

City of Piedmont
COUNCIL AGENDA REPORT

DATE: January 18, 2022
TO: Mayor and Council
FROM: Sara Lillevand, City Administrator
SUBJECT: Consideration of FY 2021-22 Mid-Year General Fund Appropriations and Receipt of FY 2021-22 Mid-Year Fiscal Report

RECOMMENDATION

By motion, approve the FY 2021-22 mid-year General Fund appropriations as follows:

Overtime – Fire Department	\$ 490,000
City Engineering Service	\$ 280,000
Juvenile Officer Expense	\$ 115,000
Total	\$ 885,000

BACKGROUND

The City Council-approved City of Piedmont FY 2021-22 Budget is the annual fiscal outline, resource allocation, and expenditure plan that guides and ensures implementation of City programs and Council operating policies. The annual Midyear Fiscal Report analyzes and examines the financial condition of the City budget at the mid-point of the fiscal year. This analysis measures the conformity of all revenues and expenditures from July 1, 2021 through December 31, 2021 to the adopted FY 2021-22 budget.

The adopted Budget incorporates the estimated revenues, planned expenditures, and transfers for all funds. This Midyear Fiscal Report focuses on the General Fund and the Capital Projects Funds (Facility Maintenance, Equipment Replacement and Street Related).

Staff recommends the following budget adjustments as detailed below be approved by City Council. Please note, Staff is only requesting additional appropriations for variances caused by known operational changes. Expense variances based only on estimation of current trends (i.e., recreation program expense and insurance claims) will be re-evaluated at year end.

	Fiscal Year 2021-22				
	Actual 6 Months	Next 6 Months	Annual Total	Budget	Variance
TOTAL RECREATION - GF					
Revenue	\$ 1,620,236	\$ 1,270,000	\$ 2,890,236	\$ 2,274,500	\$ 615,736
Salaries	728,067	688,000	1,416,067	1,305,105	110,962
Benefits & Taxes	164,662	158,000	322,662	329,361	(6,699)
Operating Exp	597,676	615,000	1,212,676	969,200	243,476
Total Expenses	1,490,405	1,461,000	2,951,405	2,603,666	347,739
% of Revenue					
Net Income/(Loss)	\$ 129,831	\$ (191,000)	\$ (61,169)	\$ (329,166)	\$ 267,997
RECREATION (404)					
Revenue	\$ 1,100,444	\$ 850,000	\$ 1,950,444	\$ 1,366,500	\$ 583,944
Salaries	486,506	450,000	936,506	829,394	107,112
Benefits & Taxes	116,462	105,000	221,462	216,594	4,868
Operating Exp	542,910	550,000	1,092,910	826,950	265,960
Total Expenses	1,145,878	1,105,000	2,250,878	1,872,938	377,940
% of Revenue					
Net Income/(Loss)	\$ (45,433)	\$ (255,000)	\$ (300,433)	\$ (506,438)	\$ 206,005
PRE-SCHOOL (407)					
Revenue	\$ 209,676	\$ 200,000	\$ 409,676	\$ 618,000	\$ (208,324)
Salaries	176,450	180,000	356,450	395,673	(39,223)
Benefits & Taxes	30,446	35,000	65,446	82,432	(16,986)
Operating Exp	27,247	30,000	57,247	62,500	(5,253)
Total Expenses	234,143	245,000	479,143	540,605	(61,462)
% of Revenue					
Net Income/(Loss)	\$ (24,468)	\$ (45,000)	\$ (69,468)	\$ 77,395	\$ (146,863)
COMMUNITY HALL (405)					
Revenue	\$ 289,848	\$ 200,000	\$ 489,848	\$ 250,000	\$ 239,848
Salaries	57,499	50,000	107,499	61,430	46,069
Benefits & Taxes	14,648	15,000	29,648	24,109	5,539
Operating Exp	18,700	25,000	43,700	56,000	(12,300)
Total Expenses	90,848	90,000	180,848	141,539	39,309
% of Revenue					
Net Income/(Loss)	\$ 199,000	\$ 110,000	\$ 309,000	\$ 108,461	\$ 200,539
VETERAN'S HALL (406)					
Revenue	\$ 20,269	\$ 20,000	\$ 40,269	\$ 40,000	\$ 269
Salaries	7,612	8,000	15,612	18,608	(2,996)
Benefits & Taxes	3,105	3,000	6,105	6,226	(121)
Operating Exp	8,819	10,000	18,819	23,750	(4,931)
Total Expenses	19,536	21,000	40,536	48,584	(8,048)
% of Revenue					
Net Income/(Loss)	\$ 733	\$ (1,000)	\$ (267)	\$ (8,584)	\$ 8,317

Community Pool

The Community Pool is permanently closed which is consistent with the adopted budget, which included \$40,000 to cover shutdown and utility costs. We are now projecting shutdown costs to be approximately \$25,000 to \$30,000.

On Thursday, November 18, 2021, the City of Piedmont successfully priced \$19,500,000 in General Obligation Bonds to rebuild the Piedmont Community Pool pursuant to voter-approved Measure UU. The transaction closed on December 8, 2021. The Bonds were issued as a single series bearing a tax-exempt fixed rate of 5.0% to maturity in an aggregate principal amount of \$19.5 million resulting in an original issue premium of \$5,829,463.85. The bonds will have a final maturity of September 1, 2051 and be subject to redemption at the option of the City on any date on or after September 1, 2031.

After paying bond issuance costs and capitalized interest, the City will have approximately \$24.4 million available to complete the Community Pool Project. Given escalating construction costs, inflation, and supply chain challenges, we are fortunate that this should provide significant contingency to support development of a Community Pool that reflects the conceptual design approved in 2016 and serves the aquatic needs of Piedmont.

Capital Funds

FACILITY MAINTENANCE

As of December 31, 2021, the City has spent approximately \$650,000 of the \$2.6 million of expenditures included in the FY 21-22 Approved Budget. Projects completed during the first six months of FY 2021-22 using the Facilities Maintenance fund included various sidewalk replacement and repairs, City Hall upgrades including restoration of the Council Chamber seating, Corey Reich Tennis Center signage, as well as many miscellaneous ongoing and deferred maintenance projects within the City's facilities.

As noted in the Overview section of the Approved Budget, based on our current long-term plan, Facilities Maintenance will not be adequately funded in the near future.

The schedule on the following page summarizes fund activity for the next seven years, excluding major projects:

	ACTUAL	PROJECTED						
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
BEGINNING BALANCE	\$ 6,528,756	\$ 9,341,209	\$ 8,942,987	\$ 6,941,615	\$ 4,677,931	\$ 3,134,831	\$ 1,913,636	\$ 831,220
REVENUES:								
General Fund	4,022,707	600,000	300,000	300,000	300,000			
Contributions	22,204	-	-	-	-			
Interest	24,324	21,596	42,834	33,803	24,011			
ARPA		1,050,682	1,331,865					
TOTAL REVENUE	4,069,235	1,672,278	1,674,698	333,803	324,011	11,255	11,593	11,941
EXPENDITURES:								
Repairs & Maintenance	156,427	250,000	230,570	237,487	244,612	251,950	259,509	267,294
Scheduled Maintenance	200,220	420,500	645,500	760,000	722,500	380,500	234,500	340,000
Capital Projects	377,428	800,000	2,200,000	1,000,000	300,000	-	-	-
Sidewalks	522,707	600,000	600,000	600,000	600,000	600,000	600,000	600,000
TOTAL EXPENDITURES	1,256,782	2,070,500	3,676,070	2,597,487	1,867,112	1,232,450	1,094,009	1,207,294
ENDING BALANCE	\$ 9,341,209	\$ 8,942,987	\$ 6,941,615	\$ 4,677,931	\$ 3,134,831	\$ 1,913,636	\$ 831,220	\$ (364,134)

The facilities maintenance fund does not include major and necessary capital improvements including the Fire Department/City Hall, the Police Department, the Veterans Hall, the Recreation Department Building, Coaches Field and Linda Beach Park. The total estimated costs of these projects exceeds \$60 million.

As noted previously, if the revenue and expense trends of the first half of the year continue, the City may have the ability to add to the funding of its backlog in facilities maintenance. We will revisit the ability and need for further funding at fiscal year-end.

EQUIPMENT REPLACEMENT

On the following page is a summary schedule of activity in the Equipment Replacement fund. We are projecting current year expenditures to be consistent with the Adopted Budget. As evidenced in the below schedule, we believe Equipment Replacement is fully funded barring any unforeseen circumstances.

EQUIPMENT REPLACEMENT FUND ACTIVITY					
Fiscal	Begin	Planned			End
Year	Balance	Funding	Interest	Expenditures	Balance
17/18	\$ 3,937,414	\$ 517,193		\$ (651,165)	\$ 3,803,442
18/19	3,803,442	433,000	81,148	(1,216,799)	3,100,791
19/20	3,100,791	400,000	76,067	(513,171)	3,063,687
20/21	3,063,687	610,500	13,195	(590,280)	3,097,101
21/22	3,097,101	360,841	30,971	(1,698,800)	1,790,114
22/23	1,790,114	516,210	17,901	(984,026)	1,340,198
23/24	1,340,198	440,379	26,804	(978,267)	829,115
24/25	829,115	427,869	19,070	(675,522)	600,532
25/26	600,532	776,132	15,013	(430,792)	960,884
26/27	960,884	829,639	24,022	(484,078)	1,330,467
27/28	1,330,467	927,868	33,262	(660,380)	1,631,218
28/29	1,631,218	716,501	40,780	(793,697)	1,594,801
29/30	1,594,801	608,244	39,870	(1,828,031)	414,884
30/31	414,884	490,593	10,372	(107,382)	808,468
31/32	808,468	514,954	20,212	(664,749)	678,884
32/33	678,884	431,079	16,972	(275,134)	851,801

Street\Sidewalk Related Funds

Funding sources for streets and sidewalks include Measure B, Measure BB, Measure F, Gas Tax, and SB-1. The majority of available funding is dedicated to street resurfacing and sidewalk repair work, with the balance dedicated to important sub-categories such as the implementation of projects prioritized by the approved Pedestrian & Bicycle Master Plan, and those related to the Complete Streets program.

Funding for streets for the Fiscal Year 2021-22 is just over \$2.8 million, \$1.3 million of which is being carried forward from Fiscal Year 2020-21 due to the 2021 Paving Project being delayed due to the pandemic. In addition to the 2021 Paving Project, major projects planned for this year are the Oakland Ave. rehabilitation project and the Oakland Ave. and San Carlos Ave. Retaining walls project.

Sidewalk repair work is also a focus as the list of sidewalks in need of repair has been growing. The City budgeted \$900,000 for sidewalk repair and replacement, utilizing the Facility Maintenance Fund (\$600,000) and all Gas Tax fund revenue (approximately \$300,000).

On the following page is a recap of the current status of the street related funds:

Street Related Funds										
Activity Thru:										
12/31/2021										
	Measure B (131)			Measure BB (136)			Measure		Traffic	
	LSR	Bike\Ped	Total	LSR	Bike\Ped	Total	F 143	Gas Tax 121	SB 1 133	Congestion 132
Fund Balance - 7/1/2021	\$ 295,861	\$ 11,509	\$ 307,370	\$ 438,833	\$ 33,852	\$ 472,685	\$ 73,366	\$ 7,137	\$ 448,362	\$ 38,429
Revenue - BUDGET										
STATE \ COUNTY FUNDS	329,216	28,482	357,698	507,723	38,110	545,833	40,000	293,000	223,000	-
Actual Expenses										
STREET RESURFACING	16,257		16,257	371,898		371,898	-	-	56,435	-
DESIGN STREET RESURFACING	2,611		2,611			-				
BIKE & PEDESTRIAN		236	236		68,914	68,914	-	-	-	-
SIDEWALKS & CURBS		-	-		-	-	-	299,408	-	-
Total Expenditures	18,869	236	19,104	371,898	68,914	440,812	-	299,408	56,435	-
Open to Spend	\$ 606,208	\$ 39,756	\$ 645,964	\$ 574,658	\$ 3,048	\$ 577,706	\$ 113,366	\$ 729	\$ 614,927	\$ 38,429

By: Michael Szczech, Finance Director