



## **STAFF REPORT TO THE CITY COUNCIL**

**DATE:** Meeting of February 27, 2018

**TO:** Members of the City Council

**SUBMITTED BY:** David Biggs, City Manager  
Annie To, Finance Director

**SUBJECT:** FY 2017-18 Mid-Year Budget Review and Adopt a Resolution Approving Various  
Mid-Year Budget Appropriations and Adjustments

### **RECOMMENDED ACTION:**

Receive a report on the FY 2017-18 mid-year budget review and adopt a resolution approving various mid-year budget appropriations and adjustments.

### **FINANCE COMMISSION AND RECOMMENDATION:**

The mid-year review was presented to the Finance Commission on February 26, 2017. Any Commission comments will be provided to the City Council at the meeting.

### **FISCAL IMPACT OF RECOMMENDATION:**

The Discussion section below gives a synopsis of the General Fund and Wastewater Fund. There will be increases and decreases to a variety of revenue and expenditure accounts (budget appropriations).

### **DISCUSSION:**

#### **Prior Year Results**

With the completion of the audit for FY 2016-17, prior fiscal year end results are being provided for the same two funds being covered in the Mid-Year review and are shown in Chart 1 General Fund and Chart 2 Wastewater Fund, in order to provide the City Council with a point of reference for the overall status of these funds.

**Chart 2 – FY16-17 Wastewater Fund Revenue and Expenditure**

CITY OF HERCULES - FY16-17 ACTUAL REV AND EXP REPORT							
WASTEWATER FUND							
				2017			
Type	Activity Basic Account Description	Activity Sub Account Description		Sum of Budget Plan	Sum of YTD Encumbrance	Sum of YTD Actuals	Remaining Balance
REV	USE OF MONEY & PROPERTY	INTEREST INCOME		21,000		47,424	(26,424)
	CHARGES FOR SERVICES	SEWER SERVICES		5,392,899		5,797,764	(404,865)
	MISCELLANEOUS REVENUE	MISCELLANEOUS REVENUE		8,000,000		9,251,800	(1,251,800)
		MISC REIMBURSEMENTS		0		(9,251,800)	9,251,800
	TRANSFERS IN	TRANSFERS IN		19,160,000		0	19,160,000
<b>REV Total</b>				<b>32,573,899</b>		<b>5,845,188</b>	<b>26,728,711</b>
EXP	SALARIES AND BENEFITS	SALARIES AND WAGES		318,480	0	331,673	(13,193)
		SALARIES AND BENEFITS		140,128	0	91,461	48,667
	SERVICES	PROFESSIONAL SERVICES		2,180,000	21,639	137,857	2,020,504
		REPAIR & MAINT		61,500	0	42,360	19,140
		UTILITY SERVICES		73,100	60	77,743	(4,703)
		ADMINISTRATIVE SERVICES		16	0	8	9
		MISCELLANEOUS SERVICES		1,778,000	209,904	985,785	582,311
	OFFICE EXPENSES	MAINTENANCE SUPPLIES		0	0	4,284	(4,284)
		OPERATING SUPPLIES		1,500	0	1,893	(393)
	OTHER EXPENSES	OTHER MISCELLANEOUS EXP		0	0	(9,829,532)	9,829,532
		CHARGEBACK		7,000	0	1,007	5,993
	CAPITAL OUTLAY	IMPROVEMENTS		13,485,000	704,424	10,635,684	2,144,892
		DEPRECIATION		0	0	355,940	(355,940)
	DEBT SERVICE	DEBT SERVICE		598,990	0	487,246	111,744
	INTERFUND/ALLOC/TRANSFERS	INTERFUND CHARGES		126,050	0	126,050	0
		ALLOCATED COSTS		45,949	0	45,949	0
	TRANSFERS OUT	TRANSFERS OUT TO		245,000	0	245,000	0
<b>EXP Total</b>				<b>19,060,713</b>	<b>936,028</b>	<b>3,740,407</b>	<b>14,384,278</b>
<b>EXCESS (DEFICIENCY) REVENUE OVER EXPENDITURE</b>				<b>13,513,186</b>		<b>2,104,781</b>	



## GENERAL FUND

As of February 17, 2018, the General Fund has received revenue of \$7.4 million and expended approximately \$7.6 million.

**Chart 3 – FY17-18 General Fund Revenue and Expenditure**

CITY OF HERCULES - FY17-18 REV AND EXP REPORT 02-17-18 (62%)  
FUND 100 - GENERAL FUND

Type	Activity Basic Account Description	Activity Sub Account Description	Budget Plan	YTD Encumbrance	YTD Actuals	Remaining Balance	YE Projection	Note
REV	TAXES	TRANSIENT OCCUPANCY TAX	9,000		4,757	4,243	8,202	
		SECURED PROP TAX	1,189,548		739,225	450,323	1,189,548	
		UNSECURED PROP TAX	50,000		31,604	18,396	57,463	
		PRIOR YR SECURED/UNSECURD	(7,356)		(3,184)	(4,172)	(5,789)	
		SUPPLMNTL-SECURD PROP TX	30,000		4,587	25,413	8,341	
		PROPERTY TAX ADMIN COSTS	(9,825)		0	(9,825)	0	
		GARBAGE LIENS/ASSMTS	125,000		57,834	67,166	105,153	
		SALES AND USE TAX	2,062,711		820,753	1,241,958	1,992,000	
		SALES TAX-PROP 172/SB 509	159,929		58,474	101,455	141,800	
		MEASURE O	1,001,061		471,437	529,624	1,079,000	
		DOCU TRANSFER TAX	118,208		60,229	57,979	103,844	
		BUSINESS LICENSE FEES	187,377		62,082	125,295	107,038	
		CASP FEE	0		768	(768)	1,323	
		GAS	32,257		977	31,280	1,685	
		ELECTRIC	63,590		2,997	60,593	5,167	
		CABLE	368,022		110,042	257,980	262,005	1
		1% PEG	44,977		22,009	22,969	37,946	
		GARBAGE	279,268		178,150	101,118	307,155	
		GAS UUT	341,416		121,816	219,600	347,715	
		ELECTRICITY UUT	1,217,746		674,938	542,808	1,230,556	
		TELEPHONE UUT	953,400		455,221	498,179	882,566	
		WATER UUT	542,725		326,920	215,805	563,654	
		CABLE UUT	482,910		292,916	189,994	551,810	
	INTERGOVERNMENTAL	STATE/COUNTY	1,791,105		1,068,340	722,765	1,852,262	
	LICENSES & PERMITS	BUILDING FEES	410,200		266,138	144,062	458,858	
		ENGINEERING FEES	12,269		180	12,089	310	
	FINES & FORFEITURES	VEHICLE CODE FINES	20,000		23,541	(3,541)	40,587	
	USE OF MONEY & PROPERTY	INTEREST INCOME	181,500		50,946	130,554	87,839	
		CELL TOWER	106,500		46,953	59,547	80,954	
		LEASE PAYMENT	37,500		17,790	19,710	30,672	
	CHARGES FOR SERVICES	POLICE SERVICES	420,887		229,519	191,368	479,860	
		PLANNING SERVS	19,166		31,049	(11,883)	53,533	
		RECREATION SERVICES	1,497,500		923,567	573,933	1,592,357	
	MISCELLANEOUS REVENUE	MISCELLANEOUS REVENUE	172,349		104,960	67,389	180,966	
		MISC REIMBURSEMENTS	331,698		166,025	165,673	286,250	
	TRANSFERS IN	TRANSFERS IN	110,000		0	110,000	100,000	
<b>REV Sum</b>			<b>14,352,638</b>		<b>7,423,558</b>	<b>6,929,080</b>	<b>14,222,628</b>	
EXP	SALARIES AND BENEFITS	SALARIES AND WAGES	5,890,355	0	3,488,656	2,401,699	5,508,900	2
		SALARIES AND BENEFITS	2,694,806	0	1,450,851	1,243,955	2,340,082	3
	SERVICES	SEMI-PROFESSIONAL SERVICE	10,500	0	2,790	7,710	4,500	
		PROFESSIONAL SERVICES	2,053,152	37,171	384,227	1,631,754	1,602,522	4
		REPAIR & MAINT	229,491	39,556	134,730	55,205	181,470	
		UTILITY SERVICES	277,022	0	63,547	213,475	102,494	5
		ADMINISTRATIVE SERVICES	136,672	1,771	64,465	70,436	90,211	
		RENTS	1,011,820	0	226,481	785,339	1,008,207	
		INSURANCE SERVICES	624,148	5,435	554,585	64,128	641,133	
		MISCELLANEOUS SERVICES	763,850	7,619	186,230	570,001	757,378	
	OFFICE EXPENSES	MAINTENANCE SUPPLIES	107,880	11,294	59,120	37,467	106,648	
		OPERATING SUPPLIES	136,805	1,242	65,254	70,308	106,491	
		OFFICE	41,814	1,354	15,453	25,007	26,278	
	OTHER EXPENSES	OTHER MISCELLANEOUS EXP	257,352	0	128,906	128,446	207,912	
		CHARGEBACK	(5,227)	0	(18,212)	12,985	(29,374)	
	CAPITAL OUTLAY	IMPROVEMENTS	150,000	0	249,821	(99,821)	250,000	6
		FIXED ASSETS	559,000	14,242	37,291	507,467	559,000	
	INTERFUND/ALLOC/TRANSFERS	ALLOCATED COSTS	898,382	0	453,764	444,618	900,382	
	TRANSFERS OUT	TRANSFERS OUT TO	847,366	0	50,000	797,366	847,366	
<b>EXP Sum</b>			<b>16,685,188</b>	<b>119,685</b>	<b>7,597,957</b>	<b>8,967,546</b>	<b>15,211,601</b>	
<b>LESS ONE TIME EXP AND COUNCIL APPROVED ITEMS FROM BUDGET BALANCING SPREADSHEET</b>							<b>(2,808,422)</b>	
<b>EXCESS (DEFICIENCY) REVENUE OVER EXPENDITURE</b>							<b>1,819,449</b>	



## WASTEWATER FUND

As of February 17, 2018, the Wastewater fund has received approximately \$3.9 million and expended \$3.2 million.

Chart 4 – Wastewater Revenue and Expenditures

CITY OF HERCULES - FY17-18 REV AND EXP REPORT 02-17-18 (62%)								
FUND 420 - WASTEWATER FUND								
Type	Department Description	Activity Basic Account Description	Activity Sub Account Description	Budget Plan	YTD Encumbrance	YTD Actuals	Remaining Balance	YE Projection
REV		USE OF MONEY & PROPERTY	INTEREST INCOME	24,895		28,323	(3,428)	51,496
		CHARGES FOR SERVICES	SEWER SERVICES	5,790,870		3,850,374	1,940,496	7,000,681
		MISCELLANEOUS REVENUE	MISCELLANEOUS REVENUE	0		3,364,515	(3,364,515)	6,117,300
			MISC REIMBURSEMENTS	0		(3,329,091)	3,329,091	(6,052,892)
		TRANSFERS IN	TRANSFERS IN	16,000,000		0	16,000,000	0
REV Sum				21,815,765		3,914,121	17,901,644	7,116,584
EXP	ASSET CAPITALIZATION	OTHER EXPENSES	OTHER MISCELLANEOUS EXP	0	0	(2,844,877)	2,844,877	(7,503,804)
	CAPITAL PROJECTS	OTHER EXPENSES	OTHER MISCELLANEOUS EXP	0	0	3,500	(3,500)	5,645
		CAPITAL OUTLAY	IMPROVEMENTS	9,600,000	0	4,652,359	4,947,641	7,503,804
	OTHER	DEBT SERVICE	DEBT SERVICE	734,950	0	240,675	494,275	476,966
	PUBLIC WORKS	SALARIES AND BENEFITS	SALARIES AND WAGES	331,020	0	236,259	94,761	381,063
			SALARIES AND BENEFITS	145,854	0	104,077	41,777	167,866
		SERVICES	PROFESSIONAL SERVICES	2,242,000	161,358	99,200	1,981,441	321,359
			REPAIR & MAINT	55,000	0	46,983	8,017	75,778
			UTILITY SERVICES	74,000	5,000	43,275	25,725	74,798
			ADMINISTRATIVE SERVICES	5,500	0	0	5,500	0
			MISCELLANEOUS SERVICES	4,862	1,567,423	292,890	(1,855,451)	1,862,000
		OFFICE EXPENSES	MAINTENANCE SUPPLIES	4,000	0	1,188	2,812	1,916
			OPERATING SUPPLIES	1,500	0	923	577	1,488
		OTHER EXPENSES	CHARGEBACK	7,000	0	0	7,000	0
		CAPITAL OUTLAY	IMPROVEMENTS	40,000	5,000	0	35,000	5,000
			DEPRECIATION	31,292	0	256,269	(224,977)	413,336
		INTERFUND/ALLOC/ TRANSFERS	INTERFUND CHARGES	129,831	0	64,916	64,916	104,702
			ALLOCATED COSTS	47,326	0	23,663	23,663	38,166
EXP Sum				13,454,135	1,738,781	3,221,298	8,494,056	3,930,086
EXCESS (DEFICIENCY) REVENUE OVER EXPENDITURE								3,186,498



## **BUDGET APPROPRIATIONS**

Staff is recommending that the Council adopt the following FY17-18 budget appropriations:

### **Request for FY17-18 Midyear Budget Appropriations**

#	Type	Fund	Fund Desc	Amount	Description
1	Expenditure	100	General Fund	\$ 115,000	1% PEG Fee - BugID
2	Expenditure	100	General Fund	\$ 100,000	Street Maintenance Program from FY16-17
	<b>TOTAL</b>		<b>General Fund</b>	<b>\$ 215,000</b>	
3	Revenue	226	CFD	\$ (44,000)	Increase in Revenue
4	Expenditure	226	CFD	\$ 12,852	New Expenditure Budget for CFD
	<b>TOTAL</b>		<b>CFD</b>	<b>\$ (31,148)</b>	
5	Expenditure	262	State Gas Tax	\$ 150,000	Additional Appropriation from Fund Balance for Prof Services
6	Expenditure	262	State Gas Tax	\$ 10,000	Additional Appropriation for a Regular Part-Time Employee
	<b>TOTAL</b>		<b>State Gas Tax</b>	<b>\$ 160,000</b>	
7	Expenditure	262	Measure J	\$ 10,000	Additional Appropriation for a Regular Part-Time Employee
	<b>TOTAL</b>		<b>State Gas Tax</b>	<b>\$ 10,000</b>	
8	Revenue	295	Grant	\$ (8,600,000)	Transfer In from Capital Project
9	Expenditure	331	Capital Project	\$ 8,600,000	Transfer Out to Grant Fund
	<b>TOTAL</b>		<b>Grant</b>	<b>\$ -</b>	
10	Expenditure	420	Sewer Fund	\$ 1,860,138	Correct typo. The budgeted should be \$1,862,000 not \$1,862.
11	Expenditure	420	Sewer Fund	\$ 482,083	Increase Depreciation Amount for Fixed Asset
12	Expenditure	420	Sewer Fund	\$ 5,000	Additional Appropriation for Regular Part-Time
	<b>TOTAL</b>		<b>Sewer Fund</b>	<b>\$ 2,347,221</b>	
13	Revenue	470	Facility Maintenance	\$ (200,000)	Revenues from BART Parking Lot
14	Expenditure	470	Facility Maintenance	\$ 5,690	Additional Appropriation for a Regular Part-Time Employee
15	Expenditure	470	Facility Maintenance	\$ 7,500	Onsite Maintenance
16	Expenditure	470	Facility Maintenance	\$ 15,000	Landscaping and stormwater
17	Expenditure	470	Facility Maintenance	\$ 15,000	Street Light Maintenance
18	Expenditure	470	Facility Maintenance	\$ 3,600	Water - EBMUD
19	Expenditure	470	Facility Maintenance	\$ 18,000	Electricity - PG&E
20	Expenditure	470	Facility Maintenance	\$ -	Capital Upgrade & Infrastructure Allowance
21	Expenditure	470	Facility Maintenance	\$ 3,600	Equipment -Annual Porta Pottie Maint
22	Expenditure	470	Facility Maintenance	\$ 2,500	Equipment -Annual Bike Locker Maint
23	Expenditure	470	Facility Maintenance	\$ 3,600	Internal Service Fund - Admin
24	Expenditure	470	Facility Maintenance	\$ 2,400	Internal Service Fund - IT
25	Expenditure	470	Facility Maintenance	\$ 4,800	Internal Service Fund - Facilities
26	Expenditure	470	Facility Maintenance	\$ 4,800	Internal Service Fund - Vehicle Replacement
27	Expenditure	470	Facility Maintenance	\$ -	Police Services
28	Expenditure	470	Facility Maintenance	\$ 29,000	WestCat for Permits
29	Expenditure	470	Facility Maintenance	\$ 53,000	Capital Improvements for Parking Kiosk, Landscape, LED...
30	Expenditure	470	Facility Maintenance	\$ 37,000	Appropriation from Fund Balance for Prof Services
31	Expenditure	470	Facility Maintenance	\$ 35,000	Appropriation from Fund Balance for Repair & Maint
32	Expenditure	470	Facility Maintenance	\$ 25,000	Appropriation from Fund Balance for HVAC
33	Expenditure	470	Facility Maintenance	\$ 42,000	Appropriation from Fund Balance for Bldgs&Structures
34	Expenditure	470	Facility Maintenance	\$ 2,000	Appropriation from Fund Balance for Other
35	Expenditure	470	Facility Maintenance	\$ 25,000	Appropriation from Fund Balance for Fire
36	Expenditure	470	Facility Maintenance	\$ 650	Appropriation from Fund Balance for Cell Phone/Pager
37	Expenditure	470	Facility Maintenance	\$ 45,000	Appropriation from Fund Balance for Water
38	Expenditure	470	Facility Maintenance	\$ 50,000	Appropriation from Fund Balance for Contract Janitorial
39	Expenditure	470	Facility Maintenance	\$ 8,000	Appropriation from Fund Balance for Vehicle Repair
40	Expenditure	470	Facility Maintenance	\$ (22,500)	Correction of a typo. Should be \$2,500 not \$25,000
	<b>TOTAL</b>		<b>Facility Maintenance</b>	<b>\$ 215,640</b>	

**Description: FY 2017-18 mid-year budget review and forecast and appropriation requests**

**Funding Source:** Various funding sources

**Budget Recap:**

Total Estimated cost:	\$	New Revenue:	\$
Amount Budgeted:	\$	Lost Revenue:	\$
New funding required:	\$	New Personnel:	\$
Council Policy Change:	Yes <input type="checkbox"/> No <input type="checkbox"/>		