



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Erin Roseman
Finance Director

SUBJECT: FY20-21 Budget Actions

DATE: May 12, 2021

City Administrator Approval

Date: May 13, 2021

RECOMMENDATION

Staff Recommends That The City Council Receive An Informational Report On Actions Taken To Bring FY2020-21 Expenditures In Line With The Budget

EXECUTIVE SUMMARY

The FY2020-21 Second Quarter Revenue and Expenditure [report](#) included projections that showed a number of departments projected expenditures to exceed budget by more than one percent. This report provides information to the City Council and to the public with regard to actions taken to bring expenditures in line with the approved budget.

REASON FOR URGENCY

The City's [Consolidated Fiscal Policy](#) requires this information to be provided to the City Council within 60 days of the Council's acceptance of the Second Quarter Revenue and Expenditure report, which happened on March 16, 2021.

BACKGROUND / LEGISLATIVE HISTORY

The City Council approved the FY2020-21 budget initially as part of the two-year FY2019-21 budget process in June of 2019. In June 2020, following the onset of the global pandemic, the City Council approved a significant midcycle budget adjustment for the current FY2020-21 fiscal year.

Section 1 of the Consolidated Fiscal Policy establishes Budget Practices for the City to follow. Part I of that Section speaks to Alterations to the Budget and includes the following language:

The Finance Department will include departmental expenditure projections for the General Purpose Fund in the Second Quarter Revenue & Expenditure Report. In the event that a department is projected to overspend in the General Purpose Fund by more than one percent (1%), the City Administrator shall bring an informational report to the City Council within 60 days following acceptance of the Revenue & Expenditure report

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by the City Council. The report shall list the actions the Administration is taking to bring the expenditures into alignment with the budget.

Table 15 on page 17 of the Second Quarter Revenue & Expenditure Report indicated the projected expenditure variance for each department. This report is required by policy because a number of departments showed variances of more than one percent.

ANALYSIS AND POLICY ALTERNATIVES

Table 1 below replicates the budget and variance columns of the table provided in the Second Quarter report, with an additional column indicating those departments projected to exceed expenditure budget by more than one percent.

Table 1

Department	Adjusted Budget	Estimated Year-End Over/Under	over > 1%
FY 2020-21 Expenditures	\$ 662.59	\$ -1.58	
MAYOR	\$ 3.88	\$ 0.86	N
CITY COUNCIL	\$ 6.28	\$ 0.04	N
CITY ADMINISTRATOR	\$ 12.04	\$ 0.02	N
CITY ATTORNEY	\$ 11.51	\$ -1.49	Y
CITY AUDITOR	\$ 2.48	\$ 0.17	N
CITY CLERK	\$ 4.50	\$ 0.15	N
POLICE COMMISSION	\$ 4.62	\$ 0.87	N
PUBLIC ETHICS COMMISSION	\$ 1.32	\$ -0.04	Y
FINANCE DEPARTMENT	\$ 24.52	\$ 0.45	N
INFORMATION TECHNOLOGY	\$ 10.59	\$ 0.77	N
RACE & EQUITY	\$ 0.87	\$ 0.03	N
HUMAN RESOURCES	\$ 6.71	\$ -0.57	Y
DEPT OF VIOLENCE PREVENTION	\$ 3.24	\$ 0.10	N
POLICE DEPARTMENT*	\$ 296.49	\$ -7.44	Y
FIRE DEPARTMENT*	\$ 169.10	\$ 6.12	N
PUBLIC LIBRARY	\$ 11.66	\$ -1.46	Y
PARKS, RECREATION & YOUTH DEV	\$ 16.37	\$ 1.34	N
HUMAN SERVICES	\$ 15.86	\$ 0.14	N
ECONOMIC & WORKFORCE DEVELOPMENT	\$ 5.76	\$ 0.54	N
HOUSING & COMMUNITY DEVELOPMENT	\$ 0.80	\$ —	-
PLANNING & BUILDING	\$ -0.08	\$ —	-
PUBLIC WORKS	\$ 0.46	\$ 1.25	N

Table 1 Continued

Department	Adjusted Budget	Estimated Year-End Over/Under	over > 1% Department	Adjusted Budget
<i>TRANSPORTATION</i>	\$	13.19	\$ 0.92	N
<i>WORKPLACE & EMPLOYMENT STANDARD</i>	\$	3.29	\$ -0.34	Y
<i>NON-DEPARTMENTAL*</i>	\$	34.80	\$ -4.01	Y
<i>CAPITAL IMPROVEMENT PROGRAM</i>	\$	2.35	\$ —	

Analysis of some of the projections included in the report identified adjustments that were planned to be made during the course of the fiscal year that would bring expenditures in line with budget. A common example is departmental charges that were initially applied to the General Purpose Fund that through the normal process of adjustment and reconciliation would be transferred to another fund.

Beyond the administrative actions taken in December 2020, as shared with the City Council via an [Informational Memo](#), accounting adjustments, and active management of expenditures as the fiscal year progresses, the City Council took action via its April 12, 2021 [resolution](#) to “align the general purpose fund ... with revenue and expenditures forecasted for said funds in the Q2 revenue and expenditure report”.

FISCAL IMPACT

There is no fiscal impact associated with this informational report.

PUBLIC OUTREACH / INTEREST

There was no public outreach associated with this informational report.

COORDINATION

The City Administrator’s Office coordinated with the Budget Bureau and City departments.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Receive An Informational Report On Actions Taken To Bring FY2020-21 Expenditures In Line With The Budget

For questions regarding this report, please contact Lisa Agustin, Budget Administrator, at 510-238-2989.

Respectfully submitted,

Erin Roseman

[Erin Roseman \(May 13, 2021 11:30 PDT\)](#)

Erin Roseman
Finance Director