



CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council
FROM: Tori Hannah, Administrative Services Director
MEETING DATE: May 2, 2018
SUBJECT: *Quarterly Budget Report – Third Quarter Fiscal Year 2017-18*
CEQA STATUS: Does not constitute a “Project” under California Environmental Quality Act (CEQA) Guidelines

RECOMMENDATION

Receive the report.

DISCUSSION

The following charts provide a budgetary comparison of revenues and expenditures for major funds, along with a budget update on departmental expenditures. The information listed below represents financial records through the quarter ending March 31, 2018.

Overall Fund Revenues and Expenditures: The third quarter General Fund revenues represent approximately 62.4% of the Fiscal Year 17/18 Budget. While this percentage is below the proportional share of the budget, it is primarily related to timing differences associated with the use of a new third party to collect Transient Occupancy Tax revenues and the receipt of property taxes in April. All other core General Fund revenues are trending as anticipated. Details on departmental general fund expenditures are included on the subsequent page.

The Local Water Project (LWP) revenues reflect reimbursement requests for project costs that are funded through a Clean Water State Revolving Fund Loan and grant. The LWP was completed in December of 2017, with third quarter costs reflecting operating expenditures related to recycled water production. A final reimbursement billing for project costs is planned in the fourth quarter.

Sewer services revenues appear to be significantly lower than anticipated; however actual revenues are fairly consistent with the budget. Sewer service revenues that were collected by Monterey One Water (MIW) on behalf of the City were transferred in April, rather than in March. There is no fiscal impact associated with receipt of this report.

Third Quarter Fiscal Year 17/18 - Major Funds					Prior Year
Fund	Budget	Revenues	% of Budget	Third Quarter	
01 General Fund	\$ 22,301,100	\$ 13,910,929	62.4%	\$ 13,701,630	
74 Local Water Project	2,377,000	1,271,246	53.5%	574,439	
75 Cemetery	343,900	342,101	99.5%	282,718	
76 Sewer Fund	3,734,479	1,847,334	49.5%	1,579,546	
77 Golf	376,450	251,506	66.8%	263,919	

Third Quarter Fiscal Year 17/18 - Major Funds					Prior Year
Fund	Budget	Expenditures	% of Budget		Third Quarter
01 General Fund	\$ 23,557,226	\$ 16,658,447	70.7%		\$ 15,111,283
74 Local Water Project	2,000,642	1,478,833	73.9%		2,410,157
75 Cemetery	462,225	290,732	62.9%		190,048
76 Sewer Fund	3,010,423	2,163,909	71.9%		1,634,398
77 Golf	241,390	252,726	104.7%		190,987

Departmental and Program Expenditures: The following table provides a budgetary update for departmental and program expenditures. While expenditure patterns can fluctuate throughout the year, key variances in both the budgetary percentage and annual comparisons are presented below the table.

Third Quarter Fiscal Year 17/18 Budget Status - Department Information					Prior Year Third
Department	Budget	Expenditures	Under/ (Over) Budget	% of Budget	Quarter
City Council	\$ 391,920	\$ 203,896	\$188,024	52.0%	\$223,086
City Attorney	382,001	238,113	143,888	62.3%	133,852
City Manager	931,502	690,421	241,081	74.1%	613,768
Finance	1,113,799	857,885	255,914	77.0%	720,219
Information Services	510,000	172,959	337,041	33.9%	146,960
Comm. & Econ. Dev.	2,208,399	1,224,874	983,525	55.5%	1,194,078
Police	7,432,398	5,432,585	1,999,813	73.1%	5,424,782
Fire	4,081,004	3,356,627	724,377	82.3%	3,046,362
Library	1,160,102	774,422	385,680	66.8%	730,674
Museum	276,400	210,680	65,720	76.2%	199,272
Recreation	612,602	462,930	149,672	75.6%	379,637
Public Works	4,457,099	3,033,055	1,424,044	68.0%	2,298,593
	\$23,557,226	\$16,658,447	\$6,898,779	70.7%	\$15,111,283

- **City Council:** The quarterly expenditures are relatively consistent through the third quarter of each fiscal year. Annual budgetary differences are primarily related to the timing of expenditures.
- **City Attorney:** The third quarter expenditures include invoices for services received through February. Costs are higher in the third quarter of Fiscal Year 17/18 due to timing of invoices, a new contract with the City Attorney, and an increased use of services.
- **Community Development:** While the expenditure amounts are relatively similar to the prior year, the Fiscal Year 17/18 Budget includes \$245,000 in funding for the following projects and programs: Façade Improvement Program, Lighthouse Avenue Streetscape project, and an historic preservation consultant. All funds for the Façade Improvement Program have been reserved for specific applicants, with disbursements pending reimbursement requests.

- Information Systems: The Fiscal Year 17/18 Budget originally included costs for a potential shared services agreement with the City of Monterey, as well as several projects. Due to the amount of time needed for negotiations, use of a managed services contract, and the recruitment of an Administrative Services Director, some projects were delayed and budgetary savings was realized. Staff is working with a consultant on specifications for a major cabling project, as well as upgraded audio/visual equipment for the Council Chambers and the Emergency Operations Center. It is anticipated the City will be invoiced for the development of specifications in the fourth quarter, with proposals issued in May.
- Fire: Although contract services costs have increased for fire services, the largest variance is a result of paying for ten monthly service charges of approximately \$192,700 in the first three quarters of the fiscal year. This is in comparison to nine individual payments of \$181,600 in the first three quarters of the prior fiscal year.
- Public Works: While there are some time differences in expenditures for this fiscal year, the annual costs have increased. This is primarily due to increased capital projects, a change in the allocation of pension obligation bond costs, and salary changes that reflect the cost of full staffing.

FISCAL IMPACT

There is no fiscal impact. This item is informational only.

GOAL ALIGNMENT

Fiscal Sustainability

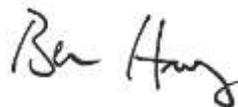
ATTACHMENTS

RESPECTFULLY SUBMITTED:



Tori Hannah
Administrative Services Director

REVIEWED BY:



Ben Harvey
City Manager