

City of Arroyo Grande

Fiscal Year 2022-23

First Quarter Financial Status Report

## INTRODUCTION

The following report is an overview of the City's fiscal position at the end of the first quarter of Fiscal Year (FY) 2022-23. The purpose of this report is to update the public and the City Council on the City's financial position at the end of the first quarter of the fiscal year, and compare actual results to the prior year and the budgeted Target, to determine the City's performance. The first quarter timeframe is July 1 through September 30, 2022.

The financial report is organized in the following sections:

**Section 1** – an overview of City's financial position at the end of the first quarter of the FY 2022-23. This includes a comparison of first quarter results between the current and prior year. In addition, first quarter results will be compared to the budgeted Target. As part of the analysis, brief explanations of significant revenue and expenditure variances are included.

**Section 2** – a listing of any personnel changes occurring during the first quarter and a summary of headcount by department. This section also includes the City's calculated vacancy rate.

**Section 3** – an update on the Capital Improvement Projects (CIP) managed by the Public Works and Community Development Departments. This section includes CIP that were completed in the first quarter along with their final costs.

**Section 4** – a listing of Budget Amendment Requests previously approved by Council and completed in the first quarter, as well as a list of additional budget adjustments that are being presented to Council along with the first quarter report for consideration and approval.

### *ENSURING FISCAL STABILITY:*

*In Fall 2020, the City Council established a goal to ensure financial stability for the organization throughout the planning, budgeting, and expenditure process, including preparation and presentation of year-end and quarterly financial reports.*

**SECTION 1: OVERVIEW OF FINANCIAL POSITION**

**CITY FUND STRUCTURE**

The overall City budget is comprised of many individual funds, which are categorized below. This financial report will focus primarily on the General Fund but will also report on all Governmental Funds.

General Fund – The General Fund is the primary operating fund of the City, which accounts for resources and services traditionally associated with government.

Special Revenue Funds – Special revenue funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds – This fund is used to account for the accumulation of resources and payment of long-term debt principal interest. This includes the USDA loan issued by the City to finance the relocation of City Hall.

Enterprise Funds - An enterprise fund is a separate accounting and financial reporting mechanism for which revenues and expenditures are segregated into a fund with financial statements separate from all other governmental activities. These funds include Water and Sewer services provided to City residents.

Private Purpose Fund – The private-purpose fund was created to hold the assets of the former Redevelopment Agency of the City of Arroyo Grande until they are distributed.

Agency Funds – Agency funds are funds that the City holds on behalf of another entity. Currently, there are two Agency funds. One is the Sanitation District fund, which accounts for the receipt and remittance of wastewater processing fees on behalf of the South San Luis Obispo County Sanitation District. The other is the Downtown Parking Fund, which collects assessments from Arroyo Grande Village merchants within the boundaries of the Parking and Business Improvement Area for maintenance of the Village parking lots.

The following chart below shows an overview of the City’s fund structure.

ALL FUNDS								
GOVERNMENTAL FUNDS			PROPRIETARY FUNDS		FIDUCIARY FUNDS			
General Fund	Legislative & Information Services	Fire Protection Impact Fees	Debt Service Funds	City Hall Debt Service	Enterprise Funds	Private Purpose Fund	Agency Funds	
	Administrative Services	Public Access Television						Sewer
	Community Development	Police Protection Impact		Sewer Facility				Sanitation Distribution
	Police Department	Park Development		Water				
	Recreation Services	Park Improvement		Water Facility				
	Public Works	Recreation Community Center		Lopez Water				
		Grace Lane Assessment District						
		Parkside Assessment District						
		Street (Gas Tax)						
		Traffic Signalization						
		Traffic Circulation						
		Transportation Facility Impact						
		Transportation						
		In-Lieu Water Neutralization						
		In-Lieu Affordable Housing						
	Tourism Business Improvement Dist.							
	Water Availability							
	CDBG Grant Fund							
	American Rescue Plan Act (ARPA)							
	State COPS Block Grant							

## CURRENT YEAR ACTUALS COMPARED TO PRIOR YEAR

Table 1 below reflects revenue and expenditure patterns through the end of the first quarter of FY 2022-23 and compares the current quarter results against the prior year's results for all Governmental Funds as well as the City's General Fund. The calculated percentages in the table reflect the first quarter actuals for both revenue and expenditures, divided by that fiscal year's annual budget.

Table 1

<b>Governmental Funds</b>			
	First Quarter FY 2022-23	First Quarter FY 2021-22	Variance
Revenue	\$ 6,740,238	\$ 5,224,312	\$ 1,515,926
Expenditures	\$ 7,317,897	\$ 6,466,944	\$ 850,953

<b>General Fund</b>			
	First Quarter FY 2022-23	First Quarter FY 2021-22	Variance
Revenue	\$ 2,309,588	\$ 2,358,644	\$ (49,056)
Expenditures	\$ 6,670,043	\$ 5,868,747	\$ 801,296

The following discussion focuses on both the City's Governmental Funds and the General Fund and provides a comparison between first quarter results for the current and prior year for both revenue and expenditures. Governmental Funds and General Fund revenue and expenditures for the first quarter of this year are generally on Target with the prior year. The Governmental Funds category includes Special Revenue Funds, Debt Service Funds, as well as the General Fund.

Governmental Funds – At the end of the first quarter of FY 2022-23, Governmental Fund revenue was 5%, or \$1.5 million higher than the prior year, and expenditures were higher by 1% or \$850,953.

The majority of the revenue and expenditure variances in Governmental Funds were attributed to variances within the General Fund and the newly created American Rescue Plan Act (ARPA) Fund, which is separate from the General Fund and not otherwise addressed in this report. The Governmental Funds category includes the General Fund as well as other Special Revenue Funds. The General Fund and ARPA Fund variances are explained as follows:

General Fund - The General Fund is the primary operating fund of the City and accounts for resources and services traditionally associated with government. General Fund revenue in the first quarter was 1%, or \$49,056 lower than the first quarter of the prior year. Expenditures increased by 1% or \$801,296 higher than the first quarter of the prior year.

ARPA Fund – The ARPA Fund was created to help separately track funding provided pursuant to the American Rescue Plan Act. This Act is intended to provide financial aid to families, governments, businesses, schools, non-profits and others impacted by the COVID-19 public health crisis. To date the City has received the full amount allocated totaling \$4,300,241. In FY 2021-22 expenditures incurred totaled \$604,246, the remaining \$3,695,996.22 is currently recognized as revenue in FY 2022-23.

## GENERAL FUND IMPACTS

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The following discussion focuses on the City’s General Fund performance. Chart 1 starts off with a simple overview of General Fund performance compared to the Target. Next are expenditures by category (Table 2). This is followed by a summarized look at FY 2022-23 first quarter actual expenditures compared to the Target (Table 3). Lastly, a discussion of General Fund revenue is included, which compares first quarter actual results to the Target (Table 4).

Using the Target as a comparator against actual results provides a simplified method to evaluate performance for quarter. The Target for revenues does not use the 25% Target but a Target of 13.3% that more accurately reflects the anticipated revenues to be received in the first quarter of the fiscal year. Revenue realization is typically low at the end of the first quarter of the fiscal year due to the timing of receipt of major tax revenues, the time lag involved in billing cycles, and the receipt of reimbursements. The City’s actual first quarter financial results will be compared to both the prior year’s first quarter and the budgeted Target. The Target for expenditures is calculated as one fourth (25%) of the FY 2022-23 Budget and represents the 3-month period from July 2022 through September 2022, except for the Non-Departmental Annual Payments line that has a Target of the full budget. This approach increased the Target from 25% to 35% for the first quarter.

Chart 1

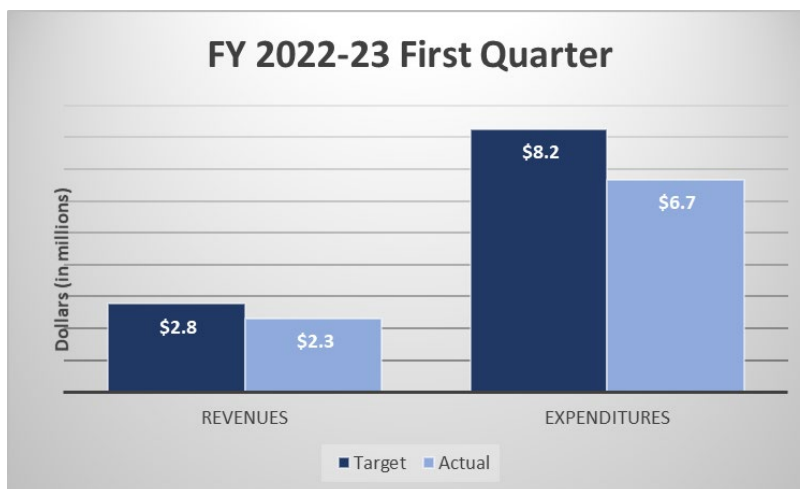


Chart 1 shows a simple comparison of actual first quarter revenue and expenditures to the Target. The actual first quarter General Fund revenue is less than the budgeted Target by \$500,000, which is not unusual since revenue realization is typically lower than the Target through the first quarter due to the time lag involved in billing cycles and the receipt of reimbursements. Likewise, actual expenditures through first quarter

totaled \$6.7 million, or 29% of the full year’s Budget, and are under the Target by \$1.5 million. A more detailed discussion on General Fund revenue and expenditure variances is included later in this report.

Table 2

Expenditure Category	FY 2022-23 Q1 Actuals	% of Actuals
Personnel Costs	\$ 4,517,983	67.7%
Operating Costs	1,964,236	29.4%
Debt Service	90,076	1.4%
Capital Outlay	-	0.0%
Transfers Out	97,749	1.5%
<b>Total</b>	<b>\$ 6,670,043</b>	

Table 2 reflects major expenditure cost categories within the General Fund. This chart is intended to explain where the City's resources were spent during the first quarter. Within the total expenditures of \$6.7 million, 67.7% of the City's costs are associated with personnel, 29.4% with operating and maintenance, 1.4% for the City's debt service, and 1.5% with transfers to other funds.

Table 3 reflects the first quarter status of all General Fund operating departments. Some departments include multiple divisions. The divisions are consolidated under their respective department, rather than reflected individually within the table.

Table 3 – General Fund Expenditures by Department

General Fund Department Variances - First Quarter					
General Fund Department	2022-23 Budget	2022-23 Q1 Target	2022-23 Q1 Actuals	Dollar Fav/(Unfav)	% Fav/(Unfav)
City Administration	\$ 1,330,056	\$ 332,514	\$ 219,094	\$ 113,420	9%
Legislative & Information Services	496,875	124,219	75,889	48,329	10%
Administration Services	6,171,158	1,542,790	1,511,044	31,745	1%
Non-Departmental Annual Payments	3,218,631	3,218,631	2,681,381	537,250	17%
Community Development	2,099,600	524,900	368,641	156,259	7%
Police Department	6,423,392	1,605,848	1,131,138	474,710	7%
Recreation Services	1,220,500	305,125	269,446	35,679	3%
Public Works	2,377,065	594,266	413,409	180,857	8%
<b>TOTAL EXPEDITURES</b>	<b>23,337,277</b>	<b>8,248,293</b>	<b>6,670,043</b>	<b>1,578,250</b>	<b>7%</b>

Overall, first quarter expenditures were \$1,578,250 under the Target. Though all City departments were under their spending Targets, some of the more significant savings is occurred in the Non-Departmental Annual Payments, Police, Public Works, and Community Development Departments. The first quarter Target is based on three months or 25%, except for the Non-Departmental Annual Payments line that has a Target of the full budget. This line includes the City's Unfunded Accrued Liability (UAL) retirement payment and the General and Liability Insurance payment. This approach increased the Target from 25% to 35% for the first quarter. A more detailed explanation of key expenditure variances by individual department/division is provided below.

## KEY EXPENDITURE VARIANCES FOR INDIVIDUAL DIVISIONS/DEPARTMENTS FOR FISCAL YEAR 2022-23

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Department: Administrative Services	<p>The Administrative Services Department includes the City's Fiscal as well as Information Technology functions. The annual CalPERS UAL retirement payment was budgeted at \$1,856,772 but the actual expenditure was \$1,319,522. This budget also includes funding for a true-up payment to the Five Cities Fire Authority (FCFA) totaling an estimated \$550,000 (\$50,000 per year for 10 years + \$50,000 for FY 2022-23) for the City's share of accrued actuarial liability for employees who worked for the City before the FCFA was formed. No new CalPERS plan was created for the FCFA and instead all FCFA employees have been covered under the City of Arroyo Grande's CalPERS pension plans. As a result, the City's CalPERS plans include liabilities for employees and retirees of the City and of FCFA. Since the JPA was formed, FCFA has paid the full costs of the City's Fire Safety CalPERS plans. As a result, the FCFA has been paying the CalPERS liabilities of City of Arroyo Grande employees that were incurred before the FCFA was formed. The City will be required to pay back these amounts as part of the unwinding process contemplated in the Third Amendment to the JPA. The remaining variance is related to minimal contractual services for the Master Fee Study contract that began work in September and the Accounting/HR Support contract that is anticipated to begin in December.</p>
Division: 4120-Administrative Services and 4145-Non Departmental	
Issue: Overall savings in Contractual Services and CalPERS prepayment	
Impact to General Fund: \$568,995 savings	

Department: Police Services	<p>Police Services includes the functions of Administration, Patrol Services, Support Services and the Office of Traffic Safety (OTS) Grant for Traffic/DUI Enforcement Program. For simplicity, will be analyzed in total rather than by individual divisions. Some of the more significant variances include:</p>
Division: Various (4201, 4203, 4204, 4209)	
Issue: Overall savings in salaries and benefits	
Impact to General Fund: \$474,710 savings	

- The Police Patrol Division has salary savings of approximately \$240,000 related to a few factors including: one vacancy of its Police Officer position, one Police Officer out related to workers comp, and savings related to many Officers working in a different step than budget.
- The Police Support Services Division currently has one vacancy of its Police Officer positions in the first quarter resulting in labor savings of approximately \$40,480.
- The contract with the County Sheriff Department for dispatch services is paid semiannually in the months of December and June. Payments for these services will not be made until the second and fourth quarters, resulting in a first quarter favorable variance to the Target of \$110,215.
- The City's contract with the County for Animal Control Services has also resulted in a variance in Police Administration because the July through September payment was made in the second quarter, resulting in a first quarter favorable variance to the Target of \$22,125.
- The police fleet vehicle payment will not be paid until the City receives the vehicles later this fiscal year, resulting in a favorable variance of \$61,825.

Department: Public Works
Division: Various (4213, 4305, 4307, 4420, 4430)
Issue: Overall savings in salaries and contractual services
Impact to General Fund: \$180,857 savings

The Public Works Department, for purposes of the General Fund, includes the functions of Government Buildings, Auto Shop, Administration, Park Maintenance, and Soto Sports Complex Divisions. The majority of the favorable variance in this department can be attributed to salary savings and lower spending

in contractual services. For simplicity, variances will be analyzed in total rather than by individual divisions. Some of the more significant variances include:

- The Government Buildings Division vehicle replacement payment for 3/4 Ton Pickup with Utility Bed will not be paid until the City receives the equipment later this fiscal year, resulting in a favorable variance of \$15,250.
- The Public Works Administration Division currently has two vacancies its Associate Engineer and Administrative Secretary positions in the first quarter resulting in labor savings of approximately \$55,000.
- The September Electricity Payment to PG&E was paid in the second quarter resulting in a first quarter favorable variance of \$23,400.
- Minimal contractual services for the Public Works Administration Division were incurred through first quarter resulting in \$17,170 of favorability to the Target. The following table will summarize where these savings occurred:

PW Administration Services	Budget	Target	Expenditures	Variance
Street sweeping services	28,800	7,200	4,500	2,700
Traffic signal services	43,000	10,750	3,270	7,480
Facility Dude Annual Fee	1,000	250	-	250
CIP Consultant Services	7,000	1,750	-	1,750
Charter Communication	600	150	160	(10)
Misc. consultant services	20,000	5,000	-	5,000
	100,400	25,100	7,930	17,170

- The vacancy of the Maintenance Worker position in the Parks Maintenance division in the first quarter resulted in labor savings of approximately \$30,500.
- Minimal contractual services for the Parks Maintenance Division were incurred through first quarter resulting in \$10,175 of favorability to the Target. The following table will summarize where these savings occurred:

Park Maintenance Services	Budget	Target	Expenditures	Variance
Tree trimming and removals	12,000	3,000	-	3,000
Landscape services (Misc.)	30,000	7,500	-	7,500
Treekeeper contract extension	2,500	625	-	625
Outside assistant & Misc. evaluations	1,000	250	1,200	(950)
	45,500	11,375	1,200	10,175

- The Parks Maintenance Division equipment replacement payment for the Riding Lawn Mower and a portion of the Wood Chipper will not be paid until the City receives the equipment later this fiscal year, resulting in a favorable variance of \$29,000.

Department: Community Development
Division: Various (4301, 4130, 4212)
Issue: Overall savings in salaries and contractual services
Impact to General Fund: \$156,259 savings

The Community Development Department includes the functions of Planning, Engineering, and Building & Safety Divisions. The majority of the favorable variance in this department can be attributed to salary savings and lower spending in contractual services. Salary

savings within Community Development is attributed to a number of staffing variances that occurred through the first quarter of the fiscal year and include:

- A vacancy of the Permit Technician position in the Community Development Department occurred when a staff member was promoted to Assistant Planner in the first quarter, resulting in labor savings of approximately \$88,500.
- Minimal contractual services for the Planning Division were incurred through first quarter resulting in \$43,000 of favorability to the Target. The following table will summarize where these savings occurred:

Planning Contractual Services	Budget	Target	Expenditures	Variance
Comprehensive General Plan Update	100,000	25,000	-	25,000
On-Call Environmental Review Services	50,000	12,500	-	12,500
On-Call Planning Services and Misc. Plans	30,000	7,500	2,000	5,500
	180,000	45,000	2,000	43,000

- The part-time CDD Intern position remained vacant through the first quarter.
- Contractual services were budgeted for on-call engineering services; however, none of the budgeted services were incurred through first quarter, resulting in a favorable variance of \$23,793 to the Target. The following table will summarize where these savings occurred:

Engineering Contractual Services	Budget	Target	Expenditures	Variance
Stormwater:				
2nd Nature Software	9,000	2,250	8,574	(6,324)
Annual Water Quality Testing/Report	15,000	3,750	-	3,750
MS4 Permit	7,000	1,750	-	1,750
On-Call Engineering Services	130,000	32,500	7,883	24,617
	161,000	40,250	16,457	23,793



## KEY REVENUE VARIANCES BY ACCOUNT FOR THE FIRST QUARTER

Table 4 – General Fund Revenue

General Fund Revenue Variances - Year End					
REVENUE BY CATEGORY	2022-23 Budget	FY 2022-23 Q1 Target	FY 2022-23 Q1 Actuals	Dollar (Unfav)/Fav	% Fav/(Unfav)
Property Tax	\$ 6,079,509	\$ 506,626	\$ 109,006	\$ (397,620)	-7%
Sales Tax	4,730,375	394,198	377,949	(16,249)	0%
Transient Occ. Tax	1,300,000	216,667	338,786	122,120	9%
Property Tax in Lieu of VLF	1,933,600	-	-	-	0%
Franchise Fees	703,900	117,317	98,548	(18,769)	-3%
License & Permit Fees	431,100	107,775	99,098	(8,677)	-2%
User Fees	536,800	134,200	132,027	(2,173)	0%
Planning Fees	353,700	88,425	105,558	17,133	5%
Recreation Fees	822,610	205,653	186,862	(18,790)	-2%
Transfers In	3,012,700	753,176	738,675	(14,501)	0%
Other Revenue	996,850	249,213	123,079	(126,134)	-13%
<b>TOTAL</b>	<b>20,901,144</b>	<b>2,773,248</b>	<b>2,309,588</b>	<b>(463,660)</b>	<b>-2%</b>

As reflected in Table 4, first quarter actual revenue was short of the Target by \$463,660. This table uses a Target of 13.3% that more accurately reflects the anticipated revenues to be received in the first quarter of the fiscal year. Revenue realization is typically low at the end of the first quarter of the fiscal year due to the time lag involved in billing cycles and the receipt of reimbursements. A more detailed discussion is included below to help explain actual revenue variances through first quarter compared to the Target.

**Property Tax** –The majority of the City’s property tax revenue comes from Secured Property Taxes. This tax is billed on a fiscal year (July 1- June 30) basis and is payable in two (2) annual installments. Property owners typically receive their first property tax bill at the end of September or early October, with a due date of November 1<sup>st</sup>. The majority of property tax related to the first installment will be received in December 2022. The second property tax bill installment is received in April 2023 and will be included in the fourth quarter report. Property tax typically represents around 29% of the City’s annual revenue. The Target is based on one month of Property Tax revenue. Actual revenue received in this category was lower than this conservative Target.

**Sales Tax** – Sales tax realization through first quarter is on track. Actual sales tax revenue received through first quarter was \$377,949 and represents two months of payments (Jul – Aug). The Target is also based on two months of revenue, taking into account the timing of anticipated payments.

**Transient Occupancy Tax (TOT)** – TOT revenue is reflecting an \$122,120 favorable variance to the Target. The Target and actual TOT revenue represents only two months of TOT receipts due to the timing of payments. Lodging facilities have thirty days after the month’s end to make their TOT payments.

**Property Tax in Lieu of Vehicle License Fees (VLF)** – Property tax in lieu of VLF is received in two installments during the fiscal year. Typically, the revenue is received in the months of January (3<sup>rd</sup> quarter) and June (4<sup>th</sup> quarter). The Target for this revenue is zero in the first quarter.

**Franchise Fees** – Only two months of South County Sanitary Services (Waste Connections) franchise fees were received through first quarter. In addition, Charter Communications franchise fees earned in the first quarter will not be paid and received until the second quarter. In light of the timing of payments, the Target is based on 2 months of revenue. Without the Charter communications franchise fee receipts, the actual revenue at the end of the first quarter is lower than the Target by \$18,769.

**License & Permit Fees and Planning Fees**– License and permit revenue fell short of the Target by \$8,677. Planning revenue exceeded the Target by \$17,133. The majority of the negative variance is due to fewer permits being issued through first quarter than estimated in the Target. The Target is based on 25% or 3 months of the fiscal year’s total budget. Revenue in this category is customer driven and fluctuates over the course of a year as well as year over year based on demand.

**Recreation Fees**– Recreation revenue fell short of the Target by \$18,790. The Target is based on 3 months of the fiscal year’s total budget.

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**SECTION 2: POSITION CHANGES AND HEADCOUNT NUMBERS**

**POSITION ALLOCATION CHANGES MADE BY THE CITY COUNCIL (1st Quarter)**

None made during this quarter.

**FULL TIME EQUIVALENT (FTE) BY DEPARTMENT – PERMANENT STAFF ONLY**

The following table reflects FTE staffing by department. The table only includes permanent staff and does not include part-time or temporary staffing. While departments may hire part-time staff on a regular or seasonal basis, they are not included in the analysis below.

Department	Adopted Budget Headcount (FTE's)	Vacancies (1st Qtr)	% of Total Staffing	Vacant Positions
City Manager & Human Resources	3	-	4%	Management Analyst
Administrative Services	7	1	9%	IT Manager
Community Development	10	3	13%	Permit Tech.
Legislative & Info Services	2	-	3%	
Police Services	29	1	37%	Police Officer
Public Works	24	3	31%	Maintenance Worker, Associate Engineer, Administrative Secretary
Recreation Services	3	-	4%	
<b>Total</b>	<b>78</b>	<b>8</b>	<b>100%</b>	

**EMPLOYEE VACANCY RATE**

The City’s employee vacancy rate at the end of the first quarter of FY 2022-23 was 10.3%. This equates to eight (8) vacant positions. The vacancy rate tracks the number of permanent vacant positions at the end of the quarter in comparison to the total number of permanent positions available. Unlike a turnover rate, which tracks employees that separated during the period, the vacancy rate only looks at vacancies at the end of period. The costs associated with turnover includes the cost of advertising new positions, training, overtime, lowered productivity, and workload balance.

### SECTION 3: UPDATE ON COMPLETED CAPITAL PROJECTS

This information is provided to keep the Council apprised of the status of the City's Capital Improvement Projects (CIP). No CIP projects were completed in the first quarter of FY 2022-23.

**SECTION 4: APPROPRIATION TRANSFERS AND BUDGET ADJUSTMENTS**

**Administrative and Previously-Approved First Quarter Budget Adjustments**

The following first quarter budget adjustments were previously approved by Council or are classified as administrative and not requiring Council approval.

\$5,566,936 Capital Improvement: Administrative Carryover of \$5,566,936 for the Capital Projects listed in the table below. Capital Project funds do not have annual appropriated budgets. Control over capital projects is maintained by a project-length capital improvement budget. This project-length budget authorizes total expenditures over the duration of a construction project, rather than year by year. This list summarized the total project budget and is inclusive of many revenue sources including: General Fund, Water Fund, Sewer Fund, Sales Tax Fund, Donations, COPS Grant, Other Government Agencies, CDBG, Park Improvement Fund, RSHA, USHA, Transportation Facilities, HSP, ARPA, and Water Availability.

Fund	Project #	Project Title	Project Budget Adjustment
350	5463	Woman's Club Interior Lighting	2,167
350	5470	Report Management System (RMS) Upgrade PD	150,000
350	5473	Replacement Generator at FCFA Station 1	116,911
350	5474	Fuel Management System/Dispenser Replacement	64,350
350	5476	City Hall Front Door Accessibility Improvements	53,341
350	5540	Central Irrigation Controls	10,000
350	5515	Various Park Improvements	13,418
350	5554	Soto Sports Complex ADA Bleachers	5,000
350	5559	ADA Drinking Fountains	12,484
350	5563	Citywide Trash/Recycle Receptacle Replacement	1,582
350	5564	Elm St. Park Playground Structure	170,688
350	5565	Soto Sports Complex Fencing Repairs	2,952
350	5607	Pedestrian Crossing Enhancement Project	75,359
350	5612	Systematic Safety Analysis Report Program (SSARP)	2,664
350	5620	Swinging Bridge Reinforcement	610,474
350	5629	Guardrail Replacement	55,000
350	5638	Pavement Management Program	621,150
350	5642	Brisco Road/US 101 Interchange	817,468
350	5679	Traffic Way Bridge Replacement Project	629,030
350	5797	Storm Drain System at 251 E. Grand Ave. (Chervon)	39,689
612	5821	South Alpine St. Sewer Rehabilitation	246,777
612	5849	Maintenance Hole Rehabilitation	69,842
640	5911	Phased Mains Replacement	202,224
640	5944	Water Well #11 Facilities	42,771
640	5946	Galvanized Service Replacements	88,093
640	5953	Scada Radio Upgrades	229,900
640	5975	Central Coast Blue	1,233,603
			<b>5,566,936</b>

\$110,015 Capital Improvement: Appropriated Sales Tax Fund of \$110,015 to complete the Elm Street Park Inclusive Playground Replacement Project. Approved on 08/09/2022 Council meeting, item 8.f. – this was completed as in November 4, 2022.

\$109,000 Police Department: Received \$109,000 of Office of Traffic Safety Grant funds and appropriated the funding to purchase Crossroads Traffic Collision Reporting and Electronic Citations Systems for Traffic Records Improvement. Approved on 09/13/2022 Council meeting, item 8.h.

\$58,000 Police Department: Received \$58,000 of Office of Traffic Safety Grant funds and appropriated the funding to implement driving under the influence enforcement services. Approved on 09/13/2022 Council meeting, item 8.i.

\$90,618 Capital Improvement: Appropriated unexpended American Rescue Plan Act (ARPA) and Sales Tax funds of \$90,618 to complete the 2022 Pedestrian Crossing Improvement Project. Approved on 09/27/2022 Council meeting, item 8.h.

### **Additional Requested First Quarter Budget Adjustments**

In addition to the administrative budget adjustments for the CIP and the adjustments previously approved by the City Council during the first quarter, six new budget adjustments are proposed for approval along with the review and receipt of this report.

Three of the adjustments request to carryover funds for non-CIP projects that were budgeted in FY 2021-22 and were not completed in that fiscal year but are expected to be completed in the current year. These three requested carryover adjustments include:

- \$11,542 Police Department: Carryover \$11,542 related to the Office of Traffic Safety (OTS) Grant for Traffic/DUI Enforcement Program. This Grant program operates from October 1, 2021 through September 30, 2022. This carryover is due to the misalignment of the program year ending in September but budgeted in FY 2021-22. The invoice for July 1 - September 30, 2022 was submitted totaling \$11,542 and it is anticipated to be received within the next few weeks.
- \$25,000 City Council: Carryover \$25,000 for the retraining scholarship program funded using SB 1090 funds. This program was approved at the March 9, 2021 City Council meeting, item 10.a., but only \$15,000 was spent in FY 2021-22. This program is administered by the South County Chamber of Commerce in partnership with SLO Partners. The Chamber is continuing to process scholarships throughout this fiscal year as needs arise.
- \$6,134 Public Works Department: Carryover \$6,134 for the Cash for Grass program from the Water Availability Special Revenue Fund that has been allocated to residents participating in the program but has not been processed for payment related to completion of work in FY 2021-22.

Finally, three additional budget adjustments are requested as described in more detail below:

- \$26,000 Police Department: The Police Department has received \$13,346 of Nuclear Power Plant (NPP) PG&E grant funding for Emergency Management Systems for 50% of the total project cost of \$26,000 to upgrade the radio communications system to improvement communications on the East side of Arroyo Grande. The remaining project costs will be funded from \$4,000 of the Police Department's current General Fund budget and an allocation of COPS Grant fund balance totaling \$8,654.
- \$17,000 Public Works Department: It is recommended that the Streets Division Contractual Services budget be increased by \$17,000 to steam clean the Village Sidewalks. After meeting with

the businesses in the Village, this request was brought forward and has been included for Council consideration. This budget request would appropriate \$17,000 from the General Fund balance to complete this project.

- \$10,000 Recreation Department: The Recreation Department has received approximately \$10,000 in donations to be used for the Elm Street Park Holiday Tree Lighting event on December 10, 2022. This event will include a City tree lighting ceremony, festival crafts, snow and many more activities to be enjoyed by the community. This budget adjustment request would appropriate approximately \$10,000 of donations to be accepted that will fully fund the costs of the entire event. No General Fund dollars are requested to support the event.