

City of Arroyo Grande
Fiscal Year 2022-23
Second Quarter Financial Status Report

INTRODUCTION

The following report is cumulative and includes spending and revenues from the first and second quarters and provides an overview of the City's fiscal position at the end of the second 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 second quarter of the fiscal year, and compare actual results to the prior year and the budgeted Target, to determine the City's performance. The second quarter timeframe is July 1 through December 31, 2022.

The financial report is organized in the following sections:

Section 1 – an overview of City's financial position at the end of the second quarter of the FY 2022-23. This includes a comparison of second quarter results between the current and prior year. In addition, second 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 second 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 information about the status of the City's CIP Budget.

Section 4 – a listing of Budget Amendment Requests previously approved by Council and completed in the second quarter, as well as a list of additional budget adjustments that are being presented to Council along with the second 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	Successor Agency to RDA
	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 second 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 totals in the table reflect the second quarter actuals for both revenue and expenditures, divided by that fiscal year's annual budget.

Table 1

Governmental Funds			
	Second Quarter FY 2022-23	Second Quarter FY 2021-22	Variance
Revenue	\$ 13,213,458	\$ 13,332,125	\$ (118,666)
Expenditures	\$ 12,129,104	\$ 10,714,033	\$ 1,415,071

General Fund			
	Second Quarter FY 2022-23	Second Quarter FY 2021-22	Variance
Revenue	\$ 7,335,181	\$ 8,844,343	\$ (1,509,161)
Expenditures	\$ 10,774,789	\$ 9,467,533	\$ 1,307,256

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

Governmental Funds – At the end of the second quarter of FY 2022-23, Governmental Fund revenue was \$118,666 lower than prior year, and expenditures were higher by \$1.3 million.

The majority of the revenue and expenditure variances in Governmental Funds were attributed to variances within the General Fund and the 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 second quarter was \$1.5 million lower than the second quarter of the prior year. Expenditures increased by \$1.3 million higher than the second quarter of the prior year. The majority of the expenditure variances between the two fiscal quarters is related to increased costs of one time payments for Liability and Property Insurance, CalPERS Unfunded Accrued Liability, and Workers Compensation. Additionally, the Employee Retention Incentive Program increased expenditures in FY 2022-23 compared to the prior year.

ARPA Fund – The ARPA Fund was created to help separately track funding provided pursuant to the American Rescue Plan Act. The 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, ARPA expenditures

totaled \$604,246. The remaining \$3,695,996.22 in APRA allocations will be recognized as revenue in FY 2022-23 as projects are completed and funding is allocated based on spending, no revenue was recognized in the first half of the fiscal year.

GENERAL FUND IMPACTS

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 second quarter actual expenditures compared to the Target (Table 3). Lastly, a discussion of General Fund revenue is included, which compares second 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 50% Target but a Target of 36% that more accurately reflects the anticipated revenues to be received in the second quarter of the fiscal year. Revenue realization is typically low at the end of the second 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 second quarter financial results will be compared to both the prior year’s second quarter and the budgeted Target. The Target for expenditures is calculated as one half (50%) of the FY 2022-23 Budget and represents the 6-month period from July 2022 through December 2022, except for the Non-Departmental Annual Payments line that has a Target of the full budget. This approach increased the Target from 50% to 57% for the second quarter.

Chart 1

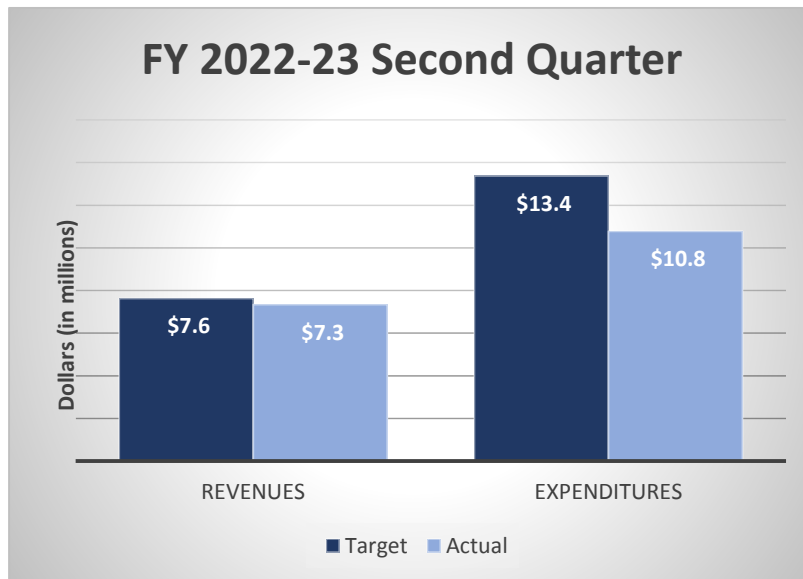


Chart 1 shows a simple comparison of actual second quarter revenue and expenditures to the Target. The actual second quarter General Fund revenue is less than the budgeted Target by \$300,000, which is not unusual since revenue realization is typically lower than the Target through the second quarter due to the time lag involved in billing cycles and the receipt of reimbursements. Likewise, actual expenditures through second quarter totaled \$10.8 million, or 46% of the full year’s Budget, and are under the

Target by \$2.6 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	% of
	Q2 Actuals	Actuals
Personnel Costs	\$ 6,956,609	64.6%
Operating Costs	3,298,418	30.6%
Debt Service	298,696	2.8%
Capital Outlay	25,567	0.2%
Transfers Out	195,498	1.8%
Total	<u>\$ 10,774,789</u>	

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 second quarter. Within the total expenditures of \$10.7 million, 64.6% of the City's costs are associated with personnel, 30.6% with operating and maintenance, 2.8% for the City's debt service, 0.2% for Capital Outlay, and 1.8% with transfers to other funds.

Table 3 reflects the second 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 - Second Quarter					
General Fund Department	2022-23	2022-23 Q2	2022-23 Q2	Dollar	%
	Budget	Target	Actuals	Fav/(Unfav)	Fav/(Unfav)
City Administration	\$ 1,355,056	\$ 677,528	\$ 463,207	\$ 214,321	16%
Legislative & Information Services	496,875	248,438	176,326	72,111	15%
Administration Services	6,222,729	3,111,365	2,591,114	520,251	8%
Non-Departmental Annual Payments	3,218,631	3,218,631	2,685,301	533,330	17%
Community Development	2,099,600	1,049,800	807,839	241,961	12%
Police Department	6,543,934	3,271,967	2,593,168	678,799	10%
Recreation Services	1,230,500	615,250	544,860	70,390	6%
Public Works	2,377,065	1,188,533	912,973	275,559	12%
TOTAL EXPEDITURES	23,544,390	13,381,511	10,774,789	2,606,722	11%

Overall, second quarter expenditures were \$2,606,722 under the Target. Though all City departments were under their spending Targets, some of the more significant savings occurred in the Non-Departmental Annual Payments, Police, Public Works, and Community Development Departments. The second quarter Target is based on six months or 50%, except for the Non-Departmental Annual Payments line that has a Target of the full budget. This approach increased the Target from 50% to 57% for the second quarter. This line includes the City's Unfunded Accrued Liability (UAL) retirement payment and the General and Liability Insurance payment. 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

Department: Administrative Services
Division: 4120-Administrative Services and 4145-Non Departmental
Issue: Overall savings in Contractual Services and CalPERS prepayment
Impact to General Fund: \$1,053,582 savings

The Administrative Services Department includes the City’s Fiscal as well as Information Technology functions. Some of the more significant variances in the Administrative Services Department include:

- 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.
- CIP Fund Transfers of approximately \$423,178 is a favorable variance at mid-year related to the pavement management program, corporation yard upgrades, replacement generator at station 1, and fuel management system/dispenser replacement.. These projects are still in process and will remain a variance until expected project completion in Q4 of this fiscal year.
- Contractual services of approximately \$50,000 is a favorable variance for the Master Fee Study contract beginning in September and Accounting/HR Support contract beginning in December.

Department: Police Services
Division: Various (4201, 4203, 4204, 4209)
Issue: Overall savings in salaries and benefits
Impact to General Fund: \$678,799 savings

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, Police Services will be analyzed in total rather than by individual divisions. Some of the

more significant variances include:

- The Police Department has \$247,000 budgeted for vehicle replacement for a Ford Ranger Crew Cab, Ford F250, and Ford Transit Van. With vehicle order delays from the manufacturer, none of these vehicles have arrived, creating a variance of approximately \$123,500.
- The Police Department currently has one vacancy, one employee on medical leave, and has had filled position vacancies with successive promotional opportunities throughout the first half of the fiscal year resulting in labor savings of approximately \$296,000.
- The contract with the County Sheriff Department for dispatch services is paid semiannually in the months of February and June. Payments for these services will not be made until the third and fourth quarters, resulting in a second quarter favorable variance to the Target of \$220,430.

- Under the City’s contract with the County for Animal Control Services, the October through December payment was made in the third quarter, resulting in a second quarter favorable variance to the Target of \$22,125 under the Police Administration budget.

Department: Public Works
Division: Various (4213, 4305, 4307, 4420, 4430)
Issue: Overall savings in salaries and contractual services
Impact to General Fund: \$275,559 savings

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

simplicity, Public Works 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 \$30,500.
- The Public Works Administration Division currently has two vacancies, Associate Engineer and Administrative Secretary positions, in the second quarter resulting in labor savings of approximately \$100,000.
- The December Electricity Payment to PG&E was paid in the third quarter resulting in a second quarter favorable variance of \$18,000.
- Minimal contractual services for the Public Works Administration Division were incurred through second quarter resulting in \$32,758 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	14,400	9,000	5,400
Traffic signal services	43,000	21,500	8,175	13,325
Facility Dude Annual Fee	1,000	500	-	500
CIP Consultant Services	7,000	3,500	-	3,500
Charter Communication	600	300	267	33
Misc. consultant services	20,000	10,000	-	10,000
	100,400	50,200	17,442	32,758

- The vacancy of the Maintenance Worker position in the Parks Maintenance division in the second quarter resulted in labor savings of approximately \$44,700.
- 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 \$35,000.

Department: Community Development
Division: Various (4301, 4130, 4212)
Issue: Overall savings in salaries and contractual services
Impact to General Fund: \$241,961 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 second quarter of the fiscal year and include:

- The Planning Division filled position vacancies with successive promotional opportunities throughout the first half of the fiscal year resulting in labor savings of approximately \$125,000.
- Minimal contractual services for the Planning Division were incurred through second quarter resulting in \$86,938 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	50,000	-	50,000
On-Call Environmental Review Services	50,000	25,000	-	25,000
On-Call Planning Services and Misc. Plan	30,000	15,000	3,063	11,938
	180,000	90,000	3,063	86,938

- The part-time CDD Intern position remained vacant through the second quarter resulting in a favorable variance of \$7,500.
- A portion of Contractual services for the Engineering Division were incurred through second quarter resulting in a favorable variance of \$16,086 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	4,500	8,574	(4,074)
Annual Water Quality Testing/Report	15,000	7,500	-	7,500
MS4 Permit	7,000	3,500	10,602	(7,102)
On-Call Engineering Services	130,000	65,000	45,239	19,761
	161,000	80,500	64,414	16,086

KEY REVENUE VARIANCES BY ACCOUNT FOR THE SECOND QUARTER

Table 4 – General Fund Revenue

General Fund Revenue Variances - Second Quarter					
REVENUE BY CATEGORY	2022-23 Budget	FY 2022-23 Q2 Target	FY 2022-23 Q2 Actuals	Dollar (Unfav)/Fav	% Fav/(Unfav)
Property Tax	\$ 6,079,509	\$ 2,026,503	\$ 1,886,660	\$ (139,843)	-2%
Sales Tax	4,730,375	1,576,792	1,798,479	221,688	5%
Transient Occ. Tax	1,300,000	541,667	674,984	133,317	10%
Property Tax in Lieu of VLF	1,933,600	-	-	-	0%
Franchise Fees	703,900	293,292	252,436	(40,856)	-6%
License & Permit Fees	431,100	215,550	217,758	2,208	1%
User Fees	536,800	268,400	209,762	(58,638)	-11%
Planning Fees	353,700	176,850	185,635	8,785	2%
Recreation Fees	822,610	411,305	370,448	(40,857)	-5%
Transfers In	3,012,700	1,506,350	1,477,350	(29,000)	-1%
Other Revenue	1,223,738	611,869	261,669	(350,200)	-29%
TOTAL	21,128,032	7,628,577	7,335,181	(293,396)	-1%

As reflected in Table 4, second quarter actual revenue was short of the Target by \$293,396. This table uses a Target of 36% that more accurately reflects the anticipated revenues to be received in the second quarter of the fiscal year. Revenue realization is typically low at the end of the second 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 second 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 second property tax bill at the end of September or early October, with a due date of November 1st. The majority of property tax related to the second installment was 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 second quarter is 5% higher than the Target. Actual sales tax revenue received through second quarter was \$1,798,479 and represents five months of payments (Jul – Nov). The Target is also based on five months of revenue, taking into account the timing of anticipated payments.

Transient Occupancy Tax (TOT) – TOT revenue is reflecting an \$133,317 favorable variance to the Target. The Target and actual TOT revenue represents five 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 (3rd quarter) and June (4th quarter). The Target for this revenue is zero in the first half of the fiscal year.

Franchise Fees – Only five months of South County Sanitary (Waste Connection) franchise fees were received through second quarter. In addition, Charter Communications franchise fees earned in the second quarter will not be paid and received until the third quarter. In light of the timing of payments, the Target is based on 5 months of revenue. Without the Charter Communications franchise fee receipts, the actual revenue at the end of the second quarter is lower than the Target by \$40,856.

License & Permit Fees and Planning Fees– License and permit revenue was slightly above the Target by \$2,208. Planning revenue exceeded the Target by \$8,785. The Target is based on 50% or 6 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 \$40,857. The Target is based on 6 months of the fiscal year’s total budget. The shortfall is related Play and Learn Summer session revenues which are not anticipated to be received until June 2022.

Other Revenues – This revenue category includes business license tax, fines, revenue from other government agencies, charges for services and any other revenues accounts received in the general fund. The largest variance in this category is related to two revenue accounts; expense recovery for police and revenue from other government agencies.

- The expense recovery for police vehicles revenue related to the sale of surplus Police Patrol vehicles has not taken place, since the new leased vehicles have not yet been received. This results in a revenue shortfall of approximately \$200,000.
 - The revenue from other government agencies accounts for the SB 1090 funds earmarked for use of the general plan update. Once these funds would be spent for this project the revenue would be recognized at that time. This results in a revenue shortfall of approximately \$75,000.
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SECTION 2: POSITION CHANGES AND HEADCOUNT NUMBERS

POSITION ALLOCATION CHANGES MADE BY THE CITY COUNCIL (2nd 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 (2nd Qtr)	% of Total Staffing	Vacant Positions
City Manager & Human Resources	3	-	4%	
Administrative Services	7	1	9%	IT Manager
Community Development	10	1	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%	
Total	78	6	100%	

EMPLOYEE VACANCY RATE

The City's employee vacancy rate at the end of the second quarter of FY 2022-23 was 7.7%. This equates to eight (6) 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).

Project Number	Project	Fund	Budget FY 2022-23*	Current Status	Project Budget Expended
350-5564	Elm St. Park Playground Structure	State Grant/Donations/Park	\$ 280,703	Completed	\$ 138,172
350-5607	Pedestrian Crossing Enhancements	HSIP/RSHA	\$ 370,977	Completed	\$ 261,606
350-5515	Various Park Renovations	Park Improvement	\$ 43,418	In Progress	\$ -
350-5795	Oak Park Boulevard / El Camino Real Storm Drain System	ARPA	\$ 384,570	In Progress	\$ 14,757
612-5821	Trenchless Sewer Rehabilitation - Wood, Sandalwood, Cameron, Woodland Backyards	ARPA	\$ 246,777	In Progress	\$ 145,111
350-5563	Citywide Trash/Recycle Receptacle Replacement	Park Improvement	\$ 1,582	In Progress	\$ -
350-5565	Soto Sports Complex Fencing Repairs	Park Improvement	\$ 17,952	In Progress	\$ 11,250
350-5612	Systematic Safety Analysis Report Program (SSARP)	General	\$ 2,664	In Progress	\$ -
350-5614	Bridge Street Bridge Habitat Mitigation	HBP	\$ 48,628	In Progress	\$ -
350-5620	Swinging Bridge Rehabilitation	Sales Tax	\$ 1,160,474	In Progress	\$ 15,752
350-5658	Sidewalk Repairs and Improvements	Sales Tax/CDBG	\$ 205,924	In Progress	\$ 42,697
350-5679	Traffic Way Bridge Replacement	HBP/Sales Tax	\$ 629,030	In Progress	\$ 51,515
350-5463	Woman's Club Improvements	Sales Tax/Donations	\$ 4,367	In Progress	\$ 1,345
350-5473	Replacement Generator at Station 1	Other Gov Agencies/General/Sales	\$ 660,911	In Progress	\$ 32,293
350-5474	Fuel Management System/Dispenser Replacement	General/Sewer/Water/Sales Tax	\$ 64,350	In Progress	\$ 16,666
350-5540	Central Irrigation Controls	Park Improvement	\$ 15,000	In Progress	\$ 5,253
350-5559	ADA Drinking Fountains	Park Improvement	\$ 12,484	In Progress	\$ -
350-5681	Fair Oaks/Halcyon Road Traffic Signal Update	Traffic Signalization	\$ 40,000	In Progress	\$ 14,137
350-5797	Storm Drain System at 251 East Grand Avenue	ARPA	\$ 14,731	In Progress	\$ 281
640-5944	Water Well #11 Facilities	Water Availability	\$ 42,771	In Progress	\$ -
640-5946	Galvanized Service Replacements	Water	\$ 88,093	In Progress	\$ 20,183
640-5975	Central Coast Blue	Water Availability	\$ 1,774,574	In Progress	\$ 1
350-5638	Pavement Management Program	USHA/General/SB1/Sales Tax	\$ 5,407,698	In Progress	\$ 499,460
612-5852	The Pike Sewer Line Replacement	Sewer	\$ 24,977	In Progress	\$ -
350-5642	Brisco Road / US 101 Interchange	RSHA/STIP/MPDG/Traffic Signalization	\$ 1,407,468	In Progress	\$ -
350-5621	Arroyo Grande Creek Stabilization	Sales Tax	\$ 40,000	In Progress	\$ -
350-5453	Financial Management Software	Sewer/Water/Sales Tax	\$ 225,000	In Progress	\$ -
350-5468	Public Safety Video Cameras	COPS/Sales Tax	\$ 125,000	In Progress	\$ -
350-5472	Network Switch Replacement	Sales Tax	\$ 24,000	In Progress	\$ -
640-5953	SCADA Software/Electronics Upgrade	Water	\$ 229,900	In Progress	\$ -
350-5450	Corporation Yard Renovations	General/Sewer/Water/Sales Tax	\$ 80,502	In Progress	\$ -
350-5476	City Hall Front Door ADA (CDBG)	CDBG	\$ 53,341	In Progress	\$ -
350-5422	Le Point Street Parking Lot Expansion	Sales Tax	\$ 85,000	In Progress	\$ -
350-5695	Active Transportation Plan	ATP/Sales Tax	\$ 125,000	In Progress	\$ -
350-5794	Corrugated Metal Pipe (CMP) Lining	Sales Tax/ARPA	\$ 500,000	In Progress	\$ -

Project Number	Project	Fund	Budget FY 2022-23*	Current Status	Project Budget Expended
640-5911	Phased Mains Replacement - South Halcyon Road, Cornwall Street to Fair Oaks Avenue	Water Facility/ARPA	\$ 719,474	In Progress	\$ -
350-5566	Various Open Space Fire / Fuel Management	Sales Tax	\$ 100,000	In Progress	\$ 4,100
350-5601	Fair Oaks/Orchard Avenue Intersection Improvements	Developer	\$ 50,000	In Progress	\$ -
350-5470	Report Management System (RMS) Upgrade at PD	COPS	\$ 150,000	In Progress	\$ -
350-5556	Recreation Services / Community Center Building	Sales Tax	\$ 46,195	In Progress	\$ -
350-5796	Storm Water Master Plan Update / Watershed Management Plan	ARPA	\$ 222,500	In Progress	\$ -
612-5849	Maintenance Hole Rehabilitation	Developer/Sewer	\$ 69,842	Not Started	\$ -
350-5629	Guardrail Replacement	Sales Tax	\$ 55,000	Not Started	\$ -
350-5430	Short Street Plaza	General	\$ 30,000	Not Started	\$ -
350-5554	Soto Sports Complex ADA Bleachers	Park Improvement	\$ 15,000	Not Started	\$ -
640-5973	Phased Main Replacement - Highway 101 Crossing Upgrade, El Camino Real to West Branch Street	ARPA	\$ 291,200	Not Started	\$ -
612-5826	Trenchless Sewer Rehabilitation - Woodland Drive and Ash Street	Developer/Sewer	\$ 132,200	Not Started	\$ -

*includes carryover budget

SECTION 4: APPROPRIATION TRANSFERS AND BUDGET ADJUSTMENTS

Administrative and Previously-Approved Second Quarter Budget Adjustments

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

Administrative Services Department: Appropriated funds for 6 budget adjustments reviewed in the First Quarter Financial Status Report. The overall impact to the budget increased the General Fund expenditures by \$17,000, Water Availability expenditures by \$6,134, and COPS Fund expenditures by \$8,654 as reflected in the following table:

Request	Revenue	Expenditure	General Fund Impact	Water Availability Fund Impact	COPS Fund Impact	Original Budget
Carryover OTS Grant for Traffic/DUI Enforcement	11,542	11,542	-	-	-	-
Carryover Retraining Scholarship Program	25,000	25,000	-	-	-	-
Cash for Grass Program	-	6,134	-	6,134	-	-
Radio Communication System Upgrade	13,346	26,000	-	-	8,654	4,000
Steam Clean Village Sidewalks	-	17,000	17,000	-	-	-
Elm Street Park Holiday Tree Lighting	10,000	10,000	-	-	-	-
Totals	59,888	95,676	17,000	6,134	8,654	4,000

Additional Requested Second Quarter Budget Adjustments

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

- \$75,000 Administrative Services Department: The IT Division has had two failed recruitments for IT Manager since the retirement of the City's long term IT Manager in August 2022. Since that time, the City has used an existing Consultant for staff augmentation support. This budget request would reallocate \$75,000 from salary savings in the Administrative Services Department to consultant services within the IT Division budget as staff continue to evaluate the best options for a long-term IT solution.
- \$100,000 Public Works Department: The Public Works Administrative Divisions has had an employee taking long-term leave. Contractual services will be required in order to continue providing CIP management services to City staff and the community. Additionally, this division has had two current vacancies, its Associate Engineer and Administrative Secretary positions, in the second quarter resulting in labor savings of approximately \$100,000. This budget request would reallocate \$100,000 from salary savings to consultant services within this division budget to provide CIP Support necessitated by employee leave in the Department.