

TO: James L. App, City Manager
FROM: Mike Compton, Director of Administrative Services
SUBJECT: Budget Appropriation for Fiscal Year 2002 Encumbrances
DATE: October 1, 2002

Needs: For the City Council to consider approval of appropriations for fiscal year 2002 encumbrance requests.

Facts:

1. Encumbrances represent carryover requests for unspent budget appropriations for the fiscal year just closed.
2. It has been the policy and past practice of the City that encumbrances are limited to capital outlay, capital improvements, special consultant services, and other non-routine, one-time budget appropriations that are unspent at year end.
3. Approval of said requests will impact the budget for fiscal year 2003, particularly the General Fund.

Analysis
and
Conclusion:

The City does not formally record encumbrances upon the financial records of the City in the fiscal year in which budget authority was authorized. Encumbrances (carry-over requests) are recorded upon the financial records of the City as budget adjustments/increases in the following year's budget. For example, in the case of a Council approved budget appropriation to replace or modify the air conditioner at city hall, if unspent at year end, the appropriation will NOT be included in year end results as an expenditure or payable. However, budget appropriations in the following year will be increased by the unspent amount and when the expenditure is actually made, will impact year end results.

Given the potential impact upon the following year results, it is desirable that the Council approve the budget adjustments/increases to the budget.

Fiscal
Impact:

Appropriations for carry-over requests will negatively impact fund balances (reserves/savings) for all effected funds. On the other hand, the savings generated in fiscal year 2002, as a result of the "non-spending", will generate increased reserves. These increased reserves will be available in the following fiscal year to pay for the carry-over appropriations.

The unfortunate downside is that annual revenues in the following fiscal year may not be sufficient to cover the carry-over appropriations. Thus, the carryover appropriations may result in Comprehensive Annual Financial Report reporting “negative” spending. This problem is more acute in the General Fund than any other fund. However, this is an “accounting” anomaly and, for the most part, should be no cause for concern.

For example, the “pre-audit” results for the General Fund indicate a positive increase to reserves of about \$1.5 million. This increase is due to two things—one, revenue collections being higher than projected and two, expenditures being less than projected. Per the attached exhibit, a portion of the unspent General Fund appropriations, \$2,636,200, is for ongoing commitments or needs that must be undertaken in the following fiscal year; thus, this carryover request. However, the current revenues in the following fiscal year will not be sufficient to cover both regular operating General Fund appropriations and the carryover appropriations. This is because it is intended that the carryover appropriations be paid from reserves, which, as noted above, would be reflected in the annual audit as “negative” spending.

Options:

- a. Adopt Resolution No. 02-xx approving budget appropriations for fiscal year 2002 carryover requests.
- b. Amend, modify, or reject the above option.

RESOLUTION NO. 02-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
APPROVING BUDGET APPROPRIATIONS FOR
FISCAL YEAR 2002 BUDGET CARRY-OVER REQUESTS

WHEREAS, the City has historically recorded encumbrances (carryover requests) as budget appropriation increases in the subsequent fiscal year; and

WHEREAS, said requests have not yet been formally approved by the Council; and

WHEREAS, it is desirable to formally approve appropriations to be added to the fiscal year 2003 budget.

THEREFORE BE IT HEREBY RESOLVED by the City Council of the City of El Paso de Robles that the encumbrances (carry-over) requested in the attached Exhibit "A" are approved and shall be added to the fiscal year 2003 budget previously adopted.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 1st day of October 2002 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Frank R. Mecham, Mayor

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk

EXHIBIT "A"

Schedule of Carry-over Appropriations
from
Fiscal Year 2001-02

Capital Improvement
Projects

| | | |
|------------------|--|------------|
| 100-910-5224-596 | General Plan Update | \$ 786,300 |
| 119-910-5452-428 | Rehab Tennis Courts - Sherwood/Cent Park | 150,000 |
| 120-910-5452-479 | Transit Center Pedestrian Improvements | 232,900 |
| 120-910-5452-676 | PSR 4th Street RR Undercrossing | 60,000 |
| 120-910-5452-677 | Creston/Niblick Bikeway - Final Design | 135,000 |
| 120-910-5452-678 | Update Bikeway Master Plan | 1,800 |
| 130-910-5452-301 | Senior Community Center | 161,700 |
| 130-910-5452-302 | Veterans Community Center | 90,200 |
| 130-910-5452-303 | Airport Terminal | 883,000 |
| 130-910-5452-308 | New River Crossing | 249,300 |
| 130-910-5452-344 | Hwy 101/46E Project | 9,500 |
| 130-910-5452-412 | 13th Street Bridge Expansion | 11,451,900 |
| 130-910-5452-620 | Public Safety Center | 6,135,200 |
| 130-910-5452-621 | Barney Schwartz Park | 37,100 |
| 130-910-5452-738 | Niblick Bridge Expansion | 589,200 |
| 200-910-5452-336 | S. River to Niblick Overlay | 250,000 |
| 200-910-5452-594 | Annual Street Overlay Program | 1,172,400 |
| 214-910-5452-339 | Upgrade Signal @ 24th & Spring Streets | 116,100 |
| 214-910-5452-441 | Nicklaus/Niblick Signal Installation | 110,000 |
| 216-910-5452-426 | Sherwood Park Playground Equipment | 237,000 |
| 216-910-5452-429 | Centennial Park Rehab | 714,000 |
| 225-910-5452-335 | Widen N. River Rd. to Union Road | 200,000 |
| 227-910-5452-467 | Oddfellows Building Improvements | 23,200 |
| 227-910-5452-473 | Loaves & Fishes Improvements | 17,200 |
| 227-910-5452-478 | Carnegie Library Improvements | 231,200 |
| 227-910-5452-487 | Municipal Pool Improvements | 100,400 |
| 227-910-5452-598 | Homeless Ministry Center | 36,200 |
| 220-910-5452-314 | Water Main Install - Tractor Way | 20,000 |
| 220-910-5452-321 | New Well Installation #8 | 199,900 |
| 220-910-5452-322 | New Well Installation #9 | 200,000 |
| 220-910-5452-323 | New Well Installation #10 | 200,000 |
| 220-910-5452-550 | Water Main Install - Thunderbird to Charlois | 2,027,900 |
| 220-910-5452-554 | New Water Reservoir @ SW Side of City | 2,782,100 |
| 600-910-5452-554 | New Water Reservoir @ SW Side of City | 1,192,300 |
| 220-910-5452-555 | New Water Reservoir @ SE Side of City | 5,000,000 |
| 220-910-5452-566 | New Surface Water Source | 2,500,000 |
| 220-910-5452-638 | New Water Storage Tank - 4.0 | 1,122,200 |
| 600-910-5452-310 | Shannon Hill Water Main Upgrade | 45,800 |
| 600-910-5452-311 | Tanner Drive Water Main Upgrade | 38,800 |
| 600-910-5452-315 | Creston Water Main Upgrade - WB to Melody | 200,000 |
| 600-910-5452-551 | Rehab Sherwood Well #9 | 30,000 |
| 600-910-5452-553 | Expand Water Yard Tool Room | 8,000 |
| 600-910-5452-556 | Replace Roof on Westside Reservoir | 300,000 |
| 600-910-5452-557 | Re-coat Interior of Golden Hill Reservoir | 300,000 |
| 600-910-5224-558 | Update Water Master Plan | 150,000 |
| 600-910-5224-559 | Rehab Dry Creek Well #18 | 30,000 |
| 600-910-5224-560 | Upgrade 12th Street Booster Pump | 70,000 |
| 600-910-5224-561 | Telemetry System Upgrades | 25,000 |
| 600-910-5224-562 | Upgrade Park Street Water Main | 240,100 |
| 600-910-5224-563 | Upgrade Pine Street Water Main | 240,100 |
| 600-910-5452-564 | Rehab Royal Oak Well #20 | 50,000 |
| 600-910-5452-565 | Rehab Fox Well #21 | 50,000 |
| 600-910-5452-653 | Rehab Thunderbird Well #17 | 20,100 |
| 221-910-5452-345 | Lift Station #2 Upgrade | 324,500 |
| 601-910-5452-345 | Lift Station #2 Upgrade | 269,400 |
| 221-910-5452-425 | Lift Station #11 Upgrade | 129,100 |
| 601-910-5452-425 | Lift Station #11 Upgrade | 55,300 |
| 221-910-5452-481 | Airport/Dry Creek Sewer Main Upgrade | 38,100 |

EXHIBIT "A"

Schedule of Carry-over Appropriations
from
Fiscal Year 2001-02

| | | | |
|-------------------------|------------------|---|-----------|
| | 221-910-5452-569 | Upgrade Solids Handling Facilities | 2,789,500 |
| | 601-910-5452-569 | Upgrade Solids Handling Facilities | 1,195,500 |
| | 221-910-5452-571 | Hilltop Sewer Realignment | 4,800 |
| | 601-910-5452-571 | Hilltop Sewer Realignment | 92,000 |
| | 221-910-5452-572 | Install Ferric Chloride Bulk Tank | 35,000 |
| | 601-910-5452-572 | Install Ferric Chloride Bulk Tank | 15,000 |
| | 221-910-5452-573 | Upgrade Headworks & Primary Sludge Facilities | 280,000 |
| | 601-910-5452-573 | Upgrade Headworks & Primary Sludge Facilities | 280,000 |
| | 221-910-5452-575 | Lift Station #9 Upgrade | 140,000 |
| | 601-910-5452-575 | Lift Station #9 Upgrade | 60,000 |
| | 221-910-5452-576 | Lift Station #7 Upgrade | 135,100 |
| | 601-910-5452-576 | Lift Station #7 Upgrade | 57,900 |
| | 221-910-5452-577 | Lift Station #4 Upgrade | 40,000 |
| | 601-910-5452-577 | Lift Station #4 Upgrade | 160,000 |
| | 221-910-5452-579 | Upgrade Secondary Clarifier | 693,000 |
| | 601-910-5452-579 | Upgrade Secondary Clarifier | 297,000 |
| | 221-910-5224-580 | Various Plant Improvement Projects | 150,000 |
| | 221-910-5224-581 | Upgrade Sewer Master Plan | 135,000 |
| | 601-910-5224-581 | Upgrade Sewer Master Plan | 15,000 |
| | 221-910-5452-582 | Design & Construct Perculation Ponds | 1,650,000 |
| | 601-910-5452-582 | Design & Construct Perculation Ponds | 3,850,000 |
| | 221-910-5452-636 | Upgrade Sludge System | 380,900 |
| | 601-910-5452-636 | Upgrade Sludge System | 160,400 |
| | 601-910-5452-444 | Sewer Line Rehabs - various | 650,000 |
| | 601-910-5452-567 | Rehab/replace Manholes | 178,400 |
| | 601-910-5452-568 | Upgrade Templeton Interceptor Sewer | 2,327,600 |
| | 601-910-5452-570 | Manhole & Sewer Line Inspection Program | 50,000 |
| | 601-910-5452-574 | Replace Gringer @ Lift Station #12 | 70,000 |
| | 601-910-5452-578 | Upgrade Telemetry System | 250,000 |
| | 602-910-5452-330 | Runway #19 Overlay | 278,700 |
| | 602-910-5224-331 | Airport Master Plan | 172,700 |
| | 602-910-5224-583 | Storm Drain Improvements - Airport Road | 120,000 |
| | 602-910-5224-584 | Storm Drain Improvements - Terminal Area | 15,000 |
| | 602-910-5224-585 | Reconstruct Taxiway D | 205,000 |
| | 602-910-5224-586 | Slurry Seal Parking Apron | 40,000 |
| | 602-910-5224-587 | Slurry Seal Runway 13-31 | 108,100 |
| | 602-910-5224-588 | Slurry Seal Taxiway A-E | 95,000 |
| | 602-910-5224-589 | Parking Apron Reconstruction | 350,000 |
| | 602-910-5224-590 | Hanger Taxiway | 175,000 |
| | 602-910-5224-591 | Taxiway A Extension | 345,000 |
| | 602-910-5224-592 | Taxiway C Extension | 394,500 |
| | 602-910-5224-593 | Runway 19 Extension | 946,000 |
| | 602-910-5452-681 | Runway Lighting Project | 112,100 |
| City Manager's Office | 100-130-5224-120 | Scanning CC & PC Documents | 10,700 |
| | 100-130-5224-120 | Develop City Web Site | 15,800 |
| Administrative Services | 100-140-5224-125 | Transient Occupancy Tax Audits | 8,000 |
| | 100-140-5224-125 | GASB 34 Infrastructure Inventory & Valuation | 23,600 |
| | 600-140-5454-127 | Replace Unit #317 | 28,500 |
| | 112-140-5454-134 | Replace Desktop Copiers (3) | 9,500 |
| | 100-140-5235-134 | Measure D Facility Furnishings | 578,200 |
| Police Services | 100-210-5212-135 | Technology Upgrade | 19,200 |
| | 112-210-5454-135 | Networking Equipment | 4,000 |
| | 100-210-5454-136 | CLETS Software Upgrade | 6,300 |
| | 112-210-5454-136 | Replace Units #640,641,644,648 & 649 (patrol) | 125,000 |
| | 112-210-5454-136 | Replace Unit #650 (motorcycle) | 11,000 |
| | 112-210-5454-136 | Replace Unit #625 (Dare Van) | 25,000 |
| | 100-210-5454-139 | CAD/RMS Upgrade | 29,200 |
| Emergency Services | 100-220-5454-150 | Replace Heavy Rescue Vehicle | 240,000 |
| | 100-220-5454-150 | Replace Fire Engine (2) | 670,000 |

EXHIBIT "A"

Schedule of Carry-over Appropriations
from
Fiscal Year 2001-02

| | | | |
|------------------------|------------------|--|---------------------|
| | 100-220-5454-150 | Breathing Apparatus | 16,000 |
| | 100-220-5454-150 | Personal Computers (2) | 5,000 |
| Public Works | 100-310-5235-347 | OBAD Street Acceptance | 81,800 |
| | 100-310-5221-349 | Salinas River Clearing Project | 70,000 |
| | 112-310-5454-162 | Replace Unit #712 | 70,000 |
| | 112-310-5454-162 | Replace Unit #710 | 20,000 |
| | 218-310-5212-162 | Street Tree Replacement | 7,900 |
| | 100-310-5221-172 | Replace Chlorination System | 12,500 |
| | 100-310-5221-173 | Replace Chlorination System | 12,500 |
| | 112-310-5454-178 | Replace Unit #550 | 20,000 |
| | 112-310-5454-178 | Replace Unit #555a | 25,000 |
| | 112-310-5454-191 | Replace Unit #540a | 20,000 |
| | 112-310-5454-191 | Desktop Copier | 2,000 |
| | 601-310-5454-163 | Vacuum Trailer | 40,000 |
| | 601-310-5454-163 | Portable Generator Transfer Switch | 6,000 |
| | 601-310-5454-163 | Mixer Units for Lift Station Wetwells (6) | 45,000 |
| | 601-310-5454-163 | Flow Monitoring Meters | 6,000 |
| | 601-310-5454-164 | Replace Unit #515 | 20,000 |
| | 600-310-5454-165 | Desktop Copier | 3,500 |
| | 600-310-5454-165 | Replace Unit #800 | 25,000 |
| | 602-310-5451-166 | Replace AC Unit | 29,800 |
| | 308-310-5454-168 | New Vehicle Addition | 22,000 |
| Library & Rec Services | 112-411-5454-203 | Replace Personal Computer (2) | 5,000 |
| Community | 232-710-5224-209 | Chandler Ranch Specific Plan | 366,900 |
| Development | 227-710-5235-211 | Homeless Housing Project & Camp Fire Cabin | 3,300 |
| | 701-710-5450-211 | Habit for Humanity Permit Fees | 5,000 |
| | 112-710-5454-212 | Replace Autocad Printer | 10,000 |
| | 112-710-5454-212 | Replace Unit #101 | 25,000 |
| | 100-710-5235-217 | Electronic Inspection Input System | 27,000 |
| | 112-710-5454-217 | Replace Unit #114 | 25,000 |
| | 100-710-5454-217 | New Vehicle Addition | 27,100 |
| | 100-710-5224-217 | Contract Counter Assistance | 35,000 |
| | 701-810-5235-484 | PSHH Canyon Creek Apartments | 300,000 |
| | 701-810-5235-485 | PSHH Creekside Gardens Apartments | 200,000 |
| | 701-810-5235-486 | CalHome First Time Homebuyer Program | 15,200 |
| | 701-810-5235-597 | Oak Park Senior Housing | 13,600 |
| | 100-710-5224-209 | County GIS Project | 10,000 |
| | 100-710-5224-209 | Hwy 46E Corridor Study | 6,100 |
| | 100-710-5224-209 | City Zoning Code Update | 15,900 |
| | | | <u>\$64,992,800</u> |
| | | General Fund | \$ 2,636,200 |
| | | Vehicle Replacement Fund | 396,500 |
| | | Facility Maintenance Fund | 150,000 |
| | | Capital Projects Fund | 429,700 |
| | | Street Tree Fund | 7,900 |
| | | Community Development Block Grant Fund | 411,500 |
| | | Chandler Ranch Specific Plan Fund | 366,900 |
| | | Landscape & Lighting Fund | 22,000 |
| | | RDA LMI Housing Fund | 533,800 |
| | | Measure D Fund | 19,607,100 |
| | | Gas Tax Fund | 1,422,400 |
| | | Signalization Development Impact Fund | 226,100 |
| | | Park Development Impact Fund | 951,000 |
| | | Union/46 Specific Plan Fund | 200,000 |
| | | Airport Operations Fund | 3,386,900 |
| | | Water Connections Fund | 14,052,100 |
| | | Water Operations Fund | 3,047,200 |
| | | Sewer Connections Fund | 6,925,000 |

EXHIBIT "A"

Schedule of Carry-over Appropriations
from
Fiscal Year 2001-02

Sewer Operations Fund

10,150,500
\$64,922,800