



CITY OF GLENDALE, CALIFORNIA REPORT TO THE CITY COUNCIL

AGENDA ITEM

Report: Financial Status Update Report-September 30, 2021

1. Motion to note and file the Financial Status Report for the period ending September 30, 2021.
2. Resolution of appropriation approving \$1,086,838 in adjustments to the adopted fiscal year 2021-22 Budget.

COUNCIL ACTION

Item Type: Action Item

Approved for December 7, 2021 **calendar**

EXECUTIVE SUMMARY

The Financial Status Report is for the final revenues and expenditures received and recorded for the first quarter (July 1 to September 30) of FY 2021-22. Revenues received total \$27.3 million (not inclusive of Measure S revenues), or 11.8% of the revised revenue budget. Total General Fund expenditures, exclusive of Measure S, are \$57.9 million, or 23.3% of the total revised budget. The City's projected ending unassigned & charter reserve fund balance for FY 2021-22 is \$85.4 million, a reserve of 34.6%. The City Council's current General Fund Reserve policy is a minimum of 25% of the annual adopted operating budget, with a target of 35%.

COUNCIL PRIORITIES

Fiscal Responsibility: The General Fund update shows the City's financial transactions are conducted in a prudent and responsible manner to ensure adequate resources are available to meet current obligations and long-term stability.

RECOMMENDATION

It is recommended that the City Council approve the motion to note and file the Financial Status Report for the period ending September 30, 2021 and approve the resolution of appropriation.

BACKGROUND

The City's FY 2021-22 Budget was adopted by City Council on June 8, 2021. The budget is not a static guideline for city spending but rather a dynamic document subject to constant revision and adjustment. Since budget adoption, staff has continued to analyze the revenues and expenditures that have been received and recorded and has revisited the adopted budget for proposed adjustments to the revenues and expenditure projections.

The financial update in this report includes the final revenues and expenditures received and recorded for the first quarter (July 1 to September 30) of FY 2021-22. It also includes proposed adjustments to the adopted FY 2021-22 Budget. As specified in the City's Charter, the budget may be amended by 3/5 vote of the City Council via a Resolution of Appropriation.

ANALYSIS

General Fund Revenues

Revenues received in FY 2021-22 through September 30, 2021 total \$27.3 million (not inclusive of Measure S revenues), or 11.8% of the revised revenue budget. The Property Taxes category is relatively low thus far, due to the timing of receipts. Larger Property Tax payments generally come in first towards the end of the calendar year, as taxes are paid. Sales tax payments are received two months in arrears; as of September 30, only the sales tax from July have been recorded. However, since October's payment for the month of August has been received, it is incorporated in the figures being discussed in this report.

The Occupancy & Other Taxes category includes revenues received for Franchise Tax, Transient Occupancy Tax (TOT), Property Transfer Tax, and Scholl Canyon Landfill Host Assessment Fees. Although the Transient Occupancy Tax revenues are tracking as expected, the revenues received in the Occupancy & Other Taxes category are tracking lower due to the receipt schedule for Franchise Tax payments and the Scholl Canyon Landfill Host Assessment fees.

The table on the next page displays General Fund resources as of September 30, 2021, by major category.

**General Fund Resources
Budget to Actuals, September 30, 2021
(In Thousands)**

Category	Adopted Budget	Revised Budget	Final Q1 Actuals	% Received
Property Taxes	\$ 73,179	\$ 73,179	\$ 799	1.1%
Sales Taxes*	44,061	44,061	7,497	17.0%
Utility Users' Tax	26,020	26,020	5,179	19.9%
Occupancy & Other Taxes	15,608	15,608	1,656	10.6%
Licenses & Permits	9,963	9,963	2,096	21.0%
Rev. from Other Agencies	220	220	13	5.9%
Charges for Services	16,283	16,283	3,702	22.7%
Interfund Revenue	18,967	18,967	4,708	24.8%
Fines & Forfeitures	3,005	3,005	731	24.3%
Interest/Use of Money	1,748	1,748	588	33.6%
Misc. & Non-Operating	1,265	1,280	76	5.9%
Transfers	20,700	20,700	288	1.4%
Total Revenues	\$ 231,020	\$ 231,035	\$ 27,331	11.8%

Notes:

* Excludes Measure S sales tax revenues

General Fund Expenditures

As of the first three months, expenditures are tracking slightly lower than the 25% expected amount. Total General Fund expenditures as of September 30, 2021, exclusive of Measure S, are \$57.9 million, or 23.3% of the total revised budget. Based on spending that may be seasonal, or simply occur later in the fiscal year, some expenses can fluctuate from the expected 25% average.

The revised budget also includes budget carryovers from FY 2020-21 in the amount of \$491 thousand for goods and services that were not received or completed in the prior fiscal year.

The table on the next page reflects the General Fund expenditures, excluding Measure S, by major category as of September 30, 2021.

General Fund Expenditures
Budget to Actuals, September 30, 2021*
(In Thousands)

Category	Adopted Budget	Revised Budget	Final Q1 Actuals	% Expensed
Salaries & Benefits	\$ 195,402	\$ 194,543	\$ 45,780	23.5%
Maintenance & Operations	49,950	51,890	11,657	22.5%
Capital Outlay	118	133	18	13.5%
Transfers Out	1,585	1,723	429	24.9%
Grand Total Expenditures	\$ 247,055	\$ 248,290	\$ 57,884	23.3%

Notes:

* Excludes Measure S expenditures

General Fund
General Fund Summary Update
(In Thousands)

	Revised FY 2021-22*
Total Revenues	\$ 231,035
Total Appropriations	248,290
Net Surplus/(Use of Fund Balance)	\$ (17,255)
GSA Loan Repayment	1,467
Econ Dev. Assigned Fund Bal.	536
ARPA Funds	15,252
Ending Net Surplus/(Use of Fund Balance)	\$ -

Notes:

* Excludes Measure S revenues and expenditures

General Fund Projected Ending Fund Balance, June 30, 2022

The City's beginning General Fund unassigned & charter reserve fund balance for FY 2021-22 was \$85.9 million, a reserve of 34.8%. Factoring in the budget carryovers into FY 2021-22 in the amount of \$491 thousand brings the total projected ending unassigned & charter reserve fund balance for FY 2021-22 to \$85.4 million, a reserve of 34.6%. The City Council's current General Fund Reserve policy is a minimum of 25% of the annual adopted operating budget, with a target of 35%.

The table on the next page displays the fund balance of the City's General Fund as of June 30, 2022.

General Fund
Projected Ending Fund Balance, June 30, 2022
(In Thousands)

	Unassigned & Charter Reserve	% of Budget*
Beginning Unassigned & Charter Reserve, 7/1/2021	\$ 85,936	34.8%
FY 2021-22 Budget Carryovers	(491)	
FY 2021-22 Projected Use of Fund Balance	-	
Projected Ending Unassigned & Charter Reserve, 6/30/2022	\$ 85,445	34.6%

Notes:

* The reserve calculation is based on FY 2021-22 adopted appropriation of \$247.1 million.

Measure S

Sales tax payments are received two months in arrears; as of September 30, only the sales tax revenues from July have been recorded. However, since October's payment for the month of August has already been received, it is incorporated in the figures being discussed in this report. Measure S Sales tax appear to be tracking closely to budgeted estimates at this time.

The table below shows the Measure S adopted, revised and actual resources and appropriations, as of September 30, 2021.

Measure S Resources and Appropriations
As of September 30, 2021
(In Thousands)

	Adopted FY 2021-22	Carryovers FY 2020-21	Revised FY 2021-22*	Actuals FY 2021-22
<u>Revenues</u>	\$ 24,781	\$ -	\$ 24,781	\$ 4,605
<u>Housing</u>				
Affordable Housing Dev. 900 E. Broadway**	\$ -	\$ 7,275	\$ 7,275	\$ -
Affordable Housing Dev. 920 E. Broadway**	3,000	-	3,000	-
New Affordable Housing – Land Acquisition**	6,000	6,000	7,921	-
Monthly Housing Rental Subsidy Program	2,000	2,224	4,224	996
Rental Rights Program	470	-	470	90
Homeless Services Program	-	248	248	14
Low Inc. Student Rental Assist Program	-	1,009	1,009	-
Low Inc. Family Employ & Rental Assist Prog.	-	582	582	47
Tenant & Landlord Services	450	-	450	1
Affordable Housing Dev. Tobinworld**	-	488	488	39
Affordable Housing Dev. 515 Pioneer**	-	-	4,079	-

	Adopted FY 2021-22	Carryovers FY 2020-21	Revised FY 2021-22*	Actuals FY 2021-22
<u>Infrastructure</u>				
Bicycle Transportation Plan Update	\$ 125	\$ -	\$ 125	\$ -
Pavement Condition Improvement**	4,500	-	4,500	-
Pedest. & Bike Lane Striping & Config. Maint.	50	-	50	-
Pedest. & Bike Lane Implementation Plan	1,000	-	1,000	-
Cap. Improve. to Mitigate Heat Island Effect**	800	-	800	-
Citywide Traffic Study	-	500	500	-
Verdugo Wash Greenway Feasibility Study	-	250	250	-
Seismic Upgrades - Fire Stations**	-	3,266	3,266	-
<u>Parks & Recreation</u>				
Year-Round Aquatics Program	\$ 636	\$ -	\$ 636	\$ 86
Annual Community Events	83	-	83	23
Glorietta Park Concession Building Reno.**	75	-	75	-
Fremont Park**	2,000	-	2,000	-
Electric Operated Equipment & Infrastructure**	550	-	550	-
Rockhaven Maintenance	25	-	25	2
Park Acquisition**	1,000	1,000	2,000	-
City Fireworks	-	40	40	3
2021 GUSD Summer Camps	-	225	225	95
Stone Barn Nature Center	-	-	213	-
<u>Economic Recovery - Commercial</u>				
Small Business Recovery	\$ -	\$ 925	\$ 925	\$ 360
Personal Protective Equipment	-	64	64	10
Restaurant Relief/Al Fresco	-	227	227	1
<u>Other Quality of Life</u>				
Mental Health Resources	\$ 200	\$ -	\$ 200	\$ -
Community Engage. & Accountability Vehicle Replacement	300	-	300	75
Life Safety Fire Fighting Apparatus & Equip.	1,500	-	1,500	375
School Crossing Guard Program	511	-	511	7
Central Library Children's Room & Teen Space Renovation**	2,500	-	2,500	-
Street Art Project	400	-	400	-
Graffiti Removal & Remediation	60	-	60	-
Climate Action Plan	320	-	320	-
East/West Historic Survey	200	-	200	-
Total Appropriation	\$ 28,755	\$ 24,324	\$ 53,292	\$ 2,224

Notes:

* The Revised FY 2021-22 amounts include carryovers from FY 2020-21 and Council approved adjustments.

** Revenue and appropriations for these projects will be budgeted under the Measure S Capital Improvement Fund (Fund 4011).

The Measure S beginning balance as of July 1, 2021 was \$36.5 million. Accounting for the projected FY 2021-22 revenues and revised appropriation (including carryovers from FY 2020-21), the projected ending balance as of June 30, 2022 is \$7.9 million.

The table below shows the status of the fund balance assigned to Measure S.

Measure S
Projected Ending Fund Balance, June 30, 2022
(In Thousands)

	Measure S Balance
Beginning Balance, 07/01/2021	\$ 36,451
FY 2021-22 Projected Revenues	24,781
FY 2021-22 Revised Appropriation*	(53,292)
Projected Ending Balance, 6/30/2022	\$ 7,940

Notes:

* Includes carryovers from FY 2020-21.

Staff is proposing various adjustments to the FY 2021-22 Budget. Since budget adoption, the City has received additional grant awards and contributions that require appropriation. Furthermore, two departments are requesting to appropriate from fund balance in order to implement a new policy and to expand existing services.

General Fund Budget Adjustments

The Human Resources department is requesting to appropriate \$250,000 from the General Fund Undesignated Fund Balance to fund the cost of the weekly Covid-19 testing for employees who are subject to the Mandatory Covid-19 Testing Policy. Staff is requesting for the approval of the appropriation of \$250,000.

Non-General Fund Budget Adjustments

The Glendale Police department has received funding from the Glendale Police Foundation to be used for homeless outreach efforts as well as training for officers and K9's, in the amount of \$429,571. Staff is requesting for the approval of the appropriation of \$429,571.

The Glendale Fire department has received a grant award for the purchase of tools for community defensible space and brush clearance programs in the amount of \$14,000. Staff is requesting for the approval of the appropriation for the \$14,000 award amount.

The Library, Arts & Culture department has received additional grant funding for the Lunch at the Library Program in the amount of \$6,000, of which \$5,600 is available as part of the FY 2021-22 adopted budget. Thus, staff is requesting for the approval of the appropriation for the additional \$400 award amount.

The Library, Arts & Culture department has also received grant funding for the Library's Adult Literacy Program in the amount of \$60,000. The initial grant amount was estimated to be \$18,000 during the budget process. Thus, staff is requesting for the approval of the appropriation for the additional \$42,000 award amount.

The Library, Arts & Culture department has received additional grant funding for the FY 2021-22 California Library Literacy Services Program (CLLS) in the amount of \$58,488. The initial Grant amount was initially estimated to be \$58,140 during the budget process. Thus, staff is requesting for the approval of the appropriation for the additional \$348 award amount.

The Library, Arts & Culture department is requesting to appropriate \$300,000 in DIF Funds for additions to the library collection in order to maintain adequate library services within the City. Staff is requesting for the approval of the appropriation of \$300,000.

The Public Works department has received a grant award for the FY 2020-21 Cal-Recycle program to be used for outreach services regarding recycling in the amount of \$50,519. Staff is requesting for the approval of the appropriation for the \$50,519 award amount.

STAKEHOLDERS/OUTREACH

Not Applicable.

FISCAL IMPACT

The total for the various proposed adjustments will be \$1,086,838, of which \$250,000 is being requested from the General Fund Undesignated Fund Balance. These requested appropriations were not included as part of the FY 2021-22 budget. The appropriation requests are outlined below:

From:

Amount: \$250,000

Funding Source: General Fund

Account String GL & PL Ledger (if applicable):

GL: 25300-1010-000-P0000-T0000-F0000-0000-0000-

To:

Amount: \$250,000

Funding Source: General Fund

Account String GL & PL Ledger (if applicable):

GL: 43110-1010-HRD-0010-P0000-T0000-F0000-0000-0000-

From:

Amount: \$429,571

Funding Source: Police Special Grant Fund

Account String GL & PL Ledger (if applicable):

GL: 38500-2610-GPD-0020-P0000-T0000-F0000-0000-0000-

PL: GPD00286AN

To:

Amount: \$429,571

Funding Source: Police Special Grant Fund

Account String GL & PL Ledger (if applicable):

GL: 41100-2610-GPD-0020-P0000-T0000-F0000-0000-0000- (\$411,571)

GL: 44650-2610-GPD-0020-P0000-T0000-F0000-0000-0000- (\$18,000)

PL: GPD00286AN

From:

Amount: \$14,000

Funding Source: Fire Grant Fund

Account String GL & PL Ledger (if applicable):

GL: 34301-2650-GFD-0020-P0000-T0000-F0000-0000-0000-

PL: GFD00723AG

To:

Amount: \$14,000

Funding Source: Fire Grant Fund

Account String GL & PL Ledger (if applicable):

GL: 45350-2650-GFD-0020-P0000-T0000-F0000-0000-0000-

PL: GFD00723AG

From:

Amount: \$400

Funding Source: Library Fund

Account String GL & PL Ledger (if applicable):

GL: 32610-2750-LAC-0020-P0000-T0000-F0000-0000-0000-

PL: LAC00690AG

To:

Amount: \$400

Funding Source: Library Fund

Account String GL & PL Ledger (if applicable):

GL: 45100-2750-LAC-0020-P0000-T0000-F0000-0000-0000-

PL: LAC00690AG

From:

Amount: \$42,000

Funding Source: Library Fund

Account String GL & PL Ledger (if applicable):

GL: 32610-2750-LAC-0020-P0000-T0000-F0000-0000-0000-

PL: LAC00753AG

To:

Amount: \$42,000

Funding Source: Library Fund

Account String GL & PL Ledger (if applicable):

GL: 45170-2750-LAC-0020-P0000-T0000-F0000-0000-0000-

PL: LAC00753AG

From:

Amount: \$348

Funding Source: Library Fund

Account String GL & PL Ledger (if applicable):

GL: 32610-2750-LAC-0020-P0000-T0000-F0000-0000-0000-

PL: LAC00729AG

To:

Amount: \$348

Funding Source: Library Fund

Account String GL & PL Ledger (if applicable):

GL: 45100-2750-LAC-0020-P0000-T0000-F0000-0000-0000-

PL: LAC00729AG

From:

Amount: \$300,000

Funding Source: Library Mitigation Fee Fund

Account String GL & PL Ledger (if applicable):

GL: 24242-4070-LAC-0000-P0000-T0000-F0000-0000-0000-

To:

Amount: \$300,000

Funding Source: Library Mitigation Fee Fund

Account String GL & PL Ledger (if applicable):

GL: 53300-4070-LAC-0020-P0000-T0000-F0000-0000-0000-

PL: 51863

From:

Amount: \$50,519

Funding Source: Refuse Disposal Fund

Account String GL & PL Ledger (if applicable):

GL: 32610-5300-PWD-0020-P0000-T0000-F0000-0000-0000-

PL: PWD00754AG

To:

Amount: \$50,519

Funding Source: Refuse Disposal Fund

Account String GL & PL Ledger (if applicable):

GL: 43110-5300-PWD-0020-P0000-T0000-F0000-0000-0000-

PL: PWD00754AG

ENVIRONMENTAL REVIEW

This item is considered a ministerial activity and therefore, not subject to CEQA review.

CAMPAIGN DISCLOSURE

This item is exempt from campaign disclosure requirements.

ALTERNATIVES

Alternative 1: The City Council may approve:

1. Motion to note and file the Financial Status Report for the period ending September 30, 2021.
2. Resolution of appropriation approving \$1,086,838 in adjustments to the adopted fiscal year 2021-22 Budget.

Alternative 2: The City Council may consider any other alternative not proposed by staff.

ADMINISTRATIVE ACTION

Submitted by:

Michele Flynn, Director of Finance

Prepared by:

Karina Cervantes, Budget Analyst

Nayiri Moumdjian, Budget Analyst

Reviewed by:

Michele Flynn, Director of Finance

Adrine Isayan, Deputy Director of Finance

Michael J. Garcia, City Attorney

Matt Doyle, Director of Human Resources

Gary Shaffer, Director of Library, Arts & Culture

Silvio Lanzas, Fire Chief

Carl Povilaitis, Police Chief

Yazdan Emrani, P.E., Director of Public Works

Approved by:

Roubik R. Golanian, P.E., City Manager

EXHIBITS / ATTACHMENTS

Not Applicable.