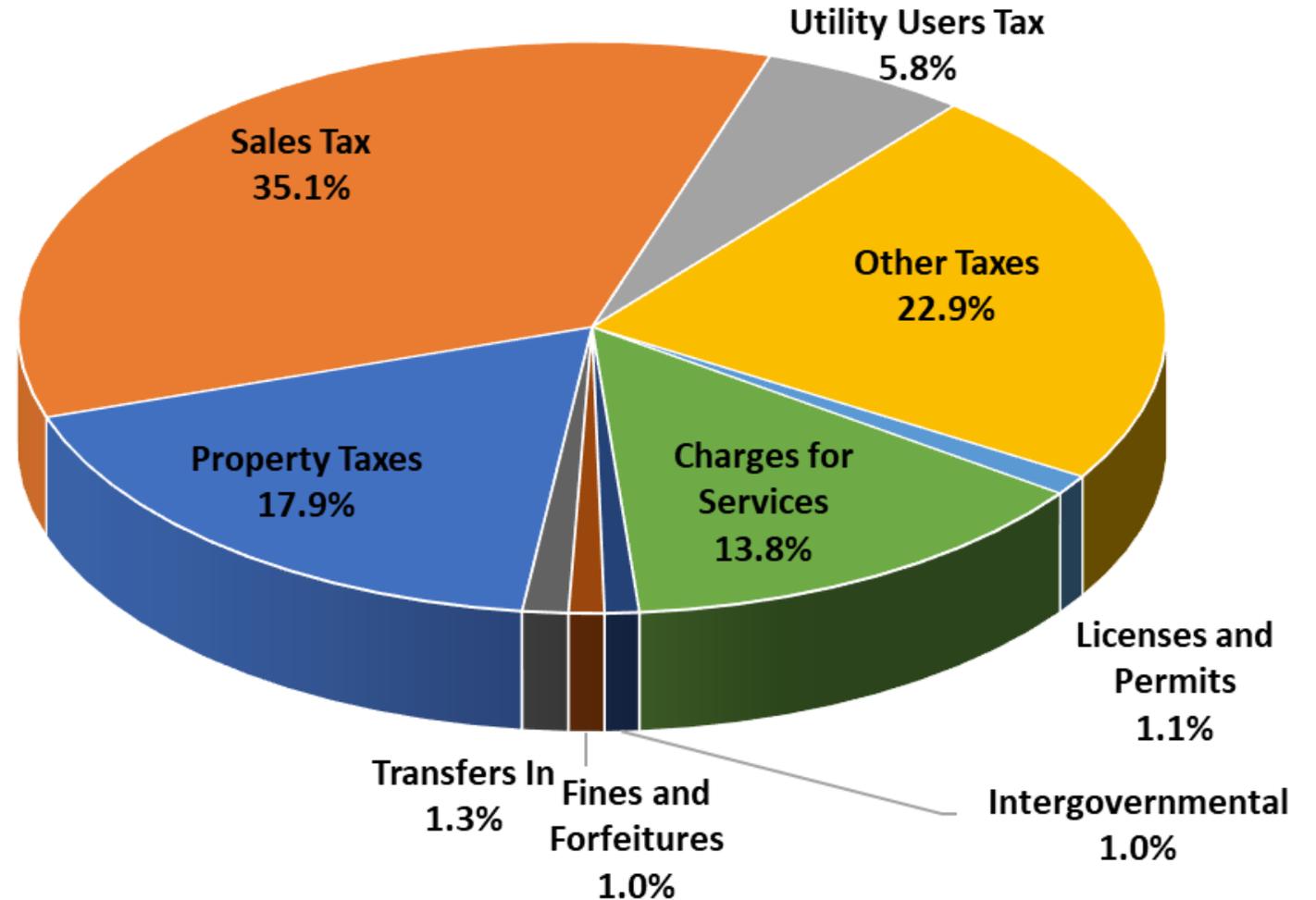
Status of General Fund Reserves

	Amount
FYE 2020-21 Unaudited Reserves for Contingencies	122.8M
Policy-Mandated Reserve Requirement – 17%	(\$30.4M)
PG&E Funds: Roseland Library- \$10M, Coffey Park- \$20M, RED- \$10M, Miscellaneous Projects \$7M	(\$47M)
Committed PG&E Funds for Fiscal Stabilization	(\$40M)
Over/(Under) Council Policy	\$5.4M

FY 2021-22 Adopted Budget

- ✓ 177.9 million of Revenues and Transfers In were adopted in the Budget
- ✓ Approximately \$94.4 million or 53% of overall revenues are attributable to property and sales taxes

Budgeted General Fund Revenues

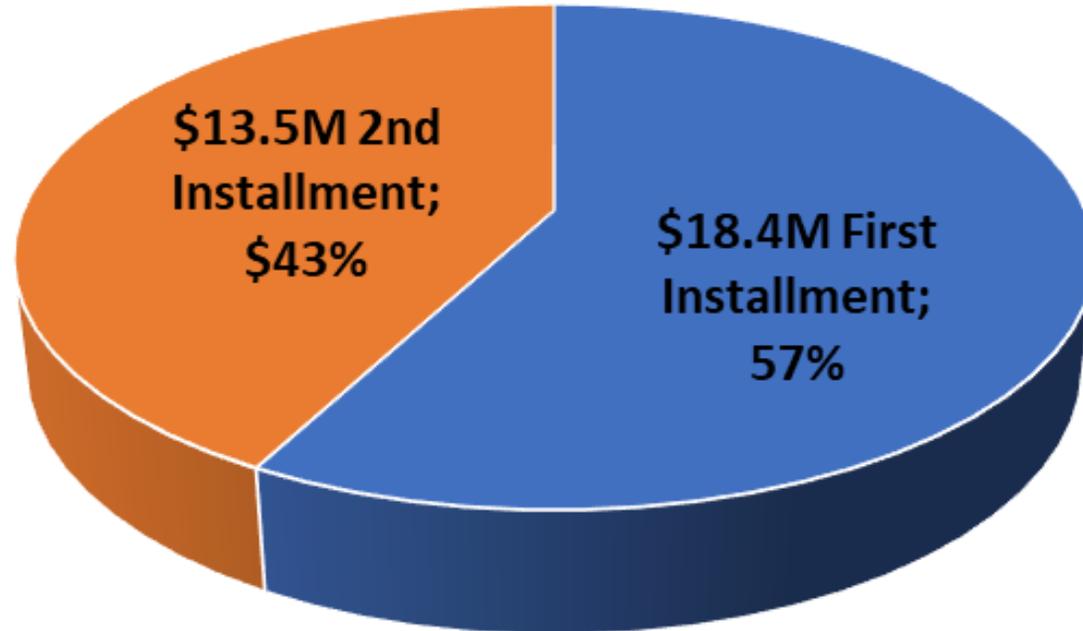


Q2 General Fund Revenues

- ✓ \$83.7 million of Revenues and Transfers In through the First Quarter (47.0%)
- ✓ First installment of Property Taxes are received in Q2
- ✓ Sales Taxes are received on a two month lag

Operating Revenues	Budget	Q2 Actuals	Percent of Budget
Property taxes	31,912,000	18,434,390	57.8%
Sales taxes	62,520,200	23,383,261	37.4%
Utility users tax	10,388,000	4,129,408	39.8%
Other taxes	40,738,600	17,830,345	43.8%
License and permits	1,991,000	1,930,968	97.0%
Charges for services	24,576,940	14,587,859	59.2%
Intergovernmental	1,723,510	1,407,398	81.7%
Fines and forfeitures	1,776,600	443,885	25.0%
Transfers	2,295,010	1,564,593	68.2%
Total Operating Revenues	177,921,860	83,712,107	47.0%

Property Tax Revenue

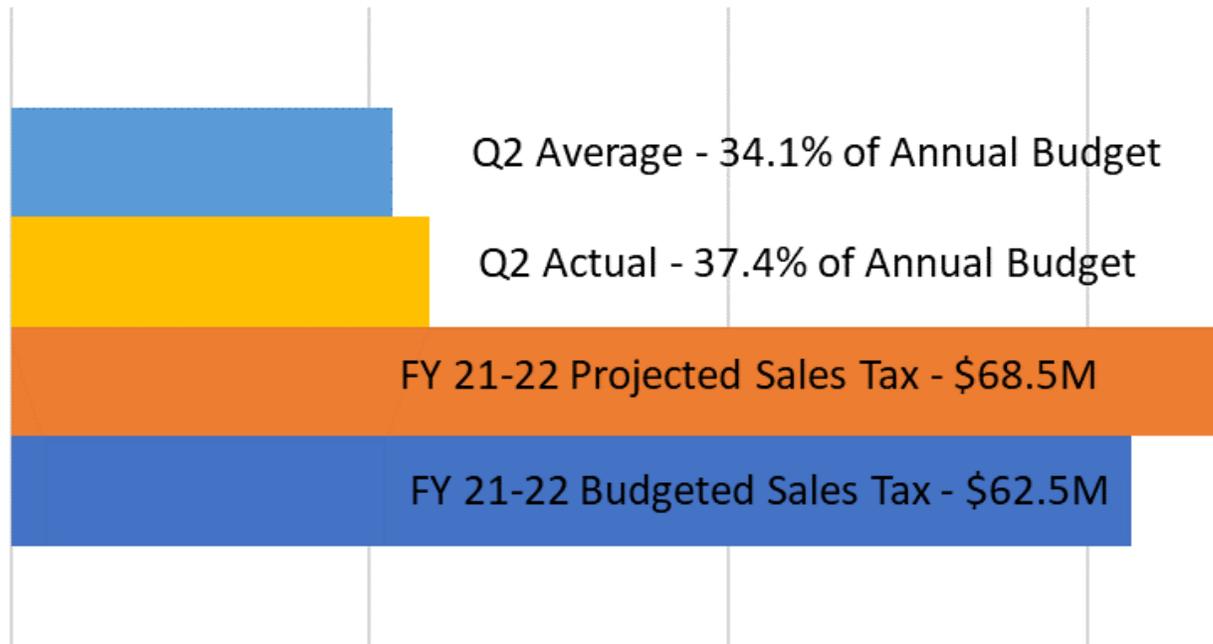


Q2 Property Taxes

- First Installment of Property Taxes are received in December
- First Installment is Typically 55% of annual total
- \$1.5M Mid Year budget adjustment recommended

Q2 Sales Taxes

Q2 Sales Tax Performance



- YTD Sales Taxes received represents 4 months
- Sales Taxes are projected to come in ahead of budget
- \$6M Mid-Year budget adjustment recommended

Q2 Other Taxes

Other Taxes	Budget	Q2 Actuals	Percent of Budget
VLF Swap	15,670,200	7,955,660	50.8%
Franchise Fees	10,653,400	3,610,870	33.9%
Motor Vehicle License Fees	100,000	-	0.0%
Cannabis Industry Tax	1,800,000	714,682	39.7%
Business Tax	4,515,000	372,179	8.2%
Real Property Transfer Tax	3,500,000	2,650,975	75.7%
Occupancy Tax	4,500,000	2,525,980	56.1%
Total Other Taxes	40,738,600	17,830,346	43.8%

- Most revenue sources in line with expectations
- RPTT revenues are forecasted to be \$5.5M
- \$2M Mid Year budget adjustment recommended for RPTT

Q2 General Fund Expenditures

- ✓ \$96.3 million of Expenditures and Transfers Out in the 2nd Quarter (51.8%)
- ✓ Non-Operating Expenditures (projects) are not included

Operating Expenditures	Budget	Q2 Actuals	Percent of Budget
City Council	1,169,785.00	387,554.38	30.9%
City Manager	2,115,190.00	878,810.56	39.4%
City Attorney	3,824,241.00	1,851,657.95	48.3%
Human Resources	2,778,452.00	1,686,247.14	53.7%
Finance	10,986,983.00	5,068,237.30	45.8%
Comms & Intergovt Relations	1,378,362.00	600,199.84	43.2%
Planning, Economic Development	15,052,699.00	7,832,307.45	50.6%
Housing & Community Services	195,057.00	154,956.13	74.3%
Recreation	9,491,797.00	4,385,889.41	45.5%
Fire	45,242,770.00	24,152,977.85	53.5%
Police	64,327,871.00	34,109,378.69	50.7%
Public Works	28,632,359.00	14,289,583.48	49.4%
Water	736,453.00	411,100.61	55.8%
Non Departmental	(6,004,433.00)	(5,124,679.18)	85.3%
Transfers	6,132,668.00	5,628,117.98	86.8%
Total Operating Expenditures	186,060,254.00	96,312,339.59	51.8%

Mid-Year Budget Adjustment General Fund Revenue

Revenue Source	Amount
Property Taxes	\$1,500,000
Sales Tax	\$6,000,000
Real Property Transfer Tax	\$2,000,000
Total	\$9,500,000

Mid-Year Budget Adjustment General Fund Critical Needs

Description	Amount
General Fund Labor Agreement Costs	\$7,500,000
Vacancy Credit	(\$1,500,000)
Staffing Changes – Partial Annual Appropriations 1.0 FTE Devlpt Review Coordinator, 1.0 FTE Building Plans Examiner, 1.0 FTE Civil Engineer Tech, 1.0 FTE Human Resources Analyst	\$150,000
Public Safety Building Boiler Line Replacement	\$500,000
Fire Department Overtime	\$1,550,000
Total	\$8,200,000

Mid-Year Budget Adjustment Labor Agreement Costs in Other Funds

Fund	Description	Expenditures
1730	Information Technology	\$300,000
1611	Water Enterprise Fund	\$810,000
1621	Water Regional Enterprise Fund	\$560,000

Measure O

Special Revenue Funds

- ✓ New Labor Agreements in all Measure O funds require additional appropriations
- ✓ Sales Tax will offset labor costs
- ✓ Fire Department will appropriate fund balance to purchase specialized equipment as part of the Mobile Radio Upgrade project
- ✓ Measure O Citizen's Oversight Committee approved the Implementation Plan amendment on January 19, 2022

Measure O Mid-Year Budget Adjustment

Fund	Description	Revenues	Expenditures
1205	Police Measure O	\$125,000	\$125,000
1206	Fire Measure O	\$100,000	\$100,000
1206	Fire Measure O – Equipment		\$650,000
1207	Violence Prevention Measure O	\$100,000	\$100,000

Organizational Changes

- ✓ Staffing changes will reflect new organizational structure
- ✓ Traditional Assistant City Manager role – no longer with Department Head responsibilities
 - ✓ Department Head positions will be restored for PED and TPW
- ✓ Staff positions address critical need – fill now rather than wait until July

Mid-Year Staffing Changes General Fund

Dept	Description	Annual Cost (Sal/Ben)
PED	1.0 FTE Development Review Coordinator	\$200,000
PED	1.0 FTE Civil Engineering Technician	\$132,000
PED	1.0 FTE Building Plans Examiner	\$142,000
PED	1.0 FTE Director of Planning & Economic Development	\$225,000
TPW	1.0 FTE Director of Transportation & Public Works	\$275,000
HR	1.0 FTE Human Resources Analyst	\$175,000

Mid-Year Staffing Changes Non-General Fund

Dept	Fund	Description	Annual Cost (Sal/Ben)
IT	1730	Convert 1.0 FTE Senior IT Technician to 1.0 FTE Network Systems Analyst	\$15,000
HCS	1100	1.0 Limited Term HCS Technician	\$180,000
Water	1631	Convert 1.0 FTE Sr Maintenance Worker to 1.0 FTE Mechanical Technologist	\$16,000
Water	1631	1.0 FTE Wastewater Operator I/II	\$150,000

Next Steps

- Council Goal Setting February 24 & 25
- Fiscal Year 2022-23 Budget Study Session May 10 & 11
- Fiscal Year Budget Adoption June 21, 2022

Questions?