



Item No. 7 Town of Atherton

CITY COUNCIL STAFF REPORT – CONSENT AGENDA

**TO: HONORABLE MAYOR AND CITY COUNCIL
GEORGE RODERICKS, CITY MANAGER**

FROM: ROBERT BARRON III, FINANCE DIRECTOR

DATE: FEBRUARY 15, 2023

**SUBJECT: ADOPT THE ATTACHED BUDGET AMENDMENT RESOLUTION FOR
THE FY 2022/23 BUDGET**

RECOMMENDATION

Adopt the attached Resolution authorizing a Budget Amendment for the FY 2022/23 Budget.

BACKGROUND

Staff presented the Mid-Year budget review for the General Fund FY 2022/23 at its February 1, 2023 Study Session. Staff noted that the FY 2022/23 Budget reflects the Town's positive financial outlook while maintaining City Council priorities. The City Council priorities continue to focus on reducing long-term liabilities, addressing capital project needs, and ensuring that operational needs are met. The City Council recently authorized the use of the OPEB Trust account to begin the payment of retiree health expenses. This will begin in March and staff estimates that the use of the Trust will reduce General Fund expenditures by \$150,000 for the remainder of the fiscal year.

The Council discussed revenue and expenditure summaries across all departments. Staff advised that there were six areas that required a Mid-Year Budget Amendment. The majority of items identified are one-time expenditures for operations or maintenance; and/or one-time priority projects such as the Housing Element and contract revenue adjustment. For FY 2022/23, the Mid-Year adjustment is \$808,250 spread across the six identified areas. Overall, revenues are expected to exceed projections for the fiscal year by \$1,601,693 (inclusive of ERAF).

FINDINGS | ANALYSIS

Of the \$808,250, \$650,000 were identified as one-time expenditures related to specific staffing, one-time operational and facility maintenance expenditures, planning contract services and related expenditures for the Housing Element Update. In addition to these one-time adjustments, staff advised that due to an increase in revenue projections, there is a related expenditure adjustment of \$68,750 for building contract services. Staff also advised that there is

Administration Department adjustment of \$166,500 for Environmental Program Committee AGZA event programming (\$6,500), contact costs for newsletter, website and recruitment support (\$40,000); and legal human resource assistance (\$120,000). Contract Planning ramped up services for land use and the Housing Element and requires a budget adjustment to accommodate the changes (\$150,000). There is a budget adjustment in the Interdepartmental Department for property insurance cost increase of \$43,000. The Police Department requires a budget adjustment for overtime expense of \$193,000 for backfill to maintain staffing model for shifts, as well as sick time, training, COVID related absences, and vacation catch up not being taken during the pandemic. The Department also experienced additional costs (\$30,000) related to the investigation of the buried vehicle. Lastly, there is a need for a budget adjustment in Public Works (\$157,000) for consultant engineering services and facility repairs.

POLICY FOCUS

The Mid-Year Budget Report is an opportunity to make adjustments and operations corrections based on unanticipated changes and the goals and priorities of the City Council. If there are projects or priorities that the Council wishes to address at mid-year, this is the opportunity to do so. The Mid-Year Budget Report encompasses all changes to the budget thus far in the Fiscal Year. Staff is presenting a Budget Amendment Resolution for adoption to reflect the noted adjustments.

FISCAL IMPACT

The overall fiscal impact to the General Fund due to Mid-Year adjustments is a General Fund *Net expenditure* increase of \$658,250 (3.7%) against a General Fund (plus ERAF) revenue increase of \$1,601,693 (7.3%).

GOAL ALIGNMENT

Goal A- Maintain Fiscal Responsibility

PUBLIC NOTICE

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting in print and electronically. Information about the project is also disseminated via the Town's electronic News Flash and Atherton Online. There are approximately 1,200 subscribers to the Town's electronic News Flash publications. Subscribers include residents as well as stakeholders – to include, but be not limited to, media outlets, school districts, Menlo Park Fire District, service providers (water, power, and sewer), and regional elected officials.

ATTACHMENT

Resolution of the City Council of the Town of Atherton Approving Mid-Year FY 2022/23 Budget Adjustment