



DATE: March 7, 2023
TO: Mayor & City Council
FROM: Director of Finance
SUBJECT: FY 2023 Mid-Year Budget: Adopt a Resolution Approving the FY 2023 Mid-Year Budget Update and Five-Year General Fund Update

RECOMMENDATION

That the City Council 1) reviews the FY 2023 Mid-Year budget; 2) adopts a resolution providing amendments to the previously adopted City of Hayward FY 2023 Operating Budget (Attachment II); and 3) adopts a resolution providing amendments to the previously adopted City of Hayward FY 2023 Capital Improvement Program Budget (Attachment III).

SUMMARY

This report presents the mid-year review of the FY 2023 Adopted Budget, and an update to the Five-Year General Fund Financial Model (model) presenting proposed changes and projected year-end results based on current trends and data. While staff considers the entire City budget in its mid-year review, this report focuses primarily on the General Fund.

Proposed FY 2023 mid-year expenditures net a total increase of \$7.04 million in General Fund expenses. Of this amount, \$4.55 million is related to previously authorized and approved appropriations, and proposed FY 2023 mid-year expenditure adjustments totaling a net increase of \$2.49 million. The proposed FY 2023 mid-year expenditures are all one-time in nature. **Table 1** and **Table 2** below detail the key changes in General Fund expenditures related to previous Council-authorized and approved appropriations, and proposed new FY 2023 mid-year requests:

TABLE 1: PREVIOUS COUNCIL AUTHORIZED AND APPROVED GENERAL FUND APPROPRIATIONS

Previous Council-Approved Appropriation	FY 2023 Impact (\$)
Employee Contract Terms – Unrepresented Staff, HPOA, Local 1909	\$3,957,875
STEP Grant Appropriations	\$210,000
Behavioral Health Justice Intervention Services Project Grant Appropriations	\$74,501
Appropriate funds for the Golden Oaks II Tract 8058 Access and Utilities Project	\$290,672
CAL OES Grant	\$2,970
Hayward Literacy Council Reimbursement	\$15,750
Previous Council Approved Appropriations Subtotal	\$4,551,768

TABLE 2: PROPOSED NEW FY 2023 GENERAL FUND MID-YEAR REQUESTS

Mid-Year Request (NEW)	FY 2023 Impact (\$)
No Mid-Year Personnel Requests	\$0
	Personnel Expenses \$0
Mayor & City Council transition and furniture expenses	\$10,000
Consultant services to conduct a one-time language access assessment	\$30,000
Outside consultant to conduct 360 evaluations for each Council Appointed Officer	\$27,000
Allocation for the Countywide Consolidated General Election cost in 2022	\$400,000
Appropriate revenue received Permit Fees for Inspection and Plan Check for services	\$500,000
Additional funding to cover costs of expanding security hours at City Libraries	\$35,000
Transfer-Out: General Liability Funds - Allocation of increase in the City's insurance premium costs	\$629,476
Transfer Out: Facilities Management Fund – Security Services, and facility repairs	\$223,961
Transfer-Out: Facilities Capital Fund – Construction of Fire Administration in City Hall	\$46,506
Transfer-Out: Information Technology Capital Fund – Online Permitting Project	\$125,029
Transfer-Out: Fleet Management Fund – Fuel costs, and deferred repairs and maintenance	\$463,537
	Non-Personnel Expenses \$2,490,509
Mid-Year Requests (NEW) Subtotal	\$2,490,509
TOTAL GENERAL FUND EXPENSES	\$7,042,277

General Fund revenues are expected to exceed the originally projected FY 2023 amount by \$2.6 million. Changes in revenue projections are detailed in **Table 3** of the report. Key changes in the General Fund revenues are as follows:

TABLE 3: GENERAL FUND REVENUES

GENERAL FUND REVENUE ADJUSTMENTS	FY 2023 IMPACT (\$)
Projected increase in Property Tax above budgeted amount	\$1,600,000
Projected increase in Utility User Tax above budgeted amount	\$1,000,000
Previous Council-Approved Appropriation (One-Time Transfer-In)	\$5,902,372
TOTAL GENERAL FUND REVENUES	\$8,502,372

If mid-year requests are approved as proposed, the FY 2023 Revised Budget would result in a projected surplus, building the General Fund Reserves by \$5.9 million for FY 2023.

This report provides an overall update to the City's Five-Year General Fund outlook.

BACKGROUND

On June 7, 2022¹, Council adopted the FY 2023 Operating Budget, which projected a surplus by fiscal year-end, building the General Fund Reserves by \$4.5 million. Since the time of the FY 2023 Operating Budget adoption, the City's fiscal position has changed as it continues to address service needs and emerging needs of the community. Considering recently updated revenue projections, additional Council-approved appropriations, and proposed new mid-year requests, the proposed FY 2023 Revised Budget will result in a balanced budget without the projected use of General Fund Reserves. Should the FY 2023 mid-year review be approved as proposed, the FY 2023 Revised Budget is projected to build the General Fund Reserves by \$5.9 million.

On March 1, 2023², the FY 2023 Mid-Year review and update to the Five-Year General Fund Financial Model were presented to the Council Budget and Finance Committee for review and feedback. The Committee recommended that the Council approve the staff recommended mid-year budget adjustments.

This report includes an update to the Five-Year General Fund Financial Model as part of the FY 2023 mid-year review, reflecting the proposed changes in revenue projections and expenditure adjustments.

DISCUSSION

GENERAL FUND REVENUES

FY 2023 General Fund revenues are projected to be \$8.5 million higher than originally projected. This is primarily attributed to projected increases in Property Tax, Utility Users Tax (UUT) revenues, and one-time transfer from the Workers' Compensation Fund to the General Fund.

The following analysis highlights key revenue variances as it pertains to FY 2023 mid-year projections and the impact on future year projections as outlined in the model.

Property Tax (increase of \$1.6 million) – The FY 2023 Adopted Budget projected an increase of 3% year-over-year in Property Tax revenues as the economic recovery led to increased home values. Property Tax projections have been updated to reflect slightly more growth than previously projected in tax revenue.

Utility User Tax (increase of \$1.0 million) – The FY 2023 Adopted Budget projected UUT at \$18.0 million. Based on review and analysis of year-to-date revenue collected, the mid-year budget review forecasts an increase of approximately \$1.0 million in projected revenue through the end of the fiscal year.

One-Time Transfer-In (increase \$5.9 million) – City Council previously approved a one-time transfer of \$5.9 million from the Workers' Compensation Fund (Fund 705) to the General Fund.

¹ [Hayward City Council Meeting on June 7, 2022 \(Legistar.com\)](#)

² [Council Budget and Finance Committee March 1, 2023 \(Legistar.com\)](#)

The fund transfer was a reimbursement to the General Fund from prior-year overfunding to the Workers' Compensation Fund.

GENERAL FUND EXPENDITURES

FY 2023 General Fund total adjustments include FY 2022 carryforwards, previous Council authorized and approved appropriations, and mid-year requests. FY 2023 General Fund expenditures, including proposed mid-year requests and previous Council authorized and approved appropriations are projected to be \$7.04 million higher than anticipated at the time the City adopted its budget. Of this amount, \$4.55 million is related to previously authorized and approved appropriations, which includes \$3.95 million is related to employee labor contracts, and \$593,893 related to other previously authorized and approved appropriations, such as grants and contract agreements. Proposed FY 2023 new mid-year expenditure requests total an increase of \$2.49 million.

FY 2022 budget carryforwards total \$3.22 million and were approved with the FY 2022 Operating Budget. The following analysis highlights key expenditure variances as it pertains to FY 2023 mid-year projections and the fiscal impacts on future year projections, as illustrated in the model.

Operating Expenses

A number of adjustments are needed at mid-year to fund necessary and/or unanticipated expenditures, and to appropriate prior year carryforward requests into FY 2023.

Carryforward Requests (increase of \$3.22 million):

A carryforward is unspent budget that is linked to a commitment such as a contract, requisition, or purchase order. The carryforward of commitment to a new fiscal year carries with it the unspent budget associated with the balance of the commitment. Carryforwards represent budget amounts that were previously authorized and approved by Council during the prior fiscal year.

Previous Council Approved Appropriations - FY 2023 (increase of \$4.55 million):

City Council previously authorized and approved appropriations totaling \$4.55 million. Previously authorized and approved appropriations are as follows:

- Council approval of employee contract terms (\$3.95 million)
- Appropriation of STEP grant funding (\$210,000)
- Behavioral Health Justice Intervention Services Project Grant Appropriations (\$74,501)
- Appropriate funds for the Golden Oaks II Tract 8058 Access and Utilities Project (\$290,672)
- CAL OES Grant (\$2,970)
- Appropriation of Hayward Literacy Council Grant (\$15,750)

Proposed FY 2023 Mid-Year Requests – New (net increase of \$2.49 million):

- 2022 General Election Cost (increase of \$400,000): Allocation of \$400,000 is the average estimated amount based on the Countywide Consolidated General Election cost of \$4 to \$6 per voter according to the Alameda County Registrar of Voter's (ROV) published cost.
- Mayor and City Council (increase of \$10,000): Costs associated with furniture expenses and transition of newly appointed City Council members.

- Increase in Inspection and Plan Check Services (increase of \$500,000): Appropriate previously collected fees/revenue for development projects for Inspection and Plan Check for Services.
- Security Services (increase of \$35,000): Additional funding to cover costs associated with expanding security hours at City libraries.
- Contract Services (increase of \$57,000) – Additional contract services are necessary in the City Manager’s Office.
 - Increase of \$30,000 to conduct a one-time language assessment for the City of Hayward (Strategic Roadmap Project R12); and
 - Increase of \$27,000 in contract services for a consultant to conduct 360 evaluations for each Council Appointed Officer.
- Transfer-Out (increase of \$1,488,509)
 - Transfer-Out from the General Fund to the Information Technology Capital Fund in the amount of \$125,029 is requested to cover costs associated with the implementation of EnerGov online permitting. The General Fund transfer is supported by Technology Fee revenues collected in FY 2023; and
 - Transfer-Out from the General Fund to the General Liability Insurance Fund in the amount of \$629,476, which is the General Funds allocated portion of the increased amount in the City’s insurance premium costs; and
 - Transfer-Out from the General Fund to the Facilities Management Fund of \$223,961 to supported increased costs in new security service contract, enhance security measures, and expanded hours at the Watkins Street garage, and elevator repairs and window replacement at the Library; and
 - Transfer-Out from the General Fund to the Facilities Capital Fund in the amount of \$46,506 to cover costs associated with the construction of Fire Administration Office at City Hall; and
 - Transfer-Out from the General Fund to the Fleet Management fund of \$463,537 to account for the increase in fuel costs, and deferred repair and maintenance costs for City fleet (\$100,000).

The amounts shown below in **Table 4** demonstrate the General Fund impact of the changes being proposed as part of the City’s FY 2023 Mid-Year Budget Review from the time that Council adopted the City’s Operating Budget in June of 2022. In total, the changes presented for consideration will build the General Fund Reserves by \$5.9 million.

TABLE 4: SUMMARY OF PROPOSED GENERAL FUND MID-YEAR CHANGES

<i>(in thousands)</i>	FY 2023 Adopted	Change	FY 2023 Mid-Year Revised
Revenue			
Property Tax		\$1,600	
Utility User Tax (UUT)		\$1,000	
Previous Council Approved Appropriation (One-time Transfer-In)		\$5,902	
Total Revenue	\$199,141	\$8,502.372	\$207,643
Expenditures			
Employee Contract Terms - Unrepresented Staff, HPOA, Local 1909		\$3,958	
Net Staffing Expenses	\$153,805	\$3,958	\$157,763
Mayor & City Council transition and furniture expenses (Mayor & City Council)		\$10	
Outside consultant to conduct 360 evaluations for each Council Appointed Officer (City Manager's Office)		\$27	
Consultant Services to conduct a one-time language access assessment (City Manager's Office)		\$30	
Allocation for the Countywide Consolidated General Election cost in 2022 (City Clerk's Office)		\$400	
Appropriate revenue received in Inspection Fees and Plan Check for services (Development Services)		\$500	
Additional funding to cover increased security hours at Downtown and Branch Libraries (Library Services)		\$35	
Transfer-Out: General Liability Funds - Allocation of increase in the City's insurance premium costs		\$629	
Transfer Out: Facilities Management Fund – Security Services, and facility repairs		\$224	
Transfer-Out: Facilities Capital Fund – Construction of Fire Administration in City Hall		\$47	
Transfer-Out: Information Technology Capital Fund – Technology fee revenue to support Online Permitting Project		\$125	
Transfer-Out: Fleet Management Fund – Increase in Fleet Fuel budget due to global increases in fuel costs		\$364	
Transfer-Out: Fleet Management Fund – Deferred repair and maintenance costs for Citywide Fleet and Public Safety Fleet		\$100	
Previous Council Approved Appropriation - Non-Personnel Expenses		\$593	
Net Operating Expenses	\$40,883	\$3,084	\$43,967
Total Expenditures	\$194,688	\$7,042	\$201,730
Total Surplus/(Shortfall)	\$4,453	\$1,460	\$5,914
Reserve Ending Balance	\$43,843		\$47,278
Balance as % of Total Expenses	22.5%		23.4%

FIVE-YEAR GENERAL FUND MODEL UPDATE

The Five-Year Model (model) has been updated to include projected changes in revenue and expenses impacting the City’s projected year-end fiscal position for FY 2023. The FY 2023 Adopted Budget assumed a surplus, building the General Fund Reserves by \$4.5 million by the end of the fiscal year, with a projected ending balance of \$43.9 million. Based on the FY 2023 Adopted Budget, the model projected that General Fund Reserves would represent 22.5% of the City’s budgeted General Fund expenditures, which is above the City’s current General Fund Reserve policy which states that General Fund Reserves should equal 20% of budgeted General Fund expenditures.

As part of the mid-year review process, the model has been updated to include current revenue projections, mid-year expenditure requests, and previous Council approved appropriations as discussed in this report. The updated model projects a surplus of \$5.9 million by the end of the fiscal year, compared to the projected surplus at the time of adoption, which projected a \$4.5 million surplus. The change in projected surplus, can be attributed to the change in revenue projections, specifically Property Tax revenue, UUT revenue, and the one-time transfer of \$5.9 million, combined with increases in General Fund expenditures. Based on these changes, General Fund Reserve balance is projected at 23.4% of total expenses by the end of the fiscal year.

Table 5 provides an overview of the City’s Five-year forecast, with updated revenue projections and expenditures.

TABLE 5: FIVE-YEAR GENERAL FUND FINANCIAL MODEL UPDATE

GENERAL FUND FORECAST - Proposed FY 2023 Mid-Year Changes <i>in thousands</i>	Revised FY 2023 Year 1	FY 2024 Year 2	FY 2025 Year 3	FY 2026 Year 4	FY 2027 Year 5
Revenues	\$207,643	\$199,804	\$207,505	\$214,482	\$219,680
Expenditure	201,730	211,394	217,931	223,853	229,866
<i>Net Change in Reserve - Surplus / (Shortfall)</i>	5,914	(11,590)	(10,425)	(9,371)	(10,186)
Beginning Balance*	\$41,364	\$47,277	\$35,687	\$25,262	\$15,892
<i>Net Change in Reserve - Surplus / (Shortfall)</i>	5,914	(11,590)	(10,425)	(9,371)	(10,186)
Ending Balance	\$47,278	\$35,687	\$25,262	\$15,892	\$5,706
Target to maintain 20% GF Reserves in Operating Expenses	\$40,346	\$42,279	\$43,586	\$44,771	\$45,973
General Fund Reserve Level as % of Total Expenses	23.4%	16.9%	11.6%	7.1%	2.5%

MEASURE C FUND

Measure C Operating

The Council, as well as the ballot language for Measure C, established a number of spending priorities for these funds. These priorities include a mix of capital projects and funding allocations toward operating services. While Measure C revenues are to primarily be used to fund capital projects, operating activities, such as police services, addressing illegal dumping, litter control, and graffiti abatement, which also fulfill the promises of Measure C.

FY 2023 Measure C operating fund total adjustments include previously authorized and approved appropriations, and mid-year requests. Proposed FY 2023 Measure C expenditure related requests total an increase of \$113,609. The following details the additional request:

- Previously approved appropriation for employee contract terms (increase of \$55,610).
- Proposed Mid-Year Request: Transfer-out to the General Liability Insurance Fund for the Measure C allocated portion of the increased amount in the City's insurance premium costs (increase of \$16,999).
- Proposed Mid-Year Request: Appropriate funds for the new South Resource Center for facility rent, utilities, and janitorial services (increase of \$41,000).

Measure C Capital

While Measure C funds operating programs and related expenses, Measure C funds are primarily used to fund capital projects. FY 2023 Measure C capital total adjustments amount to \$13.2 million in FY 2022 carryforwards.

Attachment V is an update to the Measure C 20-Year Financial Forecast that includes projected changes in revenue and expenses impacting the projected year-end fiscal position for FY 2023.

OTHER FUNDS

Total adjustments for FY 2023 Other Funds include FY 2022 carryforwards, previous Council approved appropriations, and mid-year requests. Expenditure increases in Other Funds total \$29.9 million. Of this total, FY 2022 budget carryforwards total \$16.8 million; and appropriations previously approved by City Council total \$10.4 million. Increase in expenditure requests at mid-year amount to \$2.7 million. Detail of mid-year adjustments are as follows:

Previous City Council Approved Appropriations (increase of \$10.4 million)

- Appropriation of State Grant funding for Mobile Integrated Health Unit (MIHU) - (increase of \$208,019);
- Appropriation of State Grant funding for Hayward Evaluation and Response Teams (HEART) - (increase of \$91,956);
- Appropriation of State Grant funding for Mobile Evaluation Team (MET) - (increase of \$89,285);
- Appropriation of State Grant funding -Permanent Local Housing (PLHA) program award (increase of \$3,258,675);

- Appropriation of Other California State Library Grants (increase of \$89,368);
- Appropriation of HUSD Grants for Educational Services (increase of \$53,716);
- Appropriation of California State Library Grant Funds (increase of \$32,805);
- Appropriation of California State Library Literacy Services ESL Grant Funds (increase of \$128,362);
- Appropriation of UC Davis Koret Shelter Medicine Program - All Animals Spring 2022 Grant (increase of \$55,000);
- Appropriation of First Five of Alameda funds for Library Services (increase of \$2,800);
- Appropriation of various State Grants for the Fire Department (increase of \$66,000);
- Appropriation of Stupski Foundation Grant for the Hayward Food, Agriculture, and Economy Plan (increase of \$125,000);
- Appropriation of Friends of Hayward Library donations (increase of \$50,000);
- Appropriation of FY 2023 Budgets for Landscape and Lighting Assessment Districts and Maintenance Districts (increase of \$1.8 million);
- Appropriate Grant funding received from California Department of Community Development (HCD) Local Housing Trust Fund program for Affordable Housing Projects (increase of \$3,994,906);
- Appropriate funds for the Professional Services to conduct FY 2024 and FY 2025 Water, Wastewater, and Recycled Water rate study and connection fee study (increase of \$190,000);
- Appropriate fund for Contract Services for installation of a Trash Capture Device (increase of \$70,000); and
- Appropriation to establish budget balances from Byrne Grant 2017, 2018, 2019 award years (increase of \$57,499)

Proposed Mid-Year Requests (increase of \$2.7 million)

- Rental Housing Program Fund (increase of \$10,000): Increased overtime staffing expenses related to housing workshop and outreach activities.
- Inclusionary Housing Fund (increase of \$33,211): Appropriate balance authorized by City in previous fiscal year (Council Resolutions 21-071 and 21-072).
- Donations Fund (increase of \$45,407): Appropriate grant revenue received in FY 2022 and appropriate the remaining budget balance from the Bookmobile Purchase from the Fleet CIP fund.
- Facilities Management Fund (increase of \$223,961): Increase in security services contract and expansion of security service hours at the Watkins parking garage in the amount of \$113,900; an increase of \$41,745 for replacement of glass window at the Main Library; \$30,000 for enhance security measures at City facilities; \$15,300 for elevator repairs at the Library; and \$23,016 for additional janitorial service needs.
- Landscape & Lighting and Maintenance District Funds (increase of \$54,544): Increased costs related to a change to maintenance vendor; and increased water utility needs.
- Fleet Management Fund (increase of \$600,000): \$500,000 to increase Fleet fuel budget due to projected increases in fuel costs; \$100,000 to cover costs of deferred maintenance and repairs of City fleet.
- State Grants Fund (increase of \$238,330): Appropriate SB1381 Grant (\$223,823) and WMAC Delinquent Assessment Grant (\$14,507).

- Sewer Fund (increase of \$280,480): Appropriation of \$104,000 of revenue received from East Bay Dischargers Authority (EBDA) for facility maintenance, and \$26,000 additional funding needed to continue operation and maintenance of facilities, and an increase of \$150,000 for the increase in supplies and service needs.
- Airport Fund (increase of \$22,000): Security Services Contract effective March 2023.
- Water Fund (increase of \$30,138): An additional \$30,138 in Debt service payment for the cost of issuance to prepay the debt service early.
- General Liability Insurance Fund (increase of \$849,123): The FY 2023 Adopted Budget reflected a projected increase of 10%. The insurance premium cost increased by a total of 34%. The mid-year increase reflects the difference not budgeted of 24%. This expense is an Internal Service Fund, which is supported by allocations and transfers from General Fund, Measure C, and various operating funds.
- Transfer-Out to the General Liability Insurance Fund from other funds for the allocation of costs contributing to the increase in general liability insurance premium cost (increase of \$200,031).
- Transfer-Out to Fleet Maintenance Fund from other funds for the allocation of cost contributing to the increase in operating expenses related to fleet fuel and deferred maintenance of citywide fleet (increase of \$136,463).

CAPITAL IMPROVEMENT FUNDS

Total adjustments for FY 2023 Capital Improvement Funds include FY 2022 carryforwards, previous Council approved appropriations, and mid-year requests. The FY 2023 Capital Improvement Budget expenditures total a net increase of \$137.5 million. Of this amount, FY 2022 carry forwards total \$128.8 million; and prior Council authorized, and approved appropriations total \$8.1 million. Proposed mid-year adjustments reflect an increase in projected expenditures in the amount of \$609,286. **Table 6** provides detail of the proposed FY 2023 CIP mid-year changes.

TABLE 6: PROPOSED FY 2023 MID-YEAR CIP CHANGES

Mid-Year CIP Changes	FY 2023 Mid-Year Changes
Information Technology Capital (Fund 731) – Appropriate technology fee revenue to support EnerGov Online Permitting Project	\$125,029
Facilities Capital (Fund 726) – Construction of Fire Administration in City Hall; increase related to building code requirements related to ADA and Title 24	\$46,506
Special Gas Tax (Fund 210) – Appropriate Grant funding	\$76,744
Airport Capital Fund (Fund 621) – Restore previous budget reduction and increase in costs related to Skywest Property maintenance services	\$82,000
Water Replacement Fund (Fund 603) – Transfer-out to support Fiscal Year 2023 Annual Line Repairs in the Water Fund (Fund 605)	\$250,000
Fleet Management Capital Fund (Fund 736) – Transfer-out to Library Services Bookmobile project in the Donation Fund (Fund 250)	\$29,007
Total Net Change	\$609,286

AMERICAN RESCUE PLAN ACT (ARPA) STATE AND LOCAL FISCAL RECOVERY FUNDS

On March 11, 2021, the American Rescue Plan Act (ARPA) of 2021 was signed into law. A major component of ARPA was the State and Local Fiscal Recovery Fund (SLFRF), which included \$65 billion in direct federal relief to cities to address the impacts of COVID-19 and aid in recovery. The City of Hayward was allocated approximately \$38.3 million in fiscal recovery funding, to be disbursed in two tranches. The first tranche of 50% of the City’s allocation was disbursed in late May 2021, with the second half was disbursed in May of 2022.

On July 13, 2021, Council approved a plan for use of the City’s ARPA \$38.3 million. To date, the City has received the full \$38.3 million in ARPA funding. Council appropriated \$18.9 million in FY 2022, and \$16.4 million FY 2023. The use of ARPA funds is governed by the SLFRF Interim Final Rule issued by the US Treasury Department in May 2021. City Staff developed the ARPA expenditure plan based on community needs, the City’s operational response, and Council feedback. The expenditure plan was also presented to the Council Infrastructure Committee, the Homeless-Housing Task Force, the Council Economic Development Committee, and the Community Services Commission for further refinement prior to Council Approval in July.

The ARPA expenditure plan is comprised of 37 projects across four major expenditure categories: support for public health expenditures and investments in pandemic operational needs; addressing negative impacts cause by the public health emergency; replacement of lost public sector revenue; and investment in water, sewer, and broadband infrastructure. Projects commenced in FY 2022 and will continue through FY 2024. **Table 7** provides an overview of total expenditures in FY 2022, and revised appropriations in FY 2023, and anticipated appropriations for FY 2024.

TABLE 7: ARPA EXPENDITURE PLAN OVERVIEW

(\$ THOUSANDS)

Expenditure Category	Total Budget	FY 2022 Actuals	FY 2023 Revised Appropriation*	FY 2024 Appropriation
Support public health expenditures, including capitalizing investments in public facilities to meet pandemic operational needs	\$6,940	\$799	\$5,422	\$719
Address negative economic impacts caused by the public health emergency	\$15,700	\$3,915	\$9,685	\$2,100
Replace lost public sector revenue	\$14,500	\$7,250	\$7,250	\$0
Invest in water, sewer, and broadband infrastructure	\$1,238	\$80	\$958	\$200
TOTAL ARPA EXPENDITURES	\$38,378	\$12,044	\$23,315	\$3,019

*Includes unspent FY 2022 appropriated expenditures (carried forward into FY 2023)

STRATEGIC ROADMAP

This agenda item is a routine operational item and does not specifically relate to any of the six priorities outlined in the Council’s Strategic Roadmap.

FISCAL IMPACT

The overall fiscal impact of the proposed mid-year adjustments is an increase to General Fund revenue of \$2.6 million, and an increase to General Fund expenditures of \$7.04 million (\$4.55 million in previously approved appropriations, an increase of \$2.49 million in newly requested adjustments). Additionally, the mid-year review reflects \$3.23 million in carryforwards previously approved with the FY 2022 Budget. All Other Funds (including Measure C) proposed adjustments will result in an increase of \$2.8 million in newly requested expenditures; and Capital Improvement Funds will result in a proposed increase in expenditures of \$0.6 million in newly requested expenditures.

SUSTAINABILITY FEATURES

The actions in this report do not have an impact on sustainability. Sustainability elements are more directly identified with specific projects as they are carried out.

PUBLIC CONTACT/NEXT STEPS

Upon approval by Council of the recommendations contain herein, staff will post the budget amendments per the approved resolutions. Staff will continue to refine the Five-Year General Fund Financial Model as part of the upcoming FY 2024 budget process.

Prepared by: Nicholas Mullins, Management Analyst II
Nicole Gonzales, Director of Finance

Recommended by: Nicole Gonzales, Director of Finance

Approved by:



Kelly McAdoo, City Manager