

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: ALAN ALTON, CHIEF FINANCIAL OFFICER
FINANCE DEPARTMENT
SUBJECT: BUDGET AMENDMENT – ONE-TIME PROJECT FUNDING

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Finance Department that the Council, by resolution, amend the Fiscal Year (FY) 2023-24 adopted budget by increasing appropriations by \$3,060,000 to fund one-time projects as set forth in Exhibit A of the resolution.

EXECUTIVE SUMMARY

The City has a practice of utilizing General Fund end of year surplus funds to pay for one-time projects. Staff has identified ten projects totaling \$3,060,000, which would be funded by the General Fund unassigned reserves.

BACKGROUND

General Fund capital project funding is typically not available during the budget development process as the primary focus is General Fund operations. For those capital project needs, staff will use unassigned General Fund reserves to fund one-time projects, should there be sufficient reserves to support the projects. When funding is available, staff will request a list of projects including cost estimates, and justifications for project approval. These projects are vetted to come up with a final list to be presented to the City Council along with a recommendation to fund the projects from the unassigned General Fund reserves.

PRIOR CITY COUNCIL REVIEW

Not Applicable.

ANALYSIS

The projects that staff are recommending total \$3,060,000. While these are priority projects, they could not be included in the FY 2023-24 adopted budget, as that budget

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was already in a deficit; however, there are sufficient unassigned General Fund reserves to fund the projects. The buildup of reserves occurred as the City received better than anticipated revenue during the COVID-19 pandemic and through unspent appropriations due to vacancies. It should be noted, though, that the General Fund has experienced less turnback in the past two years, making the buildup of reserves after they are spent less likely.

City Council policy on General Fund reserves requires the General Fund unassigned reserves to be at least 15% to 17% of General Fund expenditures. As of June 30, 2023, General Fund expenditures totaled approximately \$191.7 million, and 17% of that amount is approximately \$32.6 million; however, for that period, General Fund unassigned reserves totaled \$60.8 million, or 31.7%. This amount is approximately \$28.2 million over the Council General Fund reserve policy.

During the fiscal year, approximately \$2.9 million was appropriated from the Unassigned General Fund reserves. Approval of the proposed projects, in addition to the amount already appropriated during the year, would lower the unassigned reserves to \$54.8 million, or 28.6%, still within Council policy.

The following is a brief synopsis of the projects proposed for approval.

NeoGov Assessment (HR) - \$100,000. This project would utilize a consultant to provide a review and assessment of all current NeoGov modules to optimize its use in HR and provide much needed training. This is important to ensure the City is using the system to its full capacity and get the most out of the City's considerable investment in the system.

Project start: July 2024

Targeted Completion: October 2025.

Video Security Downtown Campus (IT) - \$81,000

This will provide the funding for equipment and labor to complete the installation of external video security cameras in the downtown City Hall, Annex, Chamber Building, and Bank Building areas and parking lots.

Project Start: April 2024. (The project was started in 2023 but requires this additional funding to complete the entire City Hall campus. These funds will allow the project to continue to completion)

Targeted Completion: June 2025.

Mitel Phone Replacement (IT) - \$167,000

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The City's current phone system is being discontinued by the vendor (Mitel) and will no longer be supported for updates, enhancements, or security patches after December 2025.

Project Start: April 2024

Targeted Completion: October 2025

Replacement for On-Premises Accela System (IT) - \$80,000

The City's current on-premise Accela permitting and inspections system will no longer be supported by the vendor after December 2025. NOTE: This \$80,000 on-time funding request is to assist with implementation, data migration and interface costs only. The full project costs (licenses / subscription costs and professional services) are anticipated to be significantly more, but are being funded by PED, Fire, and the other departments who use the system.

Project Start: September 2024 for the implementation. The RFP was issued in January 2024 and is anticipated to take approximately 7 months total to complete the proposal review, demonstrations, evaluations, scope of work, and contract negotiations.

Targeted Completion: November 2025

Radio Upgrade (Police) - \$800,000

The Radio Upgrade project will address on-going coverage issues throughout the City, in the hospitals, the Sonoma County jail, and areas of Oakmont. Upgrading the radios to provide connection to cell towers and Wi-Fi as well as the current radio network will solve these coverage issues as well as provide reliable coverage during mutual aid responses, pursuits and prisoner transports outside of the City. This upgrade will also provide GPS tracking for live monitoring of our staff during critical incidents. This funding will purchase 170 portable radios and 63 in-car radios and the required software subscription for two years.

Project Start – April/May 2024

Targeted Completion: August 2024

Police Server Upgrade (Police) - \$165,000

This new solution will provide a more secure back-up system for critical Police data, including case data and video surveillance, and provide capacity for upcoming technology needs. The current data storage solution for the Police Department is outdated and has no space for growth and requires replacement.

Project Start: May 2024

Targeted Completion: December 2024

In-ground Vehicle Lifts (TPW) - \$932,000

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This project will fund the removal of 4 in-ground vehicle lifts at the fleet maintenance facility and replace them with 4 new lifts. The original lifts were installed in 1986 are inoperable, and their parts are obsolete. The lifts service 190 medium/heavy duty vehicles including transit buses, fire apparatus, and street/water/sewer maintenance trucks. Soil contamination could also occur if the existing lifts are left in place and begin leaking. The requested funds will be combined with funding previously identified from Transit, SR Water, and the Fleet internal Service Fund for a total project cost of \$2,000,000.

Project Start: July 2024

Targeted Completion: July 2025

Fleet Electrification Master Plan (TPW) - \$160,000

The Water Department and Transportation Public Works have jointly submitted an application for \$210,000 in formula funding from the Energy Efficiency and Conservation Block Grant Program (EECBG) for the Fleet Electrification Master Plan. The \$100,000 partially pays for the General Fund departments that will be participating in this study. The remaining amount, approximately \$60,000 will come from existing appropriations.

A consultant has been selected and the study will include analysis of Municipal Fleet Transition Evaluation; Energy Storage and Resiliency Evaluation; and Private EV Development Policy Recommendations.

Project Start: May 2024

Targeted Completion: December 2025

Doyle Ball Field (RP) - \$500,000

This project will fund upgrades to Doyle Ball Field including a new concessions stand with updated water, sewer, electrical, storm drain facilities, as well as updated paving from parking lot to concession stand. Upgrades will also include adding score boards, new fencing and partial parking lot upgrades for ADA, with the hope this will public and private HS use, as well as potential new clients, such as minor league baseball.

Project Start: July 2024

Targeted Completion: December 2025

Internal Control Audit (Finance) - \$75,000

Funding would pay for Moss Adams to update its 2016 internal audit management plan and test the internal control policies put in place since their initial report.

Project Start: July 2024

Targeted Completion: June 2025

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In addition, staff is doing analysis and will likely come back to the Council with a future appropriation request for proposed Energy Efficiency projects. Staff initially proposed projects to replace the City's current Heating Ventilation and Air Conditioning (HVAC) units on City facilities, which has been a critical issue for many years. However, there may be an opportunity to use some of the money that would have been spent on a small number of HVAC units and leverage those funds into paying for the replacement of the HVAC system and other efficiency projects throughout the City. Staff is still investigating the feasibility of this program and will return with a recommended project on a future City Council agenda.

FISCAL IMPACT

The proposed projects require one-time funding to complete, and as such do not present an ongoing cost to the General Fund; however, any ongoing operating costs (e.g., maintenance, subscription services, etc.) would need to be absorbed within the operating budget of the responsible department.

As noted above, funding these projects will drop the unassigned General Fund reserves to approximately 28.6%, which is approximately \$22.2 million over the Council's 17% reserve requirement.

ENVIRONMENTAL IMPACT

This Study Session is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment. No further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution/Exhibit A (FY 2023-24 Budget Amendment)

PRESENTER

Alan Alton, Chief Financial Officer