



# AGENDA

## SPECIAL MEETING BUDGET/AUDIT COMMITTEE

\*\*\*\*\*

Thursday, February 18, 2021

2:30 p.m.

### \*\*\* NEW LOCATION\*\*\*

*This meeting is being held in accordance with the Brown Act as currently in effect under the State Emergency Services Act, the Governor's Emergency Declaration related to COVID-19 and the Governor's Executive Orders N-25-20 and N-29-20 that allow members of the City Council, City staff and the public to participate and conduct a meeting by teleconference, videoconference or both. In order to comply with public health orders, the requirement to provide a physical location for members of the public to participate in the meeting has been suspended.*

#### Committee Members

Jeff Wan  
Holly Tillman

- A complete packet of information containing staff reports and exhibits related to each public item is available for public review on the City's website at [www.ci.clayton.ca.us](http://www.ci.clayton.ca.us)
- Agendas are posted at: 1) City Hall, 6000 Heritage Trail; 2) Library, 6125 Clayton Road; 3) Ohm's Bulletin Board, 1028 Diablo Street, Clayton; and 4) City Website at [www.ci.clayton.ca.us](http://www.ci.clayton.ca.us)
- Any writings or documents provided to a majority of the City Council after distribution of the Agenda Packet and regarding any public item on this Agenda is available for review on the City's website at [www.ci.clayton.ca.us](http://www.ci.clayton.ca.us)
- If you have a physical impairment that requires special accommodations to participate, please call the City Clerk's office at least 72 hours in advance of the meeting at (925) 673-7300.

## Instructions for Virtual Budget/Audit Committee Meeting – February 18

To protect our residents, officials, and staff, and aligned with the Governor’s executive order to Shelter-at-Home, this meeting is being conducted utilizing teleconferencing means consistent with State order that that allows the public to address the local legislative body electronically.

To follow or participate in the meeting:

1. **Videoconference:** to follow the meeting on-line, click here:

### Link to join Webinar

<https://us02web.zoom.us/j/85494225606>

No password required.

**E-mail Public Comments:** If preferred, please e-mail public comments to the City Clerk, Ms. Calderon at [icalderon@ci.clayton.ca.us](mailto:icalderon@ci.clayton.ca.us) by noon on the day of the Budget/Audit Committee meeting. All E-mail Public Comments will be forwarded to the entire Budget/Audit Committee.

For those who choose to attend the meeting via videoconferencing or telephone shall have 3 minutes for public comments.

---

### Location:

Videoconferencing Meeting (this meeting via teleconferencing is open to the public)  
To join this virtual meeting on-line click here:

### Link to join Webinar

<https://us02web.zoom.us/j/85494225606>

No password required.

To join on telephone, you must register in the URL above, which sends an e-mail to your inbox, and then dial (877) 853-5257 using the *Webinar ID* and *Password* found in the e-mail.

**\* CLAYTON BUDGET/AUDIT COMMITTEE \***

**February 18, 2021**

**2:30 P.M.**

1. **CALL TO ORDER AND ROLL CALL** – City Clerk

2. **PUBLIC COMMENT ON NON - AGENDA ITEMS**

*Members of the public may address the Budget/Audit Committee on items within the Committee's jurisdiction, (which are not on the agenda) at this time. To assure an orderly meeting and an equal opportunity for everyone, each speaker is limited to 3 minutes, enforced at the Budget/Audit Committee's discretion. In accordance with State Law, no action may take place on any item not appearing on the posted agenda. The Budget/Audit Committee may respond to statements made or questions asked, or may at its discretion request Staff to report back at a future meeting concerning the matter.*

*Public comment and input on Public Hearing, Action Items and other Agenda Items will be allowed when each item is considered by the City Council.*

3. **ACTION ITEMS**

(a) Review the Midyear status of the current fiscal year (FY2020/21). (Finance Director)

**RECOMMENDATION:** Receive presentation and recommend forwarding to the full City Council for Action. ([View Here](#))

5. **ADJOURNMENT**

\*\*\*\*\*



# STAFF REPORT

**TO: HONORABLE MAYOR AND COUNCILMEMBERS**

**FROM: PAUL RODRIGUES, FINANCE DIRECTOR**

**DATE: FEBRUARY 18, 2021**

**SUBJECT: FY2020/21 MID-YEAR BUDGET REVIEW**

---

## **RECOMMENDATION**

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

1. Receive the presentation on the FY2020/21 Mid-year Budget Review, provide feedback to staff and forward to City Council for formal action.

## **BACKGROUND**

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

## **DISCUSSION**

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

A list of unbudgeted expenditures was compiled by Staff (Attachment 3) with recommendations to appropriate authority to meet those increased expenditures through increasing budgeted revenues and transfers from the Rainy-Day Fund.

### **1. General Fund Expenditures**

Due primarily to an increase in projected sales tax revenues, General Fund revenues are expected to increase by \$43,543 (Attachment 1). Staff is recommending appropriating \$33,940 of the increase in revenues to cover increased operating expenses. To cover the additional unanticipated expenses,

staff recommends appropriating \$118,774 from the Rainy-Day fund to cover the one-time expense of completing the contractual obligations for the prior City Manager.

General Fund public safety operating costs are projected to be reduced by \$48,694 due to the transfer of eligible public safety costs to the CARES Act grant. Staff is recommending transferring these funds, as well as an additional \$16,306 from the Rainy-Day Fund, for a total of \$65,000 to the CERF (vehicle replacement) fund (Attachment 3) to purchase an additional, previously unbudgeted replacement police vehicle. City policy has been to purchase one replacement police vehicle per year. Several years ago, due to budget constraints caused by the last recession, no replacement police vehicle was purchased, resulting in the police vehicle replacement program falling behind. With the additional funds transferred to the CERF fund, an additional vehicle would be budgeted for the 2020/21 fiscal year (a total of two vehicles) to bring the program more current.

## 2. Other Governmental Fund Revenues and Expenditures

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

### Landscape District (LMD)

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

### HUTA Gas Tax and RMRA Gas Tax Funds

The latest projections from the state show an increase of \$33,643 and \$32,888 in HUTA and RMRA gas tax revenues (Attachment 5), while expenditures remain at or below budget.

### Capital Improvement Projects (CIPs)

Two completed CIPs, the Collector Street Rehab Project (CIP10425) and the 2018 Neighborhood Street Project (CIP10436) previously recorded CalTrans and CalRecycle grant revenues in excess of what was actually received (Attachment 6). Staff recommends transferring a portion of the increased HUTA gas tax revenues to these projects to backfill the shortfall created by the decreased CalTrans and CalRecycle grant revenues.

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

On February 2, 2021 the City Manager, Finance Director and City's independent auditors, Cropper Accountancy Corporation, presented the City's audited CAFR for fiscal year 2019/20. In this presentation it was highlighted that when backing out non-operational special project expenditures funded by prior City Council approved earmarks of excess reserves, as well as the portion of the increase in fund balance due to unrealized gains on the investment portfolio, the General Fund reported a FY 2019/20 adjusted operating surplus of \$290,592. Assignment of the full FY 2019/20 General Fund adjusted operating surplus would result in projected General Fund reserve of \$5,518,236 at June 30, 2021 which is 1.14 times the size of the City Council approved General Fund operating budget for FY 2020/21, providing evidence that the City remains in a stable position with respect to long-term financial reserves.

Staff recommends that the \$290,592 surplus be transferred to the Rainy-Day Fund created in 2020/21. With the recommended one-time expenditure as well as the transfer of the June 30, 2020 adjusted operating surplus, the Rainy-Day Fund has a projected June 30, 2021 ending fund balance of \$508,475 (Attachment 4).

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

4. FY 2020/21 City Employee Salary Schedule

In addition to the financial update, as part of the Mid-year review, staff is requesting that City Council formally adopt the entire City Employee Salary Schedule for FY2020/21 (Attachment 7). While City Council has approved all of the underlying agreements and contracts supporting those salary schedule amounts, state law requires that the City Council at least annually approve the full salary schedule.

**FISCAL IMPACT**

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

- 1) Increases appropriations of General Fund Operating Revenues and Expenditures by \$33,940 (Attachment 3).
- 2) Authorizes the transfer of \$290,592 in surplus fund balance to the Rainy-Day Fund for future allocations by City Council.
- 3) Increases appropriations from the Rainy-Day Fund by \$118,774 for completion of prior City Manager contractual obligations and \$16,306 for transfer to CERF fund for purchase of additional replacement police vehicle (Attachment 3).
- 4) Authorizes transfer of HUTA Gas Tax Revenues to Capital Improvement Fund to make up for CalTrans and CalRecycle grant revenue shortfall (Attachments 5 & 6).
- 5) Adopts and approves the FY2020/21 City Employee Salary Schedule.

Attachment 1:	General Fund Revenues
Attachment 2:	General Fund Departmental Operating Budgets
Attachment 3:	Resource Allocation to Cover Expenditure Increases
Attachment 4:	Rainy-Day Fund Summary
Attachment 5:	Gas Tax Revenues
Attachment 6:	Allocation of Gas Tax Revenues to Cover Previously Recorded Grant Revenues Shortfall
Attachment 7:	FY2020/21 City Employee Salary Schedule

	<b>2020-2021 Budget</b>	<b>2020-2021 Projected Actual</b>	<b>Variance</b>
<b>General Fund Revenues:</b>			
<b>Sales Taxes</b>	<b>467,527</b>	<b>556,886</b>	89,359
<b>Other Revenues</b>	<b>4,376,704</b>	<b>4,330,888</b>	(45,816)
	<hr/>	<hr/>	
<b>Total</b>	<b>4,844,231</b>	<b>4,887,774</b>	43,543
	<hr/> <hr/>	<hr/> <hr/>	

**GENERAL FUND DEPARTMENTAL OPERATING BUDGETS**

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

Attachment 2



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

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

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

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

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

**Transfer to CIP 10425 to Backfill Deficit:**

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

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

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

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