



**CITY OF SOUTH PASADENA
SPECIAL JOINT MEETING OF THE CITY COUNCIL
AND FINANCE COMMISSION**

AMENDED A G E N D A
WEDNESDAY, MARCH 15, 2023, AT 6:30 P.M.

**AMEDEE O. "DICK" RICHARDS JR. COUNCIL CHAMBERS
1424 MISSION STREET, SOUTH PASADENA, CA 91030**

South Pasadena City Council Statement of Civility

As your elected governing board, we will treat each other, members of the public, and City employees with patience, civility, and courtesy as a model of the same behavior we wish to reflect in South Pasadena for the conduct of all City business and community participation. The decisions made tonight will be for the benefit of the South Pasadena community and not for personal gain.

NOTICE ON PUBLIC PARTICIPATION & ACCESSIBILITY

The South Pasadena City Council Meeting will be conducted in-person from the Amedee O. "Dick" Richards, Jr. Council Chambers, located at 1424 Mission Street, South Pasadena, CA 91030.

Public participation may be made as follows:

- In Person – Council Chambers, 1424 Mission Street, South Pasadena, CA 91030
- Live Broadcast via the City website – http://www.spectrumstream.com/streaming/south_pasadena/live.cfm
- Via Zoom – **Webinar ID: 825 9999 2830**
- Written Public Comment – written comment must be submitted by 12:00 p.m. the day of the meeting by emailing to ccpubliccomment@southpasadenaca.gov.
- Via Phone – +1-669-900-6833 and entering the Zoom Meeting ID listed above.

Meeting may be viewed at:

1. Go to the Zoom website, <https://zoom.us/join> and enter the Zoom Meeting information; or
2. Click on the following unique Zoom meeting link:
<https://us06web.zoom.us/j/82599992830> or
3. By calling: +1-669-900-6833 and entering the Zoom Meeting ID listed above; and viewing the meeting via http://www.spectrumstream.com/streaming/south_pasadena/live.cfm

CALL TO ORDER:

Mayor Jon Primuth

ROLL CALL OF CITY COUNCIL:

Mayor	Jon Primuth
Mayor Pro Tem	Evelyn G. Zneimer
Councilmember	Jack Donovan
Councilmember	Michael A. Cacciotti
Councilmember	Janet Braun

ROLL CALL OF FINANCE COMMISSION:

Chair	Ed Elsner
Commissioner	Frederick A Findley
Commissioner	Cynthia Quade
Commissioner	Peter Giulioni Jr
Commissioner	Sheila Rossi

PUBLIC COMMENT GUIDELINES

The City Council welcomes public input. Members of the public may comment on the agendized items only. Members of the public will have three minutes to address the City Council, however, the Mayor and City Council may adjust the time allotted, as needed.

Public Comments received in writing will not be read aloud at the meeting, but will be part of the meeting record. Written public comments will be uploaded to the City website for public viewing under Additional Documents. When submitting a public comment, please make sure to include the following:

- 1) Name (optional), and
- 2) Agenda item you are submitting public comment on.
- 3) Submit by no later than 12:00 p.m., on the day of the City Council meeting. Correspondence received after this time will be distributed the following business day.

PLEASE NOTE: The Mayor may exercise the Chair's discretion, subject to the approval of the majority of the City Council, to adjust public comment time limit to less than three minutes, as needed.

Pursuant to State law, the City Council may not discuss or take action on issues not on the meeting agenda, except that members of the City Council or staff may briefly respond to statements made or questions posed by persons exercising public testimony rights (Government Code Section 54954.2). Staff may be asked to follow up on such items.

PUBLIC COMMENT**1. PUBLIC COMMENT**

Public Comment will be limited to three minutes per speaker for the agendized item only, and will be taken after staff presentation of the agendized item.

ACTION/DISCUSSION**2. APPROVAL OF FY 2022-23 MID-YEAR BUDGET REPORT AND ADJUSTMENTS, CAPITAL IMPROVEMENT PROGRAM CARRYOVERS, CITY COUNCIL BUDGET POLICIES, CREATION OF THREE FUNDS, AND RESOLUTION****RESOLUTION**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOUTH PASADENA APPROVING FISCAL YEAR 2022-2023 MID-YEAR BUDGET AMENDMENTS AND ADJUSTMENTS, CAPITAL IMPROVEMENT PROGRAM CARRYOVERS, CITY COUNCIL BUDGET POLICIES, AND CREATION OF THREE FUNDS

Recommendation

Staff recommends that the City Council:

1. Approve the Fiscal Year 2022-23 Mid-Year Budget Report and Adjustments;
2. Approve of Fiscal Year 2021-22 Capital Improvement Program (CIP) Carryovers;
3. Approve of FY 22-23 Budget Policies;
4. Approve the creation of three new funds: State and Local Fiscal Recovery Fund (SLFRF) -206, Other Post-Employment Benefits (OPEB) 115 Trust Fund – 110, and Fund 209-Carlyle Library Bequest; and
5. Adopt A Resolution of The City Council of The City Of South Pasadena Approving Fiscal Year 2022-2023 Mid-Year Budget Amendments And Adjustments, Capital Improvement Program Carryovers, City Council Budget Policies, And Creation Of Three Funds.

ADJOURNMENT

FOR YOUR INFORMATION

FUTURE CITY COUNCIL MEETINGS


April 5, 2023	Canceled due to Spring Break	7:00 P.M.
April 19, 2023	Joint Special Meeting with MTIC (State of Streets)	6:00 P.M.
April 29, 2023	Joint Special Meeting with Planning Commission (State of Housing)	9:00 A.M.

PUBLIC ACCESS TO AGENDA DOCUMENTS AND BROADCASTING OF MEETINGS

City Council meeting agenda packets, any agenda related documents, and additional documents are available online for public viewing on the City’s website:

www.southpasadenaca.gov/CityCouncilMeetings2022

ACCOMMODATIONS

 The City of South Pasadena wishes to make all of its public meetings accessible to the public. If special assistance is needed to participate in this meeting, please contact the City Clerk’s Division at (626) 403-7230 or cityclerk@southpasadenaca.gov. Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities. Notification at least 48 hours prior to the meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting (28 CFR 35.102-35.104 ADA Title II).

CERTIFICATION OF POSTING

*I declare under penalty of perjury that I posted this notice of agenda for the meeting to be held on **March 15 2023**, on the bulletin board in the courtyard of City Hall located at 1414 Mission Street, South Pasadena, CA 91030, and on the City website as required by law, on the date listed below.*

03/09/2023	/S/
Date	Mark Perez, Deputy City Clerk



City Council Agenda Report

ITEM NO. 2

DATE: March 15, 2023

FROM: Arminé Chaparyan, City Manager *BKM for AC*

PREPARED BY: John Downs, Interim Finance Director

SUBJECT: Approval of FY 2022-23 Mid-Year Budget Report and Adjustments, Capital Improvement Program Carryovers, City Council Budget Policies, Creation of Three Funds, and Resolution

Recommendation

Staff recommends that the City Council:

1. Approve the Fiscal Year 2022-23 Mid-Year Budget Report and Adjustments;
2. Approve of Fiscal Year 2021-22 Capital Improvement Program (CIP) Carryovers;
3. Approve of FY 22-23 Budget Policies;
4. Approve the creation of three new funds: State and Local Fiscal Recovery Fund (SLFRF) -206, Other Post-Employment Benefits (OPEB) 115 Trust Fund – 110, and Fund 209- Carlyle Library Bequest; and
5. Adopt A Resolution of The City Council of The City Of South Pasadena Approving Fiscal Year 2022-2023 Mid-Year Budget Amendments And Adjustments, Capital Improvement Program Carryovers, City Council Budget Policies, And Creation Of Three Funds.

Background

On June 15, 2022, the City Council adopted the Fiscal Year (FY) 2022-23 Operating and Capital Improvement Program (CIP) budgets. The FY 2022-23 budget is the City's financial operating plans that establishes the City's goals, budget priorities, and desired service levels for the fiscal year, as well as identifies the fiscal resources necessary to achieve them. The adopted budget was based on certain assumptions and meeting expenditure and revenue projections. The Mid-Year Financial Review is presented to Council to provide an updated financial forecast for the current year.

The FY 2022-23 Mid-Year Financial Review reports on the City's fiscal performance through mid-year (July through December), comparing all revenues and expenditures incurred during the first two quarters of FY 2022-23 to the same period in FY 2021-22. The Mid-Year Financial Review also provides an updated FY 2022-23 Financial Forecast, as well as presents mid-year budget adjustments for Council's consideration to amend the FY 2022-23 Budget.

As customary, the Mid-Year Financial Review primarily focuses on the General Fund since this is the fund that supports traditional municipal services the City provides for residents, such as law enforcement, fire protection, public works services, parks, and recreation.

Analysis

FY 2021-22 Year End

At the end of each fiscal year, the Finance Department begins its process of closing out the year. This process includes trueing up the budget, and ensuring all capital improvement project carryovers are processed and reflected in the new fiscal year. In addition, to avoid possible budget inflation, at the year end of each fiscal year, all purchase orders and encumbrances are closed out, excluding multi-year capital projects.

Once the City’s budget is adopted and committed in Springbrook, the City’s financial system, the new fiscal year is open for activity. Staff citywide has the ability to review the general ledger, enter requisition for services, and track department revenues and expenditures.

FY 2021-22 General Fund Year-End Performance

The FY 2021-22 General Fund Budget included expenditures in the amount of \$36.3 million offset by \$36.3 million in projected revenues. Based on the audited figures for FY 2021-22, the City ended the year with \$34.2 million in expenditures, offset by \$34.6 million in revenue and the use of \$130 thousand in net transfers. The FY 2021-22 ending fund balance is \$24.6 million, however, only \$18.9 million is spendable.

TABLE 1		
FY 2022 GENERAL FUND YEAR-END		
PERFORMANCE		
	FY 2022 Adopted Budget	FY 2022 Year- End (Audited)
Beginning Fund Balance	\$ 22,933,246	\$ 24,355,619
Revenues	36,322,073	34,668,783
Expenditures	36,283,406	34,352,231
Operating Surplus (Deficit)	38,667	316,552
Ending Fund Balance	\$ 22,971,913	\$ 24,672,171

Revenue and expenditure figures include transfers in/out.

FY 2022-23 Changes from Original Approved Budget to Adopted Budget

When staff presented the FY 2022-23 budget to Council for consideration in June 2022, economists were discussing concerns of inflation, a CPI increase of 8%, supply chain issues, and interest rate adjustments by the Federal Reserve Bank. However, actual economic activity as measured by job gains, industrial production, and retail sales were still indicating growth. As mentioned in the FY 2023 budget message, the current climate was not as damaging as it has been to other cities due to the fact that the City of South Pasadena has a different revenue base including a healthy property tax base and a City’s return of 24 cents to the property tax dollar.

- The measure A – 75 cents sales transaction tax is now out-performing its traditional counterpart of the Bradley Burns 1% sales tax.
- The American Rescue Plan Act of 2021 created the State and Local Fiscal Recovery Fund (SLFRF). The City received \$6,059,235 SLFRF funds in the General Fund.
- The City built a status quo budget for FY 2022-23. The City experienced many closures and unusual expenditures during the pandemic.

The FY 2022-23 budget included significant clean up in overtime costs due to insufficient staffing, emergency measures and purchases to mitigate the effects of the pandemic. The proposed mid-year review and adjustments include additional measures to address the same issues. Revenues are adjusted by \$540,000 to account for the increase in sales tax revenues. The total adjusted revenues for FY 2023 have changed from \$42,224,170 to \$42,849,230. Expenditures are adjusted from \$41,721,612 to \$44,688,982 for a net change of (\$1,839,752). Transfers out of SLFRF Funds received in General Fund to its own Fund - \$6,059,235, along with its related appropriations of \$5,830,000.

Mid-Year General Fund appropriations adjustments are \$2,006,620, broken down between ongoing adjustments of \$251,700 and one-time adjustments of \$1,754,920. The tables below reflect the FY 2022-23 General Fund Approved and Revised budgets.

TABLE2		
FY 2023 GENERAL FUND BUDGET		
	FY 2023 Approved Budget	FY 2023 Revised Budget
Beginning Fund Balance	\$20,810,029	\$24,672,171
Revenues	\$42,224,170	\$42,849,230
Expenditures	<u>\$41,721,612</u>	<u>\$44,690,482</u>
Operating Surplus (Deficit)	\$502,558	(\$1,841,252)
Ending Fund Balance	\$21,312,587	\$22,830,919

The ongoing adjustments are due to unforeseen contract costs i.e. increased landscape and maintenance costs after our existing contract was not renewed by vendor and the lowest new vendor was almost 2.5 times more than the existing contract. There are also adjustments to personnel costs necessitated by staffing shortages and requirements. The one-time adjustments in expenditures for the year are for unexpected and unbudgeted expenses occurring this FY 2023 including increased legal costs, unforeseen sewer repair costs and a vehicle purchase required to replace a non-working vehicle. Details of these adjustments are shown in Attachment A.

FY 2022-23 Mid-Year Financial Report

The table below shows the City's revenues and expenditures incurred through the mid-year point of the two fiscal years (first two quarters), from July 1 through December 31 for both fiscal years 2022-23 and 2021-22 for comparison purposes.

TABLE 3 GENERAL FUND REVENUES & EXPENDITURES JULY - DECEMBER					
	FY 2023 Budget	FY 2023 July - December Actuals	FY 2022 July - December Actuals	FY 2023 Mid-Year Dollar Increase (Decrease)	FY 2023 Mid-Year Percentage Increase (Decrease)
Revenues					
Property Taxes	\$ 14,463,414	\$ 5,791,504	\$ 5,385,023	\$ 406,482	7.55%
Sales Taxes	5,466,000	2,038,278	1,802,001	236,278	13.11%
Utility Users Taxes	4,299,703	1,752,502	1,738,100	14,402	0.83%
Business Licenses & Permits	903,280	434,766	440,028	(5,261)	-1.20%
Charges for Current Services	3,777,200	2,273,986	1,744,872	529,114	30.32%
Fines, Forfeitures & Penalties	500,000	195,145	146,419	48,725	33.28%
Other Taxes & Revenue	12,814,573	868,397	1,074,872	(206,475)	-19.21%
Total Revenues	\$42,224,170	\$13,354,578	\$12,331,313	\$1,023,265	8.30%
Expenditures					
Operational Expenditures	\$41,010,050	\$17,394,033	\$15,322,769	\$2,071,264	13.52%
Transfers Out	721,562	-	1,457,247	(1,457,247)	-100.00%
Total Expenditures	\$41,731,612	\$17,394,033	\$16,780,016	\$614,017	3.66%

The table above shows the City's revenues and expenditures incurred through the mid-year point of the two fiscal years (first two quarters), from July 1 through December 31 for both fiscal years 2021-22 and 2022-23 for comparison purposes.

FY 2022-23 Mid-Year Revenue Performance

Overall, revenues for the City are up 8.3% (\$1,023,265) for the first half of FY 2022-23

compared to FY 2021-22. Outlined below is a summary of the revenue performance for the City's major revenues:

- **Property Tax**

Through the mid-year point in FY 2022-23, the City's largest revenue, Property Tax, was up 7.55% (\$406,482) from FY 2021-22. The City has received 37% of the revenue and expects the largest amount to come in April 2023. For FY 2022-23, the City budgeted \$14,463,414.

In respect to Secured Property Taxes, the City received its Property Tax installment in December 2022, representing 40% of what the State expects to receive for the whole year. Therefore, on an annualized basis, the City's estimated Secured Property Taxes are on track.

Please note, the City received \$1,722,008 in Property Tax and \$1,856,596 of Property Tax in Lieu of VLF in January. These payments are not reflected in the December revenues. For FY 2022-23, it is anticipated that the City will receive a total \$3,713,192 in Property Tax in Lieu of VLF revenue for the fiscal year.

- **Sales Taxes**

Taxes (including Sales Tax Measure A) are up 13.11% (\$236,278) through the first half of FY 2022-23 from last year. Sales Taxes makes up 16% of total General Fund revenues and is the City's second largest revenue stream. The City budgeted \$5.5 million for FY 2022-23, however, we are updating this projection to reflect a forecast received from the City's sales tax consultant. The estimated budget will be increased by \$540,000 to \$6.0 million.

- **Utility Users Tax (UUT)**

UUT revenues are up 0.83% (\$14,402) in FY 2022-23 from last year. UUT revenues for Electric and cable increased the first six months of the year while UUT revenues for water, gas, and telephone decreased. UUT - telephone will continue to decrease as people are no longer using landlines.

- **Business License & Permits**

Business Licenses and Permits decreased by 1.20% (\$5,261) from last year. There was a decrease in business license, parking permits, street/curb permits, FOG wastewater permit, and street closure permits. Filming permits and fire permits increased in the first six months by \$13,000. Staff is working closely with HdL, who we contract with for business license and FOG permitting, to gain further compliance.

- **Charges for Current Services**

Charges for Services increased by 30.32% (\$529,114) from last year. Charges for Services include various fees such as Plan Check Fees, Paramedic Fees, Filming, Planning Fees, Building Permits, Inspection and Recreation Fees. As we advance out

of the Covid-era, the charges for current services revenue will continue to increase as the City is opening up more programs and activities for the public. Plan check and paramedic fees makes up the biggest increase from prior year.

- **Fines, Forfeits, & Penalties**

Fines, Forfeitures, and Penalties increased by 33.28% (\$48,725) from last year. The reason for this increase is due to processing of payment to Parking Citations vendor from September 2020 through July 2021 in FY 2021-22. This timing difference of payments caused the revenue to be understated in FY 2021-22.

- **Other Revenues**

Other Taxes and Revenue decreased by 19.21% (\$206,475) from last year. Interest and Rental income increased by \$67,000. In FY 2021-22, there were miscellaneous receivables received of \$108k that was not received this year. Also, the City contracts with San Marino Fire Department for a shared Division Chief. The City will receive a reimbursement from the City of San Marino in the near future for this reimbursement.

FY 2022-23 Mid-Year Expenditure Performance

The City expended 3.66% (\$614,017) more than last year. The increase in expenditures can be attributed to increase in professional and contractual services, salary, liability insurance and legal services. The Finance Department will continue to monitor spending, address unanticipated needs for the current year, and help ensure that departments are adhering to the approved budget.

FY 2022-23 Financial Forecast

In addition to reporting on the fiscal condition of the City through the first half of the year, the FY 2022-23 Mid-Year Financial Review provides an updated FY 2022-23 Financial Forecast. Throughout the year, fiscal issues arise and budget adjustments may be required that may impact the FY 2022-23 Adopted Budget. When this happens, budget assumptions and year-end projections change. The Mid-Year Financial Review is usually a good time to present an updated FY 2022-23 Financial Forecast, as we become aware of new fiscal issues that arise subsequent to the budget adoption.

Refer to Table 4 below for an updated FY 2022-23 Financial Forecast:

TABLE 4 GENERAL FUND ADJUSTED FY2022-23 FINANCIAL FORECAST		
	FY2022-23 Budget	FY 2022-23 Adjusted Budget
<i>Revenues</i>		
Adopted Revenues (including Transfers In)	\$42,224,170	\$42,309,230
Cell Tower Sales/Leaseback Transfers In		
Bradley Burns 1% Local Sales and Use Tax		300,000
Measure A Sales Tax		240,000
Total Adjusted Revenues	\$42,224,170	\$42,849,230
<i>Expenditures</i>		
Adopted Expenditures (including Transfers Out)	\$41,721,612	\$41,721,612
1st Quarter Council Approved Budget Adjustments		191,893
2nd Quarter Council Approved Budget Adjustments		416,050
February Council Approved Budget Adjustments		123,570
City Manager Operational Budget (Proposed)		503,298
Community Development Operational Budget (Proposed)		627,314
Community Services Operational Budget Proposed		32,142
Finance & Administration Operational Budget (Proposed)		330,786
Fire Operational Budget (Proposed)		5,000
Library Operational Budget (Proposed)		24,375
Management Services Operational Budget (Proposed)		186,885
Police Services Operational Budget (Proposed)		133,996
Public Works Operational Budget (Proposed)		164,325
Reclass SLFRF Appropriations to new Fund		(5,830,000)
Transfer Out – State & Local Fiscal Recovery Funds (SLFRF)		6,059,236
Transfer Out – Self Insurance Fund		
Total Adjusted Expenditures	\$41,721,612	\$44,690,482
Operating(Deficit)/Surplus	\$502,558	(\$1,841,252)
Beginning Fund Balance	\$20,810,029	\$24,672,171
Ending Fund Balance	\$21,312,587	\$22,830,919
Minimum GF FB Reserve (30% of Revenues)	\$12,667,251	\$12,854,769

The second column on Table 4 represents the FY 2022-23 Adjusted Budget, considering all unanticipated expenditures and proposed budget adjustments. Based on the second column, the new FY 2022-23 ending fund balance is projected to be \$22,688,535. The new reserve level is above the minimum General Fund reserve level of 30% of the current-year operating budget.

FY 2022-23 Mid-Year Budget Adjustments

Staff is presenting the following Mid-Year Budget Adjustments for Council's consideration to amend the FY 2022- 23 Budget:

General Fund:

- City Manager Operational Budget (\$503,298 – All Funds) - An additional appropriation in the amount of \$501,798 from General Fund reserves is needed to cover costs for SouthPas Mobile application and related annual license, adjust Membership Dues (Contract Cities), ICSC conference, City Manager Emergency Reserve, postage for additional mailers for City events and legal fees for increased PRA request, City Birthday celebration.
- Community Development Operational Budget (\$662,314 – All Funds) - An additional appropriation from General Fund reserves, \$627,314 for prior year's cost for Building & Planning Services, reclassification of a code enforcement officer to a Senior Code Enforcement Officer, payment for past and current year Outlook Newspaper publication services, present and future staff overtime cost, Code Enforcement Division equipment, office supplies, upgrade of an Associate Planner to Senior Planner position.
- Community Services Operational Budget (\$39,741 – All Funds) - Additional appropriations from General Fund reserves, \$32,142 for an additional Concert and Movie in the Park (June), increase cost in office supplies, CAPIO conference, Peafowl fliers, installation of new burglar alarm for Iron Works Museum, music licensing fees, past mayor's bench, higher than expected cost for skate park repairs.
- Finance & Administration Operational Budget (\$573,826 – All Funds) - Additional appropriation from General Fund reserves, \$330,786 for CSMFO annual conference (training), additional contractors (due to vacancies), investment advisor fees and HDL tax collection fees.
- Fire Services Operational Budget (\$5,000 – All Funds) - Additional appropriation from General Fund reserves, \$5,000 for increased cost for medical supplies due to CPI.
- Library Operational Budget (\$24,375 – All Funds) - Additional appropriations from General Fund reserves, \$24,375 for payroll tax, overtime and holiday pay.

- Management Services Operational Budget (\$186,885 – All Funds) - Additional appropriations from General Fund reserves, \$186,885 for NEOGOV, conversion of part-time Management Assistant to full-time position, office supplies, additional landline service, membership dues, PRA system implementation, temporary staffing services for; City Clerk, Human Resources, City Clerk publications.
- Police Services Operational Budget (\$133,996 – All Funds) - Additional appropriations from General Fund reserves, \$133,996 for increased state mandated training, higher than expected crossing guard costs, vehicle maintenance and increased Injured On Duty (IOD) cost.
- Public Works Operational Budget (\$500,679 – All Funds) - Additional appropriation in the amount of \$164,325 from General Fund reserves, gopher abatement, additional facility maintenance cost, vehicle maintenance, increased utility costs.

Staff is also recommending Mid-Year Budget Adjustments for the City Council's consideration to amend the FY 2022-23 Budget for other funds. The proposed FY 2022-23 Mid-Year Budget adjustments are listed in Schedule A.

Other Funds:

- Community Development Operational Budget (\$35,000 – Facilities & Equipment Fund) - Additional appropriations from the Facilities & Equipment Fund for the purchase of new vehicle for Code.
- Community Services Operational Budget (\$7,600 – Proposition a Fund) - Additional appropriations from Prop a Funds, Retrofit of EV charger.
- Finance & Administration Operational Budget (\$243,040) - Additional appropriations from Internal Insurance Fund (\$232,040) for additional legal services, OPEB Trust Fund (\$1,000) CEBRT administration cost, Water (\$10,000) postage for water billing.
- Public Works Operational Budget (\$336,354)- Additional appropriation in the amount of (\$9,100) from Proposition C, Sewer Fund (\$81,000), Street Light & Landscape (\$98,000), CalRecycle Local Asst. Grant (\$37,204), State Gas Tax (\$16,000), County Park Bond (\$8,500), MSRC Grant (\$4,550), Water (\$82,000).
- Public Works Capital Improvement Program (CIP) Carryovers from FY 2021-22 Capital Budget (\$5,005,415) - Carryover FY 2021-22 CIP appropriations for the following funds:
 - Street Improvements Program \$2,353,628
 - Facilities & Equipment Replacement \$280,000

- Local Transit Return (Prop A) \$22,450
- Sewer \$70,000
- Proposition C Exchange Funds \$17,093
- Community Development Block Grant (CDBG) \$216,597
- Park Impact Fees \$51,255
- Highway Safety Improvement Program (HSIP) \$69,397
- Water \$1,780,000
- Water Efficiency Fund \$120,000

State & Local Fiscal Recovery Fund (SLFRF)

The City received its allocation of SLFRF funds in July 2021 and 2022 totaling \$6,059,236. The FY 2022-23 Adopted Budget reflected the grant revenue in the General Fund as well as the budgeted expenditures of \$5,830,000. The Finance Department has reassessed how the SLFRF allocations should be recorded in the City's financial system and determined that tracking the balance and expenditures on a separate Fund will offer better transparency and reporting of the grant fund. Fund 206 will be created to track the SLFRF program activity.

Since the revenue and expenditures were originally budgeted in the General Fund, the mid-year budget adjustment reflects the transfer of these revenues from General Fund to the new SLFRF Fund (206) and a reclassification of the appropriations from the General Fund to Fund 206. According to FY 2022-23 Adopted Budget, the SLFRF Funds are programed as follows:

- \$1 million for COVID-19 Emergency Response – expended and seeking reimbursement via SLFRF and Federal Emergency Management Agency (FEMA)
- \$1 million for Fire Department Air Utility (AU) 81 apparatus and replacement of ambulance
- \$3 million for salaries and Capital Improvement Program (CIP) infusion
- \$300,000 for Public Works Automatic Asphalt Truck
- \$530,000 for Citywide technology enhancements
 - \$160,000 – Library Radio Frequency Identification (RFID) Automated System
 - \$150,000 – Employee Engagement and Retention
 - \$100,000 – IT Master Plan
 - \$70,000 – Police Electronic Control Device (ECD) Replacements
 - \$50,000 – Community Services Registration Software

Some of the allocated cost above may not be fully expended as planned, thus it should be mentioned that the programming of SLFRF funds are subjected to change based on re-assessment of the City's needs and Councils' approval.

Currently, these are expenditures that have already been incurred or encumbered:

- \$70,000 – Police Electronic Control Device (ECD) Replacements
- \$50,000 – Community Services Registration Software

- \$152,048 – Fire Department Air Utility (AU) 81 apparatus
- \$213,750 – One-time Stipend per each Bargaining Units MOU
- \$1,255,920 – Salary Increases

FY 2022-23 Budget Policies

To enhance fiscal transparency and maintain and improve fiscal sustainability, the City of South Pasadena annually adopts fiscal policies to establish a framework to ensure a balanced budget, maintain healthy reserves, appropriately fund the City's infrastructure needs, establish fees and charges, and ensure compliance with City Council directives. This policy is adopted annually as part of the Budget adoption process and may be revised by City Council.

During the adoption of the City's annual Operating and Capital budget for FY 2022-23 on June 15, 2022, a copy of the City's Financial Policies were erroneously excluded from the budget document. Therefore, staff has included the policy for FY 2022-23 for City Council approval.

Fiscal Impact

These adjustments will serve to keep the General Fund and Capital Improvement Program (CIP) projects in line with the estimated year-end actual. The overall fiscal impact is a decrease to the General Fund reserve of \$1,983,636. During the remainder of the fiscal year, if any material deficiencies arise, they will be brought forward to the City Council for adjustment.

Key Performance Indicators and Strategic Plan

This item is in line with the Finance Department's Key Performance Indicator. The mid-year adjustment is being presented in order to provide a more transparent Budget process.

Commission Review and Recommendation

This matter will be reviewed in a Special Joint Meeting of the City Council and Finance Commission on March 15, 2023.

Attachments:

- 1) Resolution
 - a. Attachment A- FY 2022-23 Mid-Year Expenditure Adjustments
 - b. Attachment B – Capital Improvement Program (CIP) FY 2021-22 Project Carryovers
 - c. Attachment C – FY 2022-23 Budget Policies

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ATTACHMENT 1
Resolution

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RESOLUTION NO.**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOUTH PASADENA APPROVING FISCAL YEAR 2022-2023 MID-YEAR BUDGET AMENDMENTS AND ADJUSTMENTS, CAPITAL IMPROVEMENT PROGRAM CARRYOVERS, CITY COUNCIL BUDGET POLICIES, AND CREATION OF THREE FUNDS**

WHEREAS, on June 15, 2022, the City Council adopted the Fiscal Year 2022-2023 Budget;

WHEREAS, the since the adoption in June 2022, City Council has taken action to adjust the general ledger of the Fiscal Year 2022-2023 Budget to fund various projects across the agency;

WHEREAS, at the March 15, 2023 Special City Council meeting, the City Council considered recommended Mid-Year Budget Adjustments to the Fiscal Year 2022-2023 Budget;

WHEREAS, the City Council considered amending the Fiscal Year 2022-2023 Budget to include Capital Improvement Program (CIP) Carryovers from Fiscal Year 2021-22 to incorporate unspent monies for existing capital improvement projects appropriated in the FY 2021-22 Budget;

WHEREAS, the City Council considered Fiscal Year 2022-2023 Council Budget Policies;

WHEREAS, the City Council considered the creation of three new Funds which are necessary to properly manage the City's finances:

- a. Fund 206 - State and Local Fiscal Recovery Fund (SLFRF),
- b. Fund 110 - OPEB 115 Trust Fund, and
- c. Fund 209 - Carlyle Library Bequest; and

WHEREAS, the City Council desires to amend the Fiscal Year 2022-2023 Budget; carryover unfinished Fiscal Year 2021-22 CIP Projects; adopt the Fiscal Year 2022-2023 Council Budget Policies; and create Funds 206, 110, and 209.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SOUTH PASADENA, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The Fiscal Year 2022-2023 Budget is hereby amended to reflect those Adjusted Budget amounts for Fund Sources and Accounts as stated in the FY 2022-2023 Mid-Year Expenditure Adjustments (Attachment A);

SECTION 2. The Fiscal Year 2022-2023 Budget is hereby amended to increase the budgeted amounts for the Account Titles stated in the Funds indicated in the Capital Improvement Program (CIP) FY 2021-2022 Project Carryovers (Attachment B);

SECTION 3. The Fiscal Year 2022-2023 Budget is hereby amended to incorporate the FY 2022-2023 Budget Policies (Attachment C);

SECTION 4. The Fiscal Year 2022-2023 Budget is hereby amended to create Fund 206 - State and Local Fiscal Recovery Fund (SLFRF);

SECTION 5. The Fiscal Year 2022-2023 Budget is hereby amended to create Fund 110 - OPEB 115 Trust Fund;

SECTION 6. The Fiscal Year 2022-2023 Budget is hereby amended to create Fund 209 - Carlyle Library Bequest, for the exclusive use of such monies for a capital improvement project for the construction of a library children’s wing amphitheater;

SECTION 7. All other terms of the Fiscal Year 2022-2023 Budget, and prior adjustments to the general ledger of the Fiscal Year 2022-2023 Budget, not amended herein shall remain unchanged; and

SECTION 8. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED ON this 15th day of March, 2023.

Jon Primuth, Mayor

ATTEST:

APPROVED AS TO FORM:

Mark Perez, Deputy City Clerk
(seal)

Andrew Jared, City Attorney

I HEREBY CERTIFY the foregoing resolution was duly adopted by the City Council of the City of South Pasadena, California, at a regular meeting held on the 15th day of March, 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

Mark Perez, Deputy City Clerk
(seal)

ATTACHMENT A
FY 2022-23 Mid-Year Expenditure Adjustments

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**City of South Pasadena
Mid-Year Appropriation Adjustment**

Fund Description	Fund	Total
General Fund	101	\$ 2,008,120.56
Insurance Fund	103	\$ 232,040.00
Street Improvements Program	104	\$ -
Facilities & Equip. Cap. Fund	105	\$ 35,000.00
OPEB Trust	110	\$ 1,000.00
Local Transit Return 'A'	205	\$ 7,600.00
SLFRF	206	\$ -
Prop C - Local Transit Return "C"	207	\$ 9,100.00
209 (Carlyle Library Bequest)	209	\$ -
Sewer	210	\$ 81,000.00
Street Light & Landscape	215	\$ 98,000.00
CalRecycle	219	\$ 37,204.00
Business Improvement Tax	220	\$ -
State Gas Tax	230	\$ 16,000.00
Street Light & Landscape	232	\$ 8,500.00
MSRC Grant Fund	238	\$ 4,550.00
Prop C Exchange Funds	242	\$ -
CDBG	260	\$ -
Park Impact Fees	275	\$ -
HSIP Grant	277	\$ -
Water	500	\$ 92,000.00
Water Efficiency Fund	503	\$ -
	Total Mid-Year Adjustments	\$ 2,630,114.56

Departments General Fund	GF Code	Total
City Manager's Office	101	\$ 503,297.56
Community Development	101	\$ 627,313.89
Community Services	101	\$ 32,142.00
Finance	101	\$ 330,786.11
Fire	101	\$ 5,000.00
Library	101	\$ 24,375.00
Management Services	101	\$ 186,885.00
PD	101	\$ -
Public Works	101	\$ 164,325.00
	Total Mid-Year Adjustments	\$ 1,874,124.56

<i>GF On-going</i>	\$ 251,700.00
<i>GF One-time</i>	\$ 1,756,420.56
	\$ 2,008,120.56

Departments	Dept. Code	Total
City Manager's Office	2010	\$ 503,297.56
Community Development	7010	\$ 662,313.89
Community Services	8020	\$ 39,742.00
Finance	3010	\$ 573,826.11
Fire	5010	\$ 5,000.00
Library	8010	\$ 24,375.00
Management Services	2030	\$ 186,885.00
PD	4010	\$ -
Public Works	6010	\$ 500,679.00
	Total Mid-Year Adjustments	\$ 2,496,118.56

Public Works	Sewer	210	210-9000-9407-9407-000	One-Time	PW Sewer CMMS/Work Order System/GIS	-	70,000.00	\$	70,000.00	Budget Carryover from FY 21-22 with additional appropriation, Capital Improvement Program Computerized Maintenance Management System (CMMS) / GIS
Public Works	Water	500	500-9000-9407-9407-000	One-Time	PW Water CMMS/Work Order System/GIS	-	50,000.00	\$	50,000.00	Budget Carryover from FY 21-22 with additional appropriation, Capital Improvement Program Computerized Maintenance Management System (CMMS) / GIS
Public Works	Facilities & Equip. Cap. Fund	105	105-9000-9206-9206-000	One-Time	825 Mission Yard Security Gate	-	160,000.00	\$	160,000.00	Budget Carryover from FY 21-22, Capital Improvement Program 825 Mission Yard Security Gates
Public Works	CDBG	260	260-9000-9264-9264-000	One-Time	ADA Sidewalk Repairs	105,126.00	216,597.00	\$	321,723.00	Budget Carryover from FY 21-22, Capital Improvement Program ADA Sidewalk Repairs
Public Works	Water	500	500-9000-9300-9300-000	One-Time	Ann. Water Main Repairs	1,000,000.00	1,000,000.00	\$	2,000,000.00	Budget Carryover from FY 21-22, Capital Improvement Program Annual Water Main Repairs
Public Works	Facilities & Equip. Cap. Fund	105	105-9000-9404-9404-000	One-Time	City Hall Security Enhancement Citywide Facilities Assessment/ Security Enhancement	100,000.00	100,000.00	\$	200,000.00	Budget Carryover from FY 21-22, Capital Improvement Program Citywide Facilities Assessment/ Security Enhancement * Update Account Name to "Citywide Facilities Assessment/ Security Enhancement"
Public Works	Water Efficiency Fund	503	503-9000-9410-9410-000	One-Time	Climate Action Plan	-	120,000.00	\$	120,000.00	Budget Carryover from FY 21-22, Capital Improvement Program Climate Action Plan
Public Works	Water	500	500-9000-9408-9408-000	One-Time	Elevated Tanks-Raymond/Bilkie	40,000.00	80,000.00	\$	120,000.00	Budget Carryover from FY 21-22, Capital Improvement Program Elevated Tanks-Raymond/Bilkie
Public Works	Prop C - Local Transit Return "C"	207	207-9000-9351-9351-000	One-Time	Flashing Beacons	-	22,450.00	\$	22,450.00	Budget Carryover from FY 21-22, Capital Improvement Program Flashing Beacons
Public Works	Park Impact Fees	275	275-9000-9033-9033-000	One-Time	Grevalia&Berkshire Pocket Park	825,000.00	51,255.20	\$	876,255.20	Budget Carryover from FY 21-22, Capital Improvement Program Grevalia & Berkshire Pocket Parks * Transfer Remaining Funds from 275-9000-9263-9263-000 "Pocket Park Construction"
Public Works	Facilities & Equip. Cap. Fund	105	105-9000-9404-9404-001	One-Time	Library Security Camera System	-	20,000.00	\$	20,000.00	Budget Carryover from FY 21-22, Capital Improvement Program Library Security Camera System
Public Works	Street Improvements Program	104	104-9000-9203-9203-000	One-Time	Street Repairs	-	2,298,444.75	\$	2,298,444.75	Budget Carryover from FY 21-22, Capital Improvement Program Street Repairs
Public Works	Water	500	500-9000-9409-9409-000	One-Time	Westside Reservoir	-	550,000.00	\$	550,000.00	Budget Carryover from FY 21-22, Capital Improvement Program Westside Reservoir
Public Works	Street Improvements Program	104	104-9000-9192-9192-001	One-Time	Fair Oaks Traffic Signal Const	-	55,183.03	\$	55,183.03	Budget Carryover from FY 21-22, Fair Oaks Traffic Signal Construction
Public Works	Prop A - Local Transit Return "A"	205	205-9000-9192-9192-001	One-Time	Fair Oaks Traffic Signal Const	-	24,995.00	\$	24,995.00	Budget Carryover from FY 21-22, Fair Oaks Traffic Signal Construction
Public Works	Prop C Exchange Funds	242	242-9000-9192-9192-001	One-Time	Fair Oaks Traffic Signal Const	-	17,093.13	\$	17,093.13	Budget Carryover from FY 21-22, Fair Oaks Traffic Signal Construction
Public Works	HSIP Grant	277	277-9000-9192-9192-001	One-Time	Fair Oaks Traffic Signal Const	-	69,396.84	\$	69,396.84	Budget Carryover from FY 21-22, Fair Oaks Traffic Signal Construction
Public Works	Water	500	500-6010-6711-8170-000	One Time	PW Water Production Professional Services	255,000.00	100,000.00	\$	355,000.00	Budget Carryover from FY 21-22, Westside Reservoir Seismic and Structural Evaluation

GL Account Number	On-going/One Time	Account Name	Type of Appropriation	Current Budgeted Amount	Budget Amendment Request
101-0000-0000-42000-000	One Time	Sales Tax Bradley Burns	Revenue	\$ -	\$ 300,000.00
101-0000-0000-42000-002	One Time	Meas. A Local Sales Tax	Revenue	\$ -	\$ 240,000.00
209-0000-0000-5501-020	One Time	Bequest - Carlyle	Revenue	\$ -	\$ 2,800,000.00
219-0000-0000-5071-005	One Time	CalRecycle - Non-Federal Grants - Pub. Wrks	Revenue	\$ -	\$ 37,204.00

City of South Pasadena									
Proposed FY 2022-23 Mid-Year Expenditure Adjustments									
FY 2022-23									
Department:	Funding Source	Div Name	GL Account Number	On-going / One Time	Account Name	Current Budgeted Amount	Budget Amendment Request	Adjusted Budget	Comment
City Manager's Office	General Fund	City Manager	101-2010-2011-8060-000	One time	Dues, Memberships, and Subscriptions	\$ 44,100.00	\$ 3,400.00	\$ 47,500.00	True up accounting- Paid for past-due FY 21-22 Membership - Contract Cities
City Manager's Office	General Fund	City Manager	101-2010-2011-8020-000	On-going	Special Department Expense	\$ 15,000.00	\$ 5,800.00	\$ 20,800.00	True up accounting- Social Services Program & District Town Hall Event costs
City Manager's Office	General Fund	City Manager	101-2010-2011-8010-000	One time	Postage	\$ 2,000.00	\$ 2,000.00	\$ 4,000.00	To account for extra mailers for city events
City Manager's Office	General Fund	General Liability	101-2010-2501-8160-000	One time	Legal Services	\$ 450,000.00	\$ 445,139.73	\$ 895,139.73	To account for services arising through the year, not anticipated at time of creating budget; estimating \$360k through end of FY 22-23.
City Manager's Office	General Fund	City Manager	101-2010-2011-8090-000	One time	Training Expense	\$ 15,000.00	\$ 1,750.00	\$ 16,750.00	ICSC Conference Registrations & travel
City Manager's Office	General Fund	City Manager	101-2010-2011-8272-000	One time	CM Emergency	\$ 25,000.00	\$ 25,000.00	\$ 50,000.00	True up accounting for CM Emergency Contingency fund-- funds used for emergent IT consultant work
City Manager's Office	General Fund	Economic Development	101-2020-2012-8020-000	One time	Special Department Expense	\$ 4,000.00	\$ 3,180.00	\$ 7,180.00	True up accounting for SouthPas Mobile App launch (flyers, t-shirts, street banners, etc.)
City Manager's Office	General Fund	Economic Development	101-2020-2012-8190-000	On-going	Community Engagement	\$ 20,000.00	\$ 15,200.00	\$ 35,200.00	True up accounting for annual SouthPas Mobile App cost - will increase by CPI each year - Originally budgeted for in MSD and transfer overlooked to CMO
City Manager's Office	General Fund	Economic Development	101-2020-2012-8050-000	One time	Printing & Duplicating	\$ 8,000.00	\$ 327.83	\$ 8,327.83	True-up postage expenses
City Manager's Office	General Fund	Economic Development	101-2020-2012-8020-000	One time	Public Events Promotion	\$ 5,000.00	\$ 1,500.00	\$ 6,500.00	SP Birthday Celebration
Community Development	General Fund	Community Development	101-7010-7011-8180-000	One Time	Contract Services	\$ 900,000.00	\$ 494,678.00	\$ 1,394,678.00	True up accounting for \$450,000 from Transtech, Rincon and Interwest (\$44,678) for leftover past-due invoices.
Community Development	General Fund	Community Development	101-7010-7011-7000-000	On-going	Salaries	\$ 109,000.00	\$ 15,000.00	\$ 124,000.00	Reclassification of full-time Code Enforcement Officer to a Senior Code Enforcement Officer position.
Community Development	General Fund	Community Development	101-7010-7011-8000-000	One Time	Office Supplies	\$ 3,000.00	\$ 16,430.89	\$ 19,430.89	Negative Balance adj as well as predicted expense for PT Code Enforcement equipment & resources
Community Development	General Fund	Community Development	101-7010-7011-8040-000	One Time	Advertising	\$ 3,000.00	\$ 71,205.00	\$ 74,205.00	True up accounting for past-due (multi-year) advertisements for public notifications for Outlook Newspapers (\$61,205) and future meeting publications (\$10,000)
Community Development	General Fund	Community Development	101-7010-7011-7000-000	On-going	Salaries - Permanent	\$ 1,029,544.00	\$ 5,000.00	\$ 1,034,544.00	Reclassification of an Associate Planner to Senior Planner ahead of recruitment.

City of South Pasadena									
Proposed FY 2022-23 Mid-Year Expenditure Adjustments									
FY 2022-23									
Department:	Funding Source	Div Name	GL Account Number	On-going / One Time	Account Name	Current Budgeted Amount	Budget Amendment Request	Adjusted Budget	Comment
Community Development	General Fund	Community Development	101-7010-7011-7020-000	One Time	Overtime	\$ 5,000.00	\$ 25,000.00	\$ 30,000.00	To cover present and future projected overtime
Community Development	General Fund	Community Development	105-7010-7011-8540-000	One Time	Vehicle Purchase	\$ -	\$ 35,000.00	\$ 35,000.00	Vehicle purchase for the department to replace an end-of-life fleet vehicle to be used by all staff.
Community Services	General Fund	After-School Day Care	101-8030-8032-8264-000	one time	Special Events	\$ 17,000.00	\$ 8,500.00	\$ 25,500.00	Additional funds for 1 Concert and 1 Movie in the Park in June 2023, as Summer is starting earlier, and to account for increased costs to programming
Community Services	General Fund	Senior Center	101-8030-8021-8090-000	one time	Conference & Meeting Expenses	\$ 2,000.00	\$ 2,000.00	\$ 4,000.00	Additional funds for CAPIO Conference, hotel and flight
Community Services	General Fund	Recreation	101-8030-8031-8180-000	one time	Contract Services	\$ 66,003.00	\$ 2,700.00	\$ 68,703.00	Installation of Fire/Burglar alarm at IronWorks Museum
Community Services	General Fund	Recreation	101-8030-8031-8020-000	one time	Special Department	\$ 14,830.00	\$ 1,185.00	\$ 16,015.00	New music and movie licensing fees
Community Services	General Fund	Recreation	101-8030-8031-8050-000	one time	Printing	\$ 200.00	\$ 12,000.00	\$ 12,200.00	True up accounting for the printing and mailing of Peafowl trapping flier and Hometown Holiday flier in 2022
Community Services	General Fund	Senior Center	101-8030-8021-8020-000	one time	Special Department	\$ 30,600.00	\$ 2,057.00	\$ 32,657.00	Purchase bench for past mayor as discretionary funds are no longer available and Staff uniform shirt purchase was higher by \$257.00
Community Services	General Fund	After-School Day Care	101-8030-8032-8180.000	one time	Contract Services	\$ 23,525.00	\$ 3,700.00	\$ 27,225.00	Skate park repairs were higher than budgeted: cost was \$15,716.92 only budgeted \$12,000. Need for purchases of First Aid for Recreation.
Community Services	Local Transit Return 'A'	Transit Planning	205-8030-8024-8540-000	one time	Automotive	\$ 169,000.00	\$ 7,600.00	\$ 176,600.00	EV Charger retrofit, \$7,600 for transit vehicles
Finance	General Fund	Finance	101-3010-3011-xxxx-xxxx				\$ 77,000.00		True up accounting for actual services of investment advisors at Western Asset and Morgan Stanley
Finance	General Fund	Finance	101-3010-3011-8090-000	One-Time	Conference and Meeting Expense	\$ 1,000.00	\$ 4,000.00	\$ 5,000.00	CSMFO Conference expenses
Finance	General Fund	Finance	101-3010-3011-8180-000	One-time	Contract Services	\$ 38,500.00	\$ 242,250.00	\$ 280,750.00	For temporary staffing in Finance (MV Cheng and Associates) previously approved at City Council
Finance	General Fund	Finance	101-3010-3011-7000-000	On-Going	Salaries - Permanent	\$ 519,867.00	\$ -	\$ 519,867.00	Reclass part-time Management Analyst to full-time Management Assistant; salary savings from budgeted vacancies.
Finance	General Fund	Finance	101-3010-3011-8170-000	One-time	Professional Services	\$ 80,141.00	\$ 6,736.11	\$ 86,877.11	HdL Collection of Transaction tax
Finance	General Fund	Non-Departmental/Overhead	101-3010-3041-8335-000	One-time	Property Tax Admin Fee	\$ 176,300.00	\$ 800.00	\$ 177,100.00	True up costs

City of South Pasadena									
Proposed FY 2022-23 Mid-Year Expenditure Adjustments									
FY 2022-23									
Department:	Funding Source	Div Name	GL Account Number	On-going / One Time	Account Name	Current Budgeted Amount	Budget Amendment Request	Adjusted Budget	Comment
Finance	Insurance Fund	General Liability	103-2010-2501-8020-000	One-Time	Special Department Expense	\$ 1,167,960.00	\$ 232,040.00	\$ 1,400,000.00	True up to the insurance accounts for Carl Warren and Prism, and fund through end of year.
Finance	OPEB Trust	Finance	110-3010-3011-8170-000	One-time	Professional Services	\$ -	\$ 1,000.00	\$ 1,000.00	CERBT Admin costs
Finance	Water	Utility Billing	500-3010-3012-8010-000	One-time	Postage	\$ 40,000.00	\$ 10,000.00	\$ 50,000.00	True up accounting and provide budget through end of the year due to increased cost of postage for water billing
Fire	General Fund	Fire	101-5010-5011-8025-000	One-time	Medical Supplies	\$ 119,060.00	\$ 5,000.00	\$ 124,060.00	Increased cost with medical suppliers due to inflation
Library	General Fund Reserves	Library	101-8010-8011-7170-000	On-going	FICA - Medicare	\$ 11,871.00	\$ 21,375.00	\$ 33,246.00	Add in 6.25% Percent for Part-Time Staff; Possibly 1.45% for Part-Time
Library	General Fund Reserves	Library	101-8010-8011-7020-000	On-going	Overtime	\$ -	\$ 1,000.00	\$ 1,000.00	Not previously budgeted; establishing budget where needed.
Library	General Fund Reserves	Library	101-8010-8011-7040-000	On-going	Holiday	\$ -	\$ 2,000.00	\$ 2,000.00	Not previously budgeted; establishing budget where needed.
Management Services	General Fund	Human Resources	101-2030-2034-8020-000	One Time	Special Department Expense	\$ 35,000.00	\$ 3,000.00	\$ 38,000.00	\$21,962.29 payment to NEOGOV needs to be charged to 8180 (HR) & Adding funds for staff events
Management Services	General Fund	Management Services	101-2030-2031-7000-000	One Time	Salaries	\$ 228,614.00	\$ 14,885.00	\$ 243,499.00	Reclassification of a part-time management assistant to a full-time management assistant position.
Management Services	General Fund	Management Services	101-2030-2031-8000-000	One Time	Office Supplies	\$ 10,000.00	\$ 6,000.00	\$ 16,000.00	Additional office supplies needed through end of fiscal year.
Management Services	General Fund	Information Services	101-2030-2032-8150-000	One Time	Telephone	\$ 300,000.00	\$ 69,000.00	\$ 369,000.00	Funds to cover ongoing landline expenses (VOIP transition in Fall 2023) and copier costs.
Management Services	General Fund	Human Resources	101-2030-2034-8060-000	One Time	Dues & Memberships	\$ 4,000.00	\$ 2,000.00	\$ 6,000.00	Additional funds for negative balance in HR professional memberships
Management Services	General Fund	City Clerk	101-2030-2033-8180-000	One Time	Contract Services	\$ 37,000.00	\$ 5,000.00	\$ 42,000.00	Public Records Request System implementation
Management Services	General Fund	City Clerk	101-2030-2033-7010-000	On-Going	Salaries - Temp Part Time	\$ -	\$ 40,925.00	\$ 40,925.00	Temporary staffing costs through June 2023
Management Services	General Fund	Human Resources	101-2030-2034-7010-000	On-Going	Salaries - Temp Part Time	\$ -	\$ 31,075.00	\$ 31,075.00	Temporary staffing costs through June 2023
Management Services	General Fund	City Clerk	101-2030-2033-8040-000	One Time	Advertising	\$ 5,000.00	\$ 15,000.00	\$ 20,000.00	Additional funds needed for publications by City Clerk Division
Police	General Fund	Police	101-4010-4011-8200-000	One-time	Training Expense	\$ 30,000.00	\$ 3,000.00	\$ 33,000.00	State mandates for training have increased
Police	General Fund	Police	101-4010-4011-8180-000	One-time	Contract Services	\$ 637,241.00	\$ 14,796.00	\$ 652,037.00	Additional funds needed to maintain the crossing guard contract, including the pilot project previously approved by City Council.

City of South Pasadena									
Proposed FY 2022-23 Mid-Year Expenditure Adjustments									
FY 2022-23									
Department:	Funding Source	Div Name	GL Account Number	On-going / One Time	Account Name	Current Budgeted Amount	Budget Amendment Request	Adjusted Budget	Comment
Police	General Fund	Police	101-4010-4011-8100-000	One-time	Vehicle Maintenance	\$ 80,000.00	\$ 50,000.00	\$ 130,000.00	Existing gas-powered vehicles (end of life) need significant maintenance until fleet transition is complete.
Police	General Fund	Police	101-4010-4011-7060-000	One-time	IOD - Safety	\$ 10,000.00	\$ 66,200.00	\$ 76,200.00	Increased cost to injuries on-duty; department working with HR to predict total costs of expenses for public safety.
Public Works	General Fund	Park Maintenance	101-6010-6410-8180-000	On-going	PW Park Maintenance Contract Services	\$ 560,000.00	\$ 24,325.00	\$ 584,325.00	Adding services for aggressive gopher abatement to support youth sports through LA County Department of Agricultural Commissioner / Weights & Measures, repair fence at Orange Grove Park due to traffic accident.
Public Works	General Fund	Facilities Maintenance	101-6010-6601-8180-000	One Time	PW Facilities Maintenance Contract Services	\$ 230,400.00	\$ 50,000.00	\$ 280,400.00	True up accounting for past-due maintenance payments.
Public Works	General Fund	Admin. & Engineering	101-6010-6011-8100-000	On-going	PW Administration Vehicle Maintenance	\$ 500.00	\$ 1,500.00	\$ 2,000.00	Adjust Vehicle Maintenance Accounts to FY 21-22 Budget Amounts - Accounts were Offset by FY 22-23 Fuel Budget Updates; Increase to fuel costs.
Public Works	General Fund	Facilities Maintenance	101-6010-6601-8100-000	On-going	PW Facilities Maintenance Vehicle Maintenance	\$ 2,000.00	\$ 8,500.00	\$ 10,500.00	Adjust Vehicle Maintenance Accounts to FY 21-22 Budget Amounts - Accounts were Offset by FY 22-23 Fuel Budget Updates; Increase to fuel costs.
Public Works	General Fund	Facilities Maintenance	101-6010-6601-8140-000	On-going	PW Facilities Maintenance Utilities	\$ 160,000.00	\$ 80,000.00	\$ 240,000.00	Account for cost increases for electrical and natural gas utilities in City facilities
Public Works	Local Transit Return "C"	EV Charging Stations	207-9000-9402-9402-000	On-going	Civic Ctr EV Charging Station	\$ -	\$ 9,100.00	\$ 9,100.00	Budget carryover from FY 21-22, issuing payment for EV Charging Station (EV Gateway) installed May 2022 (partially funded by Prop A)
Public Works	sewer	Sewer	210-6010-6501-8170-000	One-Time	Professional Services	\$ 60,000.00	\$ 66,000.00	\$ 126,000.00	Sewer consent judgement related reports (approved by City Council on 12/21/2022 Item #12)
Public Works	Sewer	Sewer	210-6010-6501-8100-000	On-going	PW Sewer Maintenance Vehicle Maintenance	\$ 10,000.00	\$ 15,000.00	\$ 25,000.00	Adjust Vehicle Maintenance Accounts to FY 21-22 Budget Amounts - Accounts were Offset by FY 22-23 Fuel Budget Updates; Increase to fuel costs.
Public Works	Street Light & Landscape	Street Lighting	215-6010-6201-8170-000	One Time	PW Street Lighting Professional Services	\$ 7,400.00	\$ 10,000.00	\$ 17,400.00	Budgeting for Assessment District Professional Services (LLMD). The process starts toward the end of the Fiscal Year and finishes early in the following Fiscal Year. This adjusted amount pays for the completed FY 21-22 work and the upcoming FY 22-23 work.

City of South Pasadena									
Proposed FY 2022-23 Mid-Year Expenditure Adjustments									
FY 2022-23									
Department:	Funding Source	Div Name	GL Account Number	On-going / One Time	Account Name	Current Budgeted Amount	Budget Amendment Request	Adjusted Budget	Comment
Public Works	Street Light & Landscape	Street Lighting	215-6010-6201-8100-000	On-going	PW Street Lighting Vehicle Maintenance	\$ 5,000.00	\$ 2,500.00	\$ 7,500.00	Adjust Vehicle Maintenance Accounts to FY 21-22 Budget Amounts - Accounts were Offset by FY 22-23 Fuel Budget Updates; Increase to fuel costs.
Public Works	Street Light & Landscape	Street Trees	215-6010-6310-8100-000	On-going	PW Street Tree Maintenance Vehicle Maintenance	\$ 7,500.00	\$ 3,500.00	\$ 11,000.00	Adjust Vehicle Maintenance Accounts to FY 21-22 Budget Amounts - Accounts were Offset by FY 22-23 Fuel Budget Updates; Increase to fuel costs.
Public Works	Street Light & Landscape	Traffic Signals	215-6010-6115-8140-000	On-going	PW Traffic Signals Utilities	\$ 68,000.00	\$ 82,000.00	\$ 150,000.00	Cost increases for electrical utilities related to street signals/lighting
Public Works	CalRecycle	Environmental Services	219-6010-6015-8020-000	One Time	CalRecycle - Special Department Expense	\$ -	\$ 37,204.00	\$ 37,204.00	Establishing budget for SB 1383 Implementation
Public Works	State Gas Tax	Street Maintenance	230-6010-6116-8100-000	On-going	PW Street Maintenance Vehicle Maintenance	\$ 10,000.00	\$ 16,000.00	\$ 26,000.00	Adjust Vehicle Maintenance Accounts to FY 21-22 Budget Amounts - Accounts were Offset by FY 22-23 Fuel Budget Updates
Public Works	Street Light & Landscape	Prop "A" Park Maintenance	232-6010-6417-8140-000	On-going	PW Prop A Maintenance Utilities	\$ 11,500.00	\$ 8,500.00	\$ 20,000.00	Cost increases for electrical and natural gas utilities in City Parks
Public Works	MSRC Grant Fund	EV Charging Stations	238-9000-9402-9402-000	On-going	EV Charging Station MSRC	\$ -	\$ 4,550.00	\$ 4,550.00	Budget carryover from FY 21-22, issuing payment for the EV Charging Station (EV Gateway) installed in May 2022 (partially funded by MSRC grant)
Public Works	Water	Water Distribution	500-6010-6710-8100-000	On-going	PW Water Distribution Vehicle Maintenance	\$ 2,250.00	\$ 10,000.00	\$ 12,250.00	Adjust Vehicle Maintenance Accounts to FY 21-22 Budget Amounts - Accounts were Offset by FY 22-23 Fuel Budget Updates
Public Works	Water	Water Production	500-6010-6711-8180-000	One Time	PW Water Production Contract Services	\$ 1,050,000.00	\$ 35,000.00	\$ 1,085,000.00	True up accounting; FY 21-22 invoice carryover expenditures from treatment systems carbon media exchange
Public Works	Water	Water Distribution	500-6010-6710-8140-000	On-going	PW Water Distribution Utilities	\$ 43,000.00	\$ 37,000.00	\$ 80,000.00	Cost increases for electrical and natural gas utilities in City Water Facilities
						\$ 8,719,906.00	\$ 2,630,114.56	\$ 11,273,020.56	

City of South Pasadena
 Mid-Year Adjustments
 ARPA

3/9/2023

Department:	Funding Source	Div Name	GL Account Number	n-going/One Tim	Account Name	Current Budgeted Amount	Budget Amendment Request	Adjusted Budget	Comment
Finance	General Fund	Non-Departmental/Overhead	101-3010-3041-8020-000	One-time	SLFRF	\$ 5,557,952.00	\$ (5,557,952.00)	\$ -	SLFRF Transfer to fund 101 to 206-0000-0000-9911-000
Finance	General Fund	Police	101-4010-4011-8170-000	One-time	Professional Services	\$ 259,250.00	\$ (70,000.00)	\$ 189,250.00	SLFRF Transfer to fund 101 to 206-0000-0000-9911-000
Finance	General Fund	#N/A	101-8030-8031-8180-000	One-time	Contract Services	\$ 58,050.00	\$ (50,000.00)	\$ 8,050.00	SLFRF Transfer to fund 101 to 206-0000-0000-9911-000
Finance	General Fund	Fire	101-5010-5011-8134-000	One-time	Safety Clothing Equipment	\$ 183,048.00	\$ (152,048.00)	\$ 31,000.00	SLFRF Transfer to fund 101 to 206-0000-0000-9911-000
Finance	General Fund	Non-Departmental/Overhead	206-3010-3041-8020-000	One-time	SLFRF		\$ 5,557,952.00	\$ 5,557,952.00	
Finance	General Fund	Police	206-4010-4011-8170-000	One-time	Professional Services		\$ 70,000.00	\$ 70,000.00	
Finance	General Fund	#N/A	206-8030-8031-8180-000	One-time	Contract Services		\$ 50,000.00	\$ 50,000.00	
Finance	General Fund	Fire	206-5010-5011-8134-000	One-time	Safety Clothing Equipment		\$ 152,048.00	\$ 152,048.00	

City of South Pasadena
Mid-Year Adjustments
Transfers
City of South Pasadena
Mid-Year Budget Amendment Form

3/9/2023

GL Account Number	On-going/One Time	Account Name	Type of Appropriation	Current Budgeted Amount	Budget Amendment Request
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ATTACHMENT B
Capital Improvement Program (CIP) FY 2021-22
Project Carryovers

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**City of South Pasadena
Capital Improvement Program
FY 2021-22 Project Carryovers
March 15, 2023**

Funding Source	Fund	Account Titles	Budget Amendmer	Comment
Street Improvements Program	104	Street Repairs	\$2,298,444.75	Budget Carryover from FY 21-22, Capital Improvement Program Street Repairs
Street Improvements Program	104	Fair Oaks Traffic Signal Const	\$55,183.03	Budget Carryover from FY 21-22, Fair Oaks Traffic Signal Construction
Facilities & Equip. Cap. Fund	105	825 Mission Yard Security Gate	\$160,000.00	Budget Carryover from FY 21-22, Capital Improvement Program 825 Mission Yard Security Gates
Facilities & Equip. Cap. Fund	105	City Hall Security Enhancement Citywide Facilities Assessment/ Security Enhancement	\$100,000.00	Budget Carryover from FY 21-22, Capital Improvement Program Citywide Facilities Assessment/ Security Enhancement Update Account Name to "Citywide Facilities Assessment/ Security Enhancement"
Facilities & Equip. Cap. Fund	105	Library Security Camera System	\$20,000.00	Budget Carryover from FY 21-22, Capital Improvement Program Library Security Camera System
Prop A - Local Transit Return "A"	205	Fair Oaks Traffic Signal Const	\$24,995.00	Budget Carryover from FY 21-22, Fair Oaks Traffic Signal Construction
Prop C - Local Transit Return "C"	207	Flashing Beacons	\$22,450.00	Budget Carryover from FY 21-22, Capital Improvement Program Flashing Beacons
Sewer	210	PW Sewer CMMS/Work Order System/GIS	\$70,000.00	Budget Carryover from FY 21-22 with additional appropriation, Capital Improvement Program Computerized Maintenance Management System System (CMMS) / GIS
Prop C Exchange Funds	242	Fair Oaks Traffic Signal Const	\$17,093.13	Budget Carryover from FY 21-22, Fair Oaks Traffic Signal Construction
CDBG	260	ADA Sidewalk Repairs	\$216,597.00	Budget Carryover from FY 21-22, Capital Improvement Program ADA Sidewalk Repairs
Park Impact Fees	275	Grevalia&Berkshire Pocket Park	\$51,255.20	Budget Carryover from FY 21-22, Capital Improvement Program Grevalia & Berkshire Pocket Parks Transfer Remaining Funds from 275-9000-9263-9263-000 "Pocket Park Construction"
HSIP Grant	277	Fair Oaks Traffic Signal Const	\$69,396.84	Budget Carryover from FY 21-22, Fair Oaks Traffic Signal Construction
Water	500	PW Water CMMS/Work Order System/GIS	\$50,000.00	Budget Carryover from FY 21-22 with additional appropriation, Capital Improvement Program Computerized Maintenance Management System System (CMMS) / GIS
Water	500	Ann. Water Main Repairs	\$1,000,000.00	Budget Carryover from FY 21-22, Capital Improvement Program Annual Water Main Repairs
Water	500	Elevated Tanks-Raymond/Bilikie	\$80,000.00	Budget Carryover from FY 21-22, Capital Improvement Program Elevated Tanks-Raymond/Bilikie
Water	500	Westside Reservoir	\$550,000.00	Budget Carryover from FY 21-22, Capital Improvement Program Westside Reservoir
Water	500	PW Water Production Professional Services	\$100,000.00	Budget Carryover from FY 21-22, Westside Reservoir Seismic and Structural Evaluation
Water Efficiency Fund	503	Climate Action Plan	\$120,000.00	Budget Carryover from FY 21-22, Capital Improvement Program Climate Action Plan
			\$5,005,414.95	

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ATTACHMENT C
FY 2022-23 Council Budget Policies

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FY 2022/2023 Budget Policies

PURPOSE STATEMENT

To enhance fiscal transparency and maintain and improve fiscal sustainability, the City of South Pasadena annually adopts fiscal policies to establish a framework to ensure a balance budget, maintain healthy reserves, appropriately fund the City's infrastructure needs, establish fees and charges, and ensure compliance with City Council directives. This policy is adopted annually as part of the Budget adoption process and may be revised by City Council action.

1. ANNUAL BUDGET

The City adopts an annual budget. The City's fiscal year starts on July 1st and concludes on June 30th. The annual budget for the new fiscal year, will be adopted before June 30th.

The following are key elements of the City's budget and budget process:

- Budgetary appropriations are made by the City Council, through formal budget adoption.
- The City Manager submits the Proposed Budget to the City Council no later than the final City Council meeting in May.
- The budget is adopted by the City Council before June 30th, following a public meeting where constituents are given an opportunity to comment on the Proposed Budget.
- Prior to consideration by the City Council, the Proposed Budget will be reviewed by the Finance Commission.

The policy was achieved for Fiscal Year 2022/2023, and the Proposed Budget was presented and discussed with City Council at the May 25, 2022, June 1, 2022 and June 15, 2022 City Council Meetings. The budget was formally approved and adopted on June 15, 2022.

2. BALANCED BUDGET

The City strives to maintain a balanced operating budget for all governmental funds (all funds except the enterprise funds), with total on-going revenues equal to or greater than total on-going expenditure, so that at year end all these funds have a positive fund balance and the General Fund balance is maintained.

- The budget is balanced at the individual fund level. The estimated revenue sources must be sufficient to cover proposed uses.
- Ongoing operations are funded by recurring revenues.
- City policies on reserve requirements for specific funds are adhered to in the budget.
- If shortfalls are projected after the budget adoption, during quarterly financial reviews, the City Manager will present a plan to address such shortfalls with sustainable measures in order to achieve a balanced budget by fiscal year-end.
- Non-recurring revenues or one-time funding may be used to balance the budget during economic downturns, or as a result of unforeseen events.

The Adopted FY 2022/2023 Budget includes a balanced operating budget for the following funds:

- The City's General Fund is balanced.

Exceptions to this policy include:

- Fund 103 – Insurance Fund
- Fund 201 – Metropolitan Transportation Authority (MTA) Pedestrian Improvement Fund
- Fund 207 – Successor Agency to California Redevelopment Agency (CRA)
- Fund 215 – Street Light & Landscape Fund
- Fund 220 – Business Improvement Fund
- Fund 226 – Mission Meridian Public Garage Fund
- Fund 238 – Mobile Source Air Pollution Reduction Review Committee (MSRC) Grant
- Fund 239 – Measure W
- Fund 241 – Measure H
- Fund 242 – Prop C Exchange
- Fund 245 – Bike & Pedestrian Paths
- Fund 248 – Bicycle Transportation Account (BTA) Grant
- Fund 249 – Open Streets Grant
- Fund 274 – Homeland Security Grant
- Fund 277 – Highway Safety Improvement Program (HSIP) Grant
- Fund 278 – Housing Element Grant
- Fund 310 – Sewer Capital Projects
- Fund 505 – 2016 Water Revenue Bonds
- Fund 550 – Public Finance Authority

3. APPROPRIATIONS AND BUDGETARY CONTROL

The City Council holds public hearings and adopts the City's annual budget and may modify appropriations with majority approval. During the fiscal year, any budget adjustments (increases in appropriations at the fund level) that cannot wait for the Mid-Year review or that exceed the City Manager's budget authority described below, must be submitted by the City's departments for City Council review and approval. The review and approval may occur at any City Council meeting, at the request of staff or the City Council. The City Council approves any revisions that increase the total budgeted expenditures or revenues at the fund level, and any changes to permanent and full-time positions.

The legal level of expenditures is controlled at the fund level, and appropriations lapse at the end of each fiscal year unless encumbered for re-appropriation by the City Council in the following fiscal year. Department Heads may, without Council approval, amend individual line items within any fund in the maintenance and operations portions of the budget without increasing total appropriations for that division. The City Manager may, without Council approval, amend individual line items within any fund, and between divisions and programs, in the personnel costs, maintenance and operations, capital outlay and capital projects portions of the budget without increasing total appropriations for that fund.

4. ENTERPRISE FUND

The City requires the water, sewer, and golf course enterprise funds be self-supporting. The City recognizes that enterprise funds function with accounting practices that are different from those used by governmental funds. Therefore, for enterprise funds, the City will strive to maintain operating budgets that produce annual net revenues that meet or exceed the compliance requirements of debt coverage ratios generally.

The sewer fund was recognized as an enterprise fund starting in FY 2009/10, with the requirement of self-supporting funding. Water and sewer rate increases will assure that revenues exceed operating expenditures, including debt service. Budgeted water capital projects will be paid from a \$37.8 million 2016 Water Bond issuance. Bond debt service will be paid out of water revenues. Sewer revenues along with a revolving loan from the State will pay for sewer capital improvements.

The Water Fund will maintain a reserve equal to 30% of revenues. This policy has been met or exceeded. The Sewer fund will maintain a reserve equal to 30% of revenues. This policy has been met or exceeded.

5. GENERAL FUND RESERVES

General Fund Reserves are described as:

- Unassigned Fund Balance - These reserves are in spendable form and are either restricted, committed, or assigned. The City strives to attain a General Fund undesignated fund balance equal to a minimum 30% of General Fund revenues at year end.
- Assigned Fund Balance – These reserves are set aside or earmarked for particular purposes, and the authority to designate these reserves can be delegated, and may take less formal action to limit how the reserves are used.
- Restricted Fund Balance – These reserves are subject to restrictions that are legally enforceable by outside parties, such as bondholders.
- Committed Fund Balance – These reserves are designated by the City Council, and are designated for specific purposes, through formal action. Committed balances can be modified by the City Council taking formal action.

The current Committed (Designated) Fund Balances, or designated reserves have been established for FY 2022/2023 is as follows:

- Arroyo Golf Course; \$600,000
- CalTrans Vacant Lot Purchases; \$392,000
- Library Expansion; \$200,000
- Renewable Energy Source Reserve; \$700,000
- Stormwater; \$600,000
- CalTrans Housing/626 Prospect Ave Litig. Reserve; \$345,876
- Transportation Projects – Rogan Fund Match; \$1,071,517

Committed (Designated) Reserves shall be reviewed and designated annually by the City Council prior to Budget adoption. Upon designation of a reserve for a specific purpose, the Council will ensure the following:

- The purpose of the reserve will be specified at the time of designation.
- The City Council will also identify whether the designation is a one-time designation or whether an amount specified by the City Council will be added to the designated reserve on an annual basis.
- Nothing limits the City Council's authority to un-designate, or re-designate any General Fund Designated Reserve for another governmental purpose, pursuant to formal City Council action.

6. INFRASTRUCTURE

The City maintains a long-range fiscal perspective through the use of a Capital Improvement Program to maintain the quality of City infrastructure, including streets, sidewalks, sewers, drains, lighting, buildings, parks, and trees. The City Council adopts capital projects budgets and may modify appropriations with majority approval. All changes in appropriations at the fund level during the year must be submitted to the City Council for approval.

Beginning in FY 2013/14, the City's goal has been to commit a minimum of \$2,000,000 per year towards street improvements. This amount has fluctuated based upon available resources. In Fiscal. For Fiscal Year 2023, a total of \$2,504,708 has been budgeted from Fund 104, Street Improvement reserves, and additional funding for street improvements have been budgeted using Prop C funds.

7. ACCOUNTING AND REPORTING STANDARDS

The City will comply with all requirements of generally accepted accounting principles, and will publish an Annual Comprehensive Financial Report (ACFR) in compliance with generally accepted accounting principles, prepared in coordination with our independent auditors, no later than the first quarter of each calendar year. The ACFR, along with the Auditor's report on internal controls and compliance, will be presented to the City Council at a public meeting, after first being presented to the Finance Commission. The City shall endeavor to achieve audits with minimal auditor findings in the form of significant deficiencies. The City shall swiftly and thoroughly respond, to auditor findings of material weakness.

The City currently in compliance with this policy. The City completed the FY 2021/2022 ACFR on February 15, 2023.

8. MIDYEAR AND INTERIM FINANCIAL REPORTING

The City will publish a midyear budget update in March of each year. The midyear budget update shall present estimated outcomes and the implications for the budget year. The report shall give attention to the financial issues and policy matters anticipated to have the most significant short and long-term financial planning importance to the City Council. Pursuant to the content of the midyear report, the City Council shall provide specific and general direction to staff for short- and long-term budgetary planning.

To comply with the policy, the City Manager will ensure the following:

- The midyear budget update will be presented to the City Council in February or March of each year.
- At the midyear budget update, staff will present to the City Council any necessary adjustments to the budget. The adjustments are based on additional funding, or major changes in revenues or expenditures, or previously approved budget adjustments.
- Quarterly budget updates will be provided to the City Council starting in the Spring of 2023.

9. RISK MANAGEMENT

The City will identify and quantify all areas of financial and operating risk, and prepare contingencies for those risks, including legal liabilities, infrastructure maintenance, emergency response, and contract and employee obligations. The City will work with the City's insurance providers to seek full coverage of actuarially projected needs.

Liability and Workers Compensation liability is reported in accordance with GASB 10, and further explained below.

- The City manages risk through a combination of purchased insurance and self-insurance.
- The City self-insures workers' compensation claims with a self-insured retention of \$125,000 and general/auto liability claims, with a self-insured retention of \$100,000 per covered claim. Excess workers' compensation and general/auto liability insurance coverage shall be purchased.
- An annual actuarial study shall be conducted to provide an estimate of the self-insured liability to be recorded by the City in accordance with Governmental Accounting Standards Board Statement No. 10. This statement requires the City to accrue a liability on its financial statements for a reasonable estimate of the cost of claims and expenses associated with all reported and unreported claims.
- The City's goal is to maintain reserves to fund its outstanding self-insured liabilities at the minimum level of 70 percent. It is anticipated that this goal will be achieved incrementally, and fully achieved by Fiscal Year 2023-2024.
- The City shall maintain a Self-Insurance Fund to both fund the liability reserve and workers compensation, and recover all associated risk management costs, including claim payments, insurance premiums and any deductibles, and claim administration (internal and external). The fund's revenues shall be generated through assessments to City funds based on their claim experience and outstanding liabilities. These departmental assessments shall be evaluated annually and adjusted as needed.
- Staff shall report to the Finance Commission and City Council at least annually on the claims processed, amounts paid, and steps taken to manage and reduce the City's risk and liability.

10. DEBT AND INVESTMENTS

The City will consider the use of debt when the cost of debt is lower than the City's investment return, and when operating revenues are available to pay the debt. We will maximize the investment return on City Cash balances within the higher concerns of safety

and liquidity. An investment policy will be submitted annually to the City Council for review and adoption in September or October of each year. The City shall at all times maintain compliance with the California Government Code with respect to the content and function of its Investment Policy.

Annually, the Investment Policy is reviewed by the City's Finance Commission, prior to being approved by the City Council. Additionally, the City Treasurer shall provide monthly reports to the City Council which shall include all reportable elements specified in the City's Investment Policy.

Staff will continue to contract with financial advisory services to evaluate various options to leverage existing revenue streams.

11. CONTROL OF FINANCIAL ASSETS

All financial assets will be under the direct authority of the City Treasurer and Finance Director. Regarding Capital Assets, the City will capitalize assets and equipment with individual minimum value of \$5,000 for non-infrastructure assets, and \$25,000 for infrastructure assets.

12. SCHEDULE OF FEES FOR SERVICES

The City will publish, and the Finance Department will update, the schedule of fees for services as a component of the annual budget. The Fee Schedule will be reviewed by the Finance Commission prior to implementation each July 1st.

13. LONG-TERM LIABILITIES

The City shall evaluate long-term liabilities (debt borrowing, compensated absences, claims and judgements, pensions, post-employment benefits (OPEB), on a case by case basis. The City will work with the California Public Employee Retirement System and the City's insurance providers to seek full coverage of actuarially projected needs.

Funding is budgeted on a pay-as-you-go basis for leave liabilities, and retiree health insurance costs. In accordance with GASB 45, a third-party actuarial valuation of the City's liability for annual retiree medical costs has been completed every two years since FY 2008/09.

14. GANN APPROPRIATIONS LIMIT

The City will annually adopt a Resolution establishing the City's appropriation limit (the Gann Limit) calculated in accordance with Article x111-B of the constitution of the State of California Government code and any other voter approved amendments or state legislation that affects the City's appropriations limit. The Gann Limit will be adopted by Resolution.

The City is restricted to an amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules. Alternatively, an excess of one year, may be offset against a deficit in the following year.