

STAFF REPORT

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: PAUL RODRIGUES, FINANCE DIRECTOR

DATE: MARCH 2, 2021

SUBJECT: FY2020/21 MID-YEAR BUDGET REVIEW

RECOMMENDATION

Following staff report and presentation, staff recommends the following actions:

1. Adopt the attached resolution amending the FY2020/21 budget of the City of Clayton for mid-year adjustments in the General Fund, Rainy-Day Fund, CERF Fund, HUTA and RMRA Gas Tax Funds, and Capital Improvement Fund.
2. Adopt the attached resolution approving the FY2020/21 City Employee Salary Schedule.

BACKGROUND

Following a Public Hearing, on June 30, 2020 the City's Budget for fiscal year 2020/21 was adopted by the City Council on June 30, 2020. The adopted budget for the City's General Fund was balanced with projected revenues of \$4,844,231, and total operating expenditures of 4,843,806. This resulted in an initial General Fund budgetary operating surplus of \$425. Total appropriations, which include the use of prior fiscal years' surplus for capital outlay, other one-time expenditures and transfers from the newly created Rainy Day Fund were \$5,253,288, resulting in a budgeted decrease of \$409,057 to the General Fund balance, with a projected ending fund balance of \$5,471,061.

On February 18, 2021 Staff met with the Audit and Budget Subcommittee to review the 2020/21 mid-year budget. The Subcommittee unanimously recommended forwarding the FY2020/21 Mid-year Budget Review to the City Council for formal action.

DISCUSSION

For the six months ended December 31, 2020, revenues and expenditures were analyzed and projected through June 30, 2021, to determine if the City was on track to be within its 2020/21 adopted budget (Attachment 4).

A list of unbudgeted expenditures was compiled by Staff (Attachment 5) with recommendations to appropriate authority to meet those increased expenditures through increasing budgeted revenues and transfers from the Rainy-Day Fund.

1. General Fund

Due primarily to an increase in projected sales tax revenues, General Fund revenues are expected to increase by \$43,543 (Attachment 3). Staff is recommending appropriating \$33,940 of the increase in revenues to cover increased operating expenses (Attachment 5). To cover the additional unanticipated expenses, staff recommends appropriating \$118,774 from the Rainy-Day fund to cover the one-time expense of completing the contractual obligations for the prior City Manager (Attachment 6).

General Fund public safety operating costs are projected to be reduced by \$48,694 due to the transfer of eligible public safety costs to the CARES Act grant. Staff is recommending transferring these funds, as well as an additional \$16,306 from the Rainy-Day Fund, for a total of \$65,000 to the CERF (vehicle replacement) fund to purchase an additional, previously unbudgeted replacement police vehicle. City policy has been to purchase one replacement police vehicle per year. Several years ago, due to budget constraints caused by the last recession, no replacement police vehicle was purchased, resulting in the police vehicle replacement program falling behind. With the additional funds transferred to the CERF fund, an additional vehicle would be budgeted for the 2020/21 fiscal year (a total of two vehicles) to bring the program more current.

2. Other Governmental Fund Revenues and Expenditures

With the exception of two Capital Improvement Projects (CIPs) all other City funds are projected to be at or under their 2020/21 budgeted expenditures.

Landscape District (LMD)

The Trails and Landscape Committee met in February and reviewed the 2020/21 budget. No additional appropriations are being recommended by the Committee.

HUTA Gas Tax and RMRA Gas Tax Funds

The latest projections from the state show an increase of \$33,643 and \$32,888 in HUTA and RMRA gas tax revenues (Attachment 7), while expenditures remain at or below budget.

Capital Improvement Projects (CIPs)

Two completed CIPs, the Collector Street Rehab Project (CIP10425) and the 2018 Neighborhood Street Project (CIP10436) previously recorded CalTrans and CalRecycle grant revenues in excess of what was actually received (Attachment 8). Staff recommends transferring a portion of the increased HUTA gas tax revenues to these projects to backfill the shortfall created by the decreased CalTrans and CalRecycle grant revenues.

3. Rainy-Day Fund/City Council Direction on Use of FY 2019/20 General Fund Surplus

On February 2, 2021 the City Manager, Finance Director and City's independent auditors, Cropper Accountancy Corporation, presented the City's audited CAFR for fiscal year 2019/20. In this presentation it was highlighted that when backing out non-operational special project expenditures funded by prior City Council approved earmarks of excess reserves, as well as the portion of the increase in fund balance due to unrealized gains on the investment portfolio, the

General Fund reported a FY 2019/20 adjusted operating surplus of \$290,592. Assignment of the full FY 2019/20 General Fund adjusted operating surplus would result in projected General Fund reserve of \$5,518,236 at June 30, 2021 which is 1.14 times the size of the City Council approved General Fund operating budget for FY 2020/21, providing evidence that the City remains in a stable position with respect to long-term financial reserves.

Staff recommends that the \$290,592 surplus be transferred to the Rainy-Day Fund created in 2020/21. With the recommended one-time expenditure as well as the transfer of the June 30, 2020 adjusted operating surplus, the Rainy-Day Fund has a projected June 30, 2021 ending fund balance of \$508,475 (Attachment 6).

Additional recommendations and discussion on priorities for one-time spending from the Rainy-Day fund balance of \$508,475 will be brought forward to City Council in the near future.

4. FY 2020/21 City Employee Salary Schedule

In addition to the financial update, as part of the Mid-year review, staff is requesting that City Council formally adopt the entire City Employee Salary Schedule for FY2020/21 (Attachment 9). While City Council has approved all of the underlying agreements and contracts supporting those salary schedule amounts, state law requires that the City Council at least annually approve the full salary schedule.

FISCAL IMPACT

The actions recommended to the City Council by staff as outlined above will have the following fiscal impacts if ultimately approved:

- 1) Increases appropriations of General Fund Operating Revenues and Expenditures by \$33,940 (Attachment 3).
- 2) Authorizes the transfer of \$290,592 in surplus fund balance to the Rainy-Day Fund for future allocations by City Council.
- 3) Increases appropriations from the Rainy-Day Fund by \$118,774 for completion of prior City Manager contractual obligations and \$16,306 for transfer to CERF fund for purchase of additional replacement police vehicle (Attachments 5 & 6).
- 4) Authorizes transfer of HUTA Gas Tax Revenues to Capital Improvement Fund to make up for CalTrans and CalRecycle grant revenue shortfall (Attachments 7 & 8).

Attachments

- Attachment 1: Resolution of the City Council of the City of Clayton Amending the Annual Operating Budget for the FY2020/21 Fiscal Year

- Attachment 2: Resolution of the City Council of the City of Clayton Adopting the City of Clayton's Salary Schedule Effective January 1, 2021 In Conformance with CalPERS Requirements to Provide a Publicly Available Salary Schedule
- Attachment 3: General Fund Revenues
- Attachment 4: General Fund Departmental Operating Budgets
- Attachment 5: Resource Allocation to Cover Expenditure Increases
- Attachment 6: Rainy-Day Fund Summary
- Attachment 7: Gas Tax Revenues
- Attachment 8: Allocation of Gas Tax Revenues to Cover Previously Recorded Grant Revenues Shortfall
- Attachment 9: FY2020/21 City Employee Salary Schedule

RESOLUTION NO. 08-2021

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLAYTON
AMENDING THE ANNUAL OPERATING BUDGET OF
THE CITY OF CLAYTON FOR THE 2020/21 FISCAL YEAR**

**THE CITY COUNCIL
City of Clayton, California**

WHEREAS, on June 30, 2020 the City Manager and the Finance Director did prepare, submit and present to the Clayton City Council the proposed budgets for operation of the City of Clayton in Fiscal Year 2020/21 commencing July 1, 2020; and

WHEREAS, on June 30, 2020, a Public Hearing was set and duly held on the proposed budgets whereat opportunities were provided accordingly for members of the public to offer comments and provide input on the fiscal plans presented; and

WHEREAS, on June 30, 2020, following Public Hearing the City Council did adopt a Resolution approving the budget for operation of the City of Clayton in Fiscal Year 2020-21; and

WHEREAS, following the Finance Director's Mid-Year Budget Report, the City Manager has recommended amendments to the City of Clayton Adopted Budget for Fiscal Year 2020/21; and

WHEREAS, the amendments reflect the updated fund balances available as determined in audited comprehensive annual financial report of the City of Clayton for the prior fiscal year ended June 30, 2020; and

NOW, THEREFORE, BE IT RESOLVED the City Council of Clayton, California does hereby resolve as follows:

Section 1. Approves the recommendations of the City Manager with regard to amendments to the City's Budget for Fiscal Year 2020/21, as shown in FY2020/21 Mid-Year Budget Review Staff Report.

Section 2. This Resolution shall become effective immediately upon its passage and adoption.

PASSED, APPROVED AND ADOPTED by the City Council of Clayton, California held on the 2nd day of March, 2021 by the following vote:

AYES: Mayor Wolfe, Vice Mayor Cloven, Councilmembers Diaz, Tillman, and Wan.

NOES: None.

ABSTAIN: None.

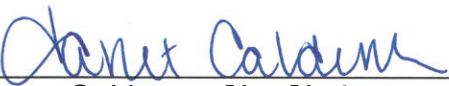
ABSENT: None.

THE CITY COUNCIL OF CLAYTON, CA



Carl "CW" Wolfe, Mayor

ATTEST:



Janet Calderon, City Clerk

RESOLUTION NO. 11-2021

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLAYTON
ADOPTING THE CITY OF CLAYTON'S SALARY SCHEDULE EFFECTIVE
JANUARY 1, 2021 IN CONFORMANCE WITH CALPERS REQUIREMENTS
TO PROVIDE A PUBLICLY AVAILABLE SALARY SCHEDULE**

WHEREAS, the California Public Employees Retirement System (CalPERS) regulations require member agencies formally adopt a publicly available pay schedule under Government Code Section 20636(b)(1) and California Code of Regulations (CCR) Section 570.5;

WHEREAS, the City Council of the City of Clayton has the authority to implement these requirements;

WHEREAS, the information contained in the salary schedule effective as of January 1, 2021 for FY2020/21 has previously been approved by City Council within the adopted budget, employee contracts, memoranda of understanding with the City's labor group and various City Resolutions;

WHEREAS, CalPERS regulations require all of this information be included in one document; and

WHEREAS, no salary changes are being implemented through the adoption of this resolution.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Clayton hereby adopts the salary schedule effective January 1, 2021 for FY2020/21 as shown in Exhibit A.

ADOPTED ON March 16, 2021 by the City Council of the City of Clayton by the following vote count:

AYES: Mayor Wolfe, Vice Mayor Cloven, Councilmembers Diaz and Tillman.

NOES: None.

ABSENT: Councilmember Wan.

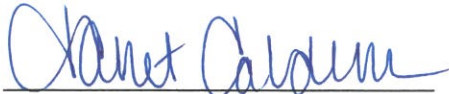
ABSTAIN: None.

THE CITY COUNCIL OF CLAYTON, CA



Carl Wolfe, Mayor

ATTEST

A handwritten signature in blue ink that reads "Janet Calderon". The signature is written in a cursive style with a horizontal line underneath it.

Janet Calderon, City Clerk

	2020-2021 Budget	2020-2021 Projected Actual	Variance
General Fund Revenues:			
Sales Taxes	467,527	556,886	89,359
Other Revenues	4,376,704	4,330,888	(45,816)
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Total	4,844,231	4,887,774	43,543
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GENERAL FUND DEPARTMENTAL OPERATING BUDGETS

DEPARTMENT	2019-20 Actual	2020-21 Adopted Budget	2020-21 Actual 12/31/2020	2020-21 Projected	2020-21 Variance Budget vs. Projected
LEGISLATIVE	65,168	66,334	33,546	68,069	1,735
ADMIN / FINANCE / LEGAL	966,517	968,539	647,853	1,029,890	61,351
PUBLIC WORKS	200,978	189,608	129,028	202,508	12,900
COMMUNITY DEVELOPMENT	254,127	344,161	158,451	332,561	(11,600)
GENERAL SERVICES	245,814	191,248	95,270	185,248	(6,000)
POLICE	2,363,112	2,525,923	1,324,608	2,493,486	(32,437)
LIBRARY	122,606	139,831	48,183	121,277	(18,554)
ENGINEERING	130,316	128,150	49,863	140,100	11,950
COMMUNITY PARK	236,981	290,012	85,424	261,012	(29,000)
TOTAL	4,585,619	4,843,806	2,572,226	4,834,151	(9,655)

Attachment 4

	Resource Allocation to Cover Expenditure Increases		
	Total	Rainy Day Fund	Revenue Surplus
General Fund Expenditure Increases:			
Completion of Prior City Manager Contractual Obligation	118,774	118,774	
Unbudgeted Portion of Salary Increase	12,690		12,690
Traffic Calming/Speed Limit Signs	3,000		3,000
Tuition Reimbursement	5,000		5,000
Regency/Rialto Parking	3,750		3,750
"Do the Right Thing" Campaign	2,210		2,210
HdL Property Tax Consulting	<u>7,290</u>	<u> </u>	<u>7,290</u>
Resource Allocation to Cover Expenditure Increases:	<u><u>152,714</u></u>	<u><u>118,774</u></u>	<u><u>33,940</u></u>
 Recommended Transfer to CERF Fund For Purchase of Additional Police Vehicle			
General Fund Expenditure Decrease - Transfer of Eligible Public Safety Salaries to CARES Act Grant Fund			48,694
Rainy Day Fund Transfer to CERF Fund			<u>16,306</u>
Total Recommended Transfers to CERF Fund			<u><u>65,000</u></u>

Summary of Recommended Transfers to(from) Rainy Day Fund:		Rainy Day Fund
Fund Balance at December 31, 2020		367,116
Interest Earnings	Jan - June	2,382
2020-21 Projected Budgeted Expenditures:		
	Election Services	9,835
	Janitorial Service - Additional COVID 19 Costs	2,500
	Crossing Guard - Additional (3rd) Crossing Guard at School	<u>4,200</u>
		(16,535)
Transfer of Fiscal Year Ended June 30, 2020 Operating Surplus to Rainy Day Fund		290,592
General Fund Unbudgeted Expenditure Increases:		
	Completion of Prior City Manager Contractual Obligation	(118,774)
Rainy Day Fund Transfer to CERF Fund for Purchase of Additional Police Vehicle		<u>(16,306)</u>
Projected Fund Balance at June 30, 2021		<u><u>508,475</u></u>

HUTA Gas Tax Fund 201		2020-2021 Budget	2020-2021 Projected Actual	Variance
State Gas Taxes:				
2105		66,743	62,158	(4,585)
2106		48,677	42,403	(6,274)
2107		83,936	78,897	(5,039)
2107.5		3,000	3,000	-
2103		40,639	90,180	49,541
Other Revenues		44,200	44,200	-
	Total	<u>287,195</u>	<u>320,838</u>	<u>33,643</u>

RMRA Gas Tax Fund 202		2020-2021 Budget	2020-2021 Projected Actual	Variance
State Gas Tax 2030		178,271	207,959	29,688
Interest Earnings		1,000	4,200	3,200
	Total	<u>179,271</u>	<u>212,159</u>	<u>32,888</u>

	CIP 10425 Collector St Rehab Project	CIP 10436 2018 Neighborhood Street Project	Total Grant
June 30, 2019 CIP Grant Revenues Recorded as Accounts Receivable and Grant Revenues:			
CalRecycle Grant			
Original Amount Recorded	25,775	60,778	86,553
Amount Actually Received	6,619	63,545	70,164
Deficit (Surplus)	19,156	(2,767)	16,389
CalTrans Grant			
Amount Originally Recorded	385,000	-	385,000
Amount Actually Received	374,215	-	374,215
Deficit (Surplus)	10,785	-	10,785
Total Deficit (Surplus)	29,941	(2,767)	27,174

Transfer to CIP 10425 to Backfill Deficit:

	CIP10425	CIP10436
Project Fund Balance June 30, 2020	-	-
Adjust Grant Revenues to Actual		
CalRecycle Grant	(19,156)	2,767
CalTrans Grant	(10,785)	-
Transfer HUTA Gas Tax Surplus from CIP10436	2,767	(2,767)
Transfer from HUTA Gas Tax Fund 201	27,174	-
Project Fund Balance December 31, 2020 (projects are completed and closed)	-	-

City of Clayton - Employee Compensation Schedule Fiscal Year 2020/21

Full-Time Equivalent Monthly Compensation					
Elected / Appointed Officials		All			
Council Member	\$ 470				
Planning Commissioner	\$ 120				
Step Level					
Administration	A	B	C	D	E
City Manager	\$ 14,123	\$ 14,830	\$ 15,572	\$ 16,351	\$ 17,169
Assistant to the City Manager	\$ 6,911	\$ 7,256	\$ 7,619	\$ 8,000	\$ 8,400
City Clerk / HR Manager	\$ 6,121	\$ 6,427	\$ 6,748	\$ 7,086	\$ 7,440
Finance	A	B	C	D	E
Finance Director	\$ 9,290	\$ 9,755	\$ 10,242	\$ 10,755	\$ 11,292
Accounting Technician	\$ 4,796	\$ 5,036	\$ 5,288	\$ 5,552	\$ 5,830
Office Assistant / Code Enforcement Officer	\$ 3,993	\$ 4,193	\$ 4,403	\$ 4,623	\$ 4,854
Public Works	A	B	C	D	E
Maintenance Supervisor	\$ 5,834	\$ 6,125	\$ 6,432	\$ 6,753	\$ 7,091
Maintenance Senior	\$ 4,813	\$ 5,054	\$ 5,306	\$ 5,572	\$ 5,850
Maintenance Worker I	\$ 3,984	\$ 4,183	\$ 4,392	\$ 4,612	\$ 4,843
Maintenance Worker II	\$ 4,393	\$ 4,613	\$ 4,843	\$ 5,086	\$ 5,340
Community Development	A	B	C	D	E
Community Development Director	\$ 9,290	\$ 9,755	\$ 10,242	\$ 10,755	\$ 11,292
Assistant Planner	\$ 5,995	\$ 6,295	\$ 6,609	\$ 6,940	\$ 7,287
Police	A	B	C	D	E
Chief of Police	\$ 10,080	\$ 10,584	\$ 11,113	\$ 11,668	\$ 12,252
Police Sergeant	\$ 7,027	\$ 7,379	\$ 7,748	\$ 8,135	\$ 8,542
Police Officer	\$ 5,981	\$ 6,280	\$ 6,594	\$ 6,924	\$ 7,270
Police Office Coordinator	\$ 4,512	\$ 4,738	\$ 4,975	\$ 5,224	\$ 5,485
Police Admin Clerk	\$ 3,993	\$ 4,193	\$ 4,403	\$ 4,623	\$ 4,854

- Schedule incorporates base salary ranges as per the terms of the two-year Miscellaneous Group labor negotiation agreement adopted by the City Council on October 6, 2020 and effective through June 30, 2022.
- Schedule incorporates base salary ranges as per the terms of the three (3) year Police Officers Association (POA) labor negotiation agreement effective through June 30, 2021 and presented to the City Council for approval at the regularly scheduled June 19, 2018 City Council meeting.
- Schedule incorporates base salary ranges as per the terms of the City Manager contract effective December 14, 2020 as approved by the City Council on November 17, 2020.
- Uniform allowance for all sworn public safety officers: \$450 bi-annually.
- Bi-lingual pay based on eligibility: \$75/month.
- Car Allowance: Chief of Police \$400/month; Community Development Director: \$345/month; Assistant to City Manager: \$345/month; City Manager \$400/month.