



*The following information comprises the minutes for a special meeting of the City Council, a joint meeting of the Banning City Council and Banning Utility Authority and a joint meeting of the Banning City Council and the Banning City Council sitting in its capacity as the Successor Agency Board.*

**MINUTES  
CITY COUNCIL**

**06/22/2021  
SPECIAL MEETING**

COUNCIL MEMBERS PRESENT:      Mayor Colleen Wallace  
    Mayor Pro Tem David Happe\*  
    Council Member Mary Hamlin  
    Council Member Kyle Pingree  
    Council Member Alberto Sanchez

COUNCIL MEMBERS ABSENT:      None

OTHERS PRESENT:      Douglas Schulze, City Manager  
                                    Marie Calderon, City Clerk  
                                    Caroline Patton, Deputy City Clerk  
                                    Suzanne Cook, Deputy Finance Director  
                                    A'ja Wallace, Budget and Financial Analyst\*  
                                    Art Vela, Public Works Director  
                                    Ralph Wright, Parks and Recreation Director  
                                    Alejandro Geronimo, City Treasurer\*  
                                    Carla Young, Management Analyst

\*Via Zoom.

**1. CALL TO ORDER**

Mayor Wallace called the special meeting to order at 4:00 p.m.

Roll Call – *Council Members Hamlin, Happe, Pingree, Sanchez, and Mayor Wallace*

**2. DISCUSSION ITEMS**

**2.1. Mid-Cycle Budget Adjustments and Third Quarter Financial Report**

Suzanne Cook, Deputy Finance Director provided the staff report for the Third Quarter Financial Report.

**PUBLIC COMMENTS**

**Frank Connolly** said he felt the Council should cut the City's deficits now. He added that the City Council has been doing the same thing since 1990.

Deputy Finance Director Cook provided the staff report for the Mid-Cycle Budget Adjustments.

**PUBLIC COMMENTS**

**Frank Connolly** said that the revenue projections are overstated.

**3. ADJOURNMENT**

Mayor Wallace adjourned the special meeting at 4:57 p.m.

Minutes Prepared by:



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Caroline Patton, Deputy City Clerk

This entire meeting may be viewed here:

<https://banninglive.viebit.com/player.php?hash=mNsxgVubEnj9>

A CD or DVD may be purchased for \$7.00 each at Banning City Hall,  
located at 99 E. Ramsey Street, Banning, CA 92220.

All documents related to this meeting are available here:

<http://banning.ca.us/ArchiveCenter/ViewFile/Item/2495>



**City of Banning**  
3<sup>rd</sup> Quarter FY 20-21 Report  
and FY 21-22 Mid-Cycle  
Adjustments Presentation



Fiscal Services Department  
Finance Division

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## 3<sup>rd</sup> Quarter Budget Update and Financial Status Report

The 3<sup>rd</sup> quarter budget and financial status update provides a review of the City's financial position as it relates to the FY20-21 adjusted budget through March 31, 2021.

Brief overview of the following Funds will be discussed:

- ▶ General Fund
- ▶ Special Revenue Funds
- ▶ Enterprise Funds
  - Electric
  - Airport
  - Transit
  - Water
  - Wastewater
  - Refuse

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## General Fund

- As of March 31, 2021 - the General Fund shows an operating deficit of \$2.6 million dollars whereas, the projected year-end deficit was \$4.3 million dollars.
- Property taxes are slightly below the 75% mark at 60%. This is due to a timing issue of property tax payments.
- Sales taxes are a bit shy of the 75% mark at 72%.
- Permit revenue is performing much higher at 95% due development
- Labor costs are slightly below at 72%
- Other costs are performing below the mark as well which is helping to contribute to the lower deficit at 3<sup>rd</sup> Quarter

| Q3 FY2020/21 SUMMARY               |                    |                    |             |                  |            |
|------------------------------------|--------------------|--------------------|-------------|------------------|------------|
|                                    | Budget             | Jul-Mar            | % of        | Variance         |            |
|                                    | 2020/21            | Q3 FY2020          | Budget Used | \$               | %          |
| <b>Operating Revenues</b>          | <b>22,313,414</b>  | <b>13,970,004</b>  | <b>63%</b>  | <b>8,343,410</b> | <b>37%</b> |
| Taxes                              | 10,595,056         | 6,678,419          | 63%         | 3,916,637        | 37%        |
| Property Taxes                     | 2,712,021          | 1,640,586          | 60%         | 1,071,435        | 40%        |
| In Lieu Property Tax (VLF)         | 2,538,637          | 1,354,992          | 53%         | 1,183,645        | 47%        |
| Sales Tax                          | 3,023,038          | 2,180,027          | 72%         | 843,011          | 28%        |
| Other Taxes                        | 2,321,360          | 1,502,814          | 65%         | 818,546          | 35%        |
| <b>Other Operating Revenues</b>    | <b>11,718,358</b>  | <b>7,291,585</b>   | <b>62%</b>  | <b>4,426,773</b> | <b>38%</b> |
| Building Permits Total             | 460,000            | 236,044            | 51%         | 223,956          | 49%        |
| Other Permits Total                | 1,496,601          | 1,415,175          | 95%         | 81,426           | 5%         |
| Intergovernmental Revenues         | 1,015,236          | 822,600            | 81%         |                  | 81%        |
| Charges for Services               | 375,279            | 121,836            | 32%         | 253,443          | 68%        |
| Use of Money and Property          | 79,620             | 67,355             | 85%         | 12,265           | 15%        |
| Fines and Forfeitures              | 121,389            | 102,988            | 85%         | 18,401           | 15%        |
| Contributions                      | 5,400              | 4,050              | 75%         | 1,350            | 25%        |
| Miscellaneous Revenue              | 4,946,982          | 2,214,514          | 45%         | 2,732,468        | 55%        |
| Transfers/Recoveries               | 3,217,851          | 2,307,023          | 72%         | 910,828          | 28%        |
| <b>Operating Expenditures</b>      | <b>24,398,427</b>  | <b>16,637,630</b>  | <b>68%</b>  | <b>7,760,797</b> | <b>32%</b> |
| Personnel                          | 13,526,830         | 9,918,941          | 73%         | 3,607,889        | 27%        |
| Services and Supplies              | 7,982,706          | 4,976,713          | 62%         | 3,005,993        | 38%        |
| Repairs and Maintenance            | 410,545            | 211,965            | 52%         | 198,580          | 48%        |
| Capital                            | 832,632            | 494,248            | 59%         | 338,384          | 41%        |
| Transfers Out                      | 1,645,714          | 1,035,763          | 63%         | 609,951          | 37%        |
| <b>Operating Surplus/(Deficit)</b> | <b>(2,085,013)</b> | <b>(2,667,626)</b> |             | <b>582,613</b>   |            |

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## Special Revenue Funds

- Special revenue funds are those for specific or designated purposes.
- Chart indicates revenues received for Fiscal Year 20-21
- Most of the funds are underperforming through 3<sup>rd</sup> Quarter based on budgeted revenue, with the exception of Measure A tax fund, which is at 78%
- Gas tax is at 36% of the fiscal year budget for revenue received. More revenue is expected in fourth quarter and will be monitored.

| 03 - SPECIAL REVENUE FUNDS              | January 2020-21  | February 2020-21 | March 2020-21    | 2020-21 Budget   | % of Budget Received |
|---|------------------|------------------|------------------|------------------|----------------------|
|   | Actual           | Actual           | Actual           |                  |                      |
| (002) DEVELOPER DEPOSIT FUND            | 194,535          | 222,804          | 250,447          | 99,199           | 252%                 |
| (003) RIVERSIDE COUNTY MOU FUND         | 0                | 0                | 0                | 0                | 0%                   |
| (005) ADMIN ALLOWANCE FUND              | 250,000          | 250,000          | 250,000          | 250,000          | 100%                 |
| (100) GAS TAX STREET FUND               | 541,764          | 591,596          | 758,517          | 2,104,385        | 36%                  |
| (101) MEASURE A STREET FUND             | 292,804          | 292,804          | 421,945          | 540,716          | 78%                  |
| (102) RMRA (S81) GAS TAX FUND           | 246,610          | 289,208          | 330,911          | 714,298          | 46%                  |
| (103) SB 300 STREET FUND                | 0                | 0                | 0                | 0                | 0%                   |
| (104) ARTICLE 3 SIDEWALK FUND           | 0                | 0                | 0                | 0                | 0%                   |
| (110) CDBG FUND                         | 64,018           | 64,018           | 251,818          | 544,113          | 46%                  |
| (111) LANDSCAPE MAINTENANCE FUND        | 72,429           | 72,429           | 72,543           | 208,438          | 35%                  |
| (132) AIR QUALITY IMPROVEMENT FUND      | 11,007           | 11,007           | 20,602           | 41,679           | 49%                  |
| (140) ASSET FORFEIT-POLICE FUND         | 6,071            | 6,071            | 6,153            | 148,077          | 4%                   |
| (148) SUPPLEMENTAL LAW ENFORCEMENT FUND | 599              | 599              | 231,872          | 101,321          | 229%                 |
| (150) STATE PARK BOND ACT FUND          | 0                | 0                | 0                | 0                | 0%                   |
| (190) BANNING HOUSING AUTHORITY         | 0                | 0                | 0                | 0                | 0%                   |
| (200) SPECIAL DONATION FUND             | 800              | 800              | 1,000            | 9,983            | 10%                  |
| (202) ANIMAL CONTROL RESERVE FUND       | 0                | 0                | 0                | 0                | 0%                   |
| (203) POLICE VOLUNTEER FUND             | 758              | 758              | 1,134            | 1,502            | 75%                  |
| (300) CITY ADMINISTRATION DEBT SVC FUND | 216,253          | 216,253          | 216,256          | 216,860          | 100%                 |
| <b>Total</b>                            | <b>1,897,647</b> | <b>2,018,346</b> | <b>2,813,199</b> | <b>4,980,571</b> | <b>59%</b>           |

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## Enterprise Funds - Electric

- Revenue is at 50% of total revenue projections, however, miscellaneous revenue contains reserve cancellations.
- Revenue from Sales and Services Charges is at 78% of budgeted revenue, which is above projections.
- Expenditures for the Electric department are at 42% mainly due to capital expenditures at 21% of budget.
- Salaries and benefits are at 66% of budget, under the 75% target

| REVENUES/EXPENSES      | CATEGORY                  | January 2020-21 | February 2020-21 | March 2020-21 | 2020-21     |
|------------------------|---------------------------|-----------------|------------------|---------------|-------------|
|                        |                           | Actual          | Actual           | Actual        | Budget      |
| Revenues               | Revenues Totals           | 20,402,019      | 22,333,830       | 24,686,370    | 29,466,857  |
| Revenues               | SALES AND SERVICE CHARGES | 19,192,416      | 21,100,268       | 23,405,094    | 29,710,212  |
| Revenues               | INTERGOVERNMENTAL         | 6,625           | 8,480            | 10,070        | 13,515      |
| Revenues               | USE OF MONEY AND PROPERTY | 61,132          | 61,154           | 71,230        | 92,608      |
| Revenues               | MISCELLANEOUS INCOME      | 529,849         | 551,930          | 583,978       | 11,083,706  |
| Revenues               | TRANSFERS IN              | 611,997         | 611,997          | 611,997       | 8,566,816   |
| Expenses               | Expenses Totals           | 20,144,790      | 22,664,429       | 25,403,490    | 61,110,301  |
| Expenses               | SALARIES & BENEFITS       | 2,620,383       | 3,082,882        | 3,342,629     | 5,051,493   |
| Expenses               | SUPPLIES & SERVICES       | 1,237,288       | 1,365,472        | 1,527,022     | 2,783,261   |
| Expenses               | REPAIRS & MAINTENANCE     | 72,578          | 81,937           | 115,012       | 470,667     |
| Expenses               | STREET LIGHTING           | 84,167          | 96,191           | 108,215       | 144,287     |
| Expenses               | PURCHASED POWER           | 10,275,107      | 11,578,965       | 12,786,671    | 17,771,893  |
| Expenses               | CAPITAL EXPENDITURES      | 3,274,319       | 3,878,035        | 4,510,213     | 21,275,482  |
| Expenses               | DEPRECIATION              | 0               | 0                | 0             | 0           |
| Expenses               | BAD DEBT                  | 0               | 0                | 0             | 0           |
| Expenses               | DEBT SERVICE              | 508,327         | 508,327          | 508,327       | 2,426,519   |
| Expenses               | TRANSFERS OUT             | 2,072,621       | 2,072,621        | 2,505,402     | 10,888,224  |
| Expenses               | CONTRA EXPENDITURE        | 0               | 0                | 0             | 297,475     |
| Revenues Less Expenses |                           | 257,229         | -330,599         | -717,121      | -11,643,444 |

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## Enterprise Funds - Airport

- Revenue is at 50% of total revenue projections, and at 68% without including reserve cancellations. Majority of the revenue is realized in 4<sup>th</sup> quarter.
- Total expenditures are at 42% of budget.
- Salaries & Benefits are at 64% and Capital Expenditures are at 46%

| REVENUES/EXPENSES      | CATEGORY                  | January 2020-21 | February 2020-21 | March 2020-21 | 2020-21 |
|------------------------|---------------------------|-----------------|------------------|---------------|---------|
|                        |                           | Actual          | Actual           | Actual        | Budget  |
| Revenues               | Revenues Totals           | 130,071         | 169,388          | 181,531       | 311,242 |
| Revenues               | SALES AND SERVICE CHARGES | 129,995         | 148,433          | 160,573       | 204,469 |
| Revenues               | INTERGOVERNMENTAL         | 0               | 20,876           | 20,876        | 42,525  |
| Revenues               | USE OF MONEY AND PROPERTY | 18              | 21               | 24            | 46      |
| Revenues               | MISCELLANEOUS INCOME      | 58              | 59               | 59            | 64,202  |
| Revenues               | TRANSFERS IN              | 0               | 0                | 0             | 0       |
| Expenses               | Expenses Totals           | 166,630         | 173,763          | 190,019       | 299,882 |
| Expenses               | SALARIES & BENEFITS       | 35,387          | 40,614           | 44,800        | 69,471  |
| Expenses               | SUPPLIES & SERVICES       | 59,089          | 60,994           | 76,579        | 108,387 |
| Expenses               | REPAIRS & MAINTENANCE     | 14,749          | 14,749           | 15,274        | 18,430  |
| Expenses               | CAPITAL EXPENDITURES      | 26,466          | 26,466           | 26,466        | 57,500  |
| Expenses               | DEPRECIATION              | 0               | 0                | 0             | 6,553   |
| Expenses               | TRANSFERS OUT             | 30,940          | 30,940           | 26,900        | 39,541  |
| Revenues Less Expenses |                           | -36,559         | -4,375           | -3,488        | 11,360  |

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## Enterprise Funds - Transit

- ▶ Revenue is at 37% of total revenue projections. Mainly due to funds due from STA for a capital project that has not been realized yet.
- ▶ Total expenditures are at 40% of budget. The variance is mainly due to the capital projects and expenditures not materializing yet for the fiscal year.

| REVENUES/EXPENSES      | CATEGORY                  | January 2020-21 | February 2020-21 | March 2020-21 | 2020-21   |
|------------------------|---------------------------|-----------------|------------------|---------------|-----------|
|                        |                           | Actual          | Actual           | Actual        | Budget    |
| Revenues               | Revenues Totals           | 1,080,563       | 1,208,223        | 1,367,826     | 3,681,810 |
| Revenues               | SALES AND SERVICE CHARGES | 1,250           | 1,405            | 1,522         | 127,550   |
| Revenues               | INTERGOVERNMENTAL         | 1,045,538       | 1,173,043        | 1,300,547     | 3,075,284 |
| Revenues               | USE OF MONEY AND PROPERTY | -144            | -144             | -152          | 213       |
| Revenues               | MISCELLANEOUS INCOME      | 3,919           | 3,919            | 20,909        | 1,026     |
| Revenues               | OTHER INCOME              | 0               | 0                | 0             | 12,291    |
| Revenues               | TRANSFERS IN              | 30,000          | 30,000           | 45,000        | 465,446   |
| Expenses               | Expenses Totals           | 1,107,755       | 1,209,022        | 1,481,487     | 3,688,279 |
| Expenses               | SALARIES & BENEFITS       | 662,052         | 753,526          | 841,517       | 1,197,494 |
| Expenses               | SUPPLIES & SERVICES       | 97,670          | 102,576          | 103,932       | 361,571   |
| Expenses               | REPAIRS & MAINTENANCE     | 5,169           | 5,169            | 5,169         | 18,449    |
| Expenses               | CAPITAL EXPENDITURES      | 0               | 4,888            | 4,888         | 1,444,993 |
| Expenses               | DEPRECIATION              | 0               | 0                | 0             | 2,049     |
| Expenses               | TRANSFERS OUT             | 342,864         | 342,864          | 525,983       | 663,723   |
| Revenues Less Expenses |                           | -27,191         | -799             | -113,661      | -6,469    |

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## Enterprise Funds - Water

- ▶ Revenue is at 72% of total revenue projections, which is slightly below projections
- ▶ Total expenditures are at 44% of budget.
- ▶ Salaries & Benefits are at 71% and Capital Expenditures are at 15%

| REVENUES/EXPENSES      | CATEGORY                  | January 2020-21 | February 2020-21 | March 2020-21 | 2020-21    |
|------------------------|---------------------------|-----------------|------------------|---------------|------------|
|                        |                           | Actual          | Actual           | Actual        | Budget     |
| Revenues               | Revenues Totals           | 9,799,997       | 10,566,795       | 13,907,727    | 19,386,022 |
| Revenues               | SALES AND SERVICE CHARGES | 7,282,598       | 8,024,747        | 11,208,856    | 10,092,668 |
| Revenues               | INTERGOVERNMENTAL         | 479,601         | 494,505          | 520,740       | 329,134    |
| Revenues               | USE OF MONEY AND PROPERTY | 69,394          | 69,394           | 81,549        | 55,636     |
| Revenues               | MISCELLANEOUS INCOME      | 461,668         | 471,412          | 589,845       | 6,916,746  |
| Revenues               | TRANSFERS IN              | 1,506,737       | 1,506,737        | 1,506,737     | 1,991,638  |
| Expenses               | Expenses Totals           | 7,523,231       | 8,020,682        | 8,862,929     | 20,191,160 |
| Expenses               | SALARIES & BENEFITS       | 1,151,952       | 1,315,461        | 1,427,657     | 2,009,512  |
| Expenses               | SUPPLIES & SERVICES       | 1,342,898       | 1,489,609        | 1,639,242     | 2,520,961  |
| Expenses               | REPAIRS & MAINTENANCE     | 40,462          | 40,699           | 41,802        | 75,090     |
| Expenses               | PURCHASED POWER           | 15,285          | 15,285           | 15,285        | 50,000     |
| Expenses               | CAPITAL EXPENDITURES      | 1,147,508       | 1,334,502        | 1,436,920     | 9,237,484  |
| Expenses               | DEPRECIATION              | 0               | 0                | 0             | 328,957    |
| Expenses               | BAD DEBT                  | 0               | 0                | 0             | 0          |
| Expenses               | DEBT SERVICE              | 1,343,996       | 1,343,996        | 1,343,996     | 1,990,303  |
| Expenses               | TRANSFERS OUT             | 2,481,130       | 2,481,130        | 2,957,027     | 3,978,853  |
| Revenues Less Expenses |                           | 2,276,766       | 2,546,113        | 5,044,798     | -805,138   |

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## Enterprise Funds - Wastewater

- Total Revenue is at 45% of total revenue projections. With Sales & Service charges at 61%.
- Total expenditures are at 42% of budget.
- Salaries & Benefits are at 68% and Capital Expenditures are at 17%

| REVENUES/EXPENSES      | CATEGORY                  | January 2020-21<br>Actual | February 2020-21<br>Actual | March 2020-21<br>Actual | 2020-21<br>Budget |
|------------------------|---------------------------|---------------------------|----------------------------|-------------------------|-------------------|
| Revenues               | Revenues Total            | 2,482,375                 | 2,784,807                  | 3,097,428               | 6,599,134         |
| Revenues               | SALES AND SERVICE CHARGES | 2,264,710                 | 2,562,081                  | 2,859,718               | 4,644,470         |
| Revenues               | USE OF MONEY AND PROPERTY | 61,387                    | 61,387                     | 72,022                  | 47,729            |
| Revenues               | MISCELLANEOUS INCOME      | 10,122                    | 15,183                     | 19,533                  | 905,407           |
| Revenues               | TRANSFERS IN              | 146,156                   | 146,156                    | 146,156                 | 1,361,528         |
| Expenses               | Expenses Totals           | 2,642,764                 | 2,808,191                  | 3,085,106               | 7,388,678         |
| Expenses               | Salaries & Benefits       | 417,907                   | 479,254                    | 526,740                 | 767,446           |
| Expenses               | SUPPLIES & SERVICES       | 634,253                   | 712,078                    | 802,672                 | 1,424,803         |
| Expenses               | REPAIRS & MAINTENANCE     | 37,268                    | 37,268                     | 37,672                  | 82,815            |
| Expenses               | CAPITAL EXPENDITURES      | 349,452                   | 375,707                    | 387,644                 | 2,174,093         |
| Expenses               | DEPRECIATION              | 0                         | 0                          | 0                       | 124,259           |
| Expenses               | BAD DEBT                  | 0                         | 0                          | 0                       | 0                 |
| Expenses               | DEBT SERVICE              | 545,768                   | 545,768                    | 545,768                 | 598,927           |
| Expenses               | TRANSFERS OUT             | 658,117                   | 658,117                    | 784,610                 | 2,216,335         |
| Revenues Less Expenses |                           | -160,389                  | -23,384                    | 12,323                  | -429,544          |

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## Enterprise Funds - Refuse

- Revenue is at 74% of total revenue projections.
- Total expenditures are at 72% of budget.

| REVENUES/EXPENSES      | CATEGORY                  | January 2020-21<br>Actual | February 2020-21<br>Actual | March 2020-21<br>Actual | 2020-21<br>Budget |
|------------------------|---------------------------|---------------------------|----------------------------|-------------------------|-------------------|
| Revenues               | Revenues Totals           | 2,808,130                 | 3,207,897                  | 3,613,908               | 4,861,838         |
| Revenues               | SALES AND SERVICE CHARGES | 2,772,369                 | 3,159,542                  | 3,558,355               | 4,696,793         |
| Revenues               | TAXES                     | 32,048                    | 44,642                     | 51,229                  | 50,353            |
| Revenues               | USE OF MONEY AND PROPERTY | 3,713                     | 3,713                      | 4,323                   | 2,315             |
| Revenues               | MISCELLANEOUS INCOME      | 0                         | 0                          | 0                       | 112,377           |
| Revenues               | TRANSFERS IN              | 0                         | 0                          | 0                       | 0                 |
| Expenses               | Expenses Totals           | 2,700,506                 | 3,045,363                  | 3,525,118               | 4,886,467         |
| Expenses               | Salaries & Benefits       | 125,370                   | 143,273                    | 160,986                 | 212,019           |
| Expenses               | SUPPLIES & SERVICES       | 2,403,597                 | 2,730,551                  | 3,126,562               | 4,278,263         |
| Expenses               | CAPITAL EXPENDITURES      | 0                         | 0                          | 0                       | 88,839            |
| Expenses               | DEPRECIATION              | 0                         | 0                          | 0                       | 0                 |
| Expenses               | BAD DEBT                  | 0                         | 0                          | 0                       | 0                 |
| Expenses               | TRANSFERS OUT             | 171,539                   | 171,539                    | 237,570                 | 307,346           |
| Revenues Less Expenses |                           | 107,624                   | 162,534                    | 88,790                  | -24,629           |

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## 3<sup>rd</sup> Quarter Report - Next Steps

This is a receive and file report that is under the Consent items on the regular meeting agenda.

The Executive team will continue to monitor and report to Council the results on a quarterly basis.

Fourth quarter results will be reported with the preliminary unaudited final year figures to the Budget & Finance Committee in September and subsequently to Council

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## Mid-Cycle Budget Adjustments

Fiscal Year 2021-22

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## Budget Process

The budget is an evolving document throughout the fiscal year. Due to this reason, changes need to be made to the budget during the year to adjust the funds required to perform the necessary functions of the City - Mid-year and other budget adjustments.

Since we have a biennial budget process here at the City, any changes made to the first year of the budget cycle need to be adjusted to the second year.

The proposed adjustments are based on these changes and other adjustments deemed necessary to perform the functions of the City.

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## REVENUE

General Fund:

| General Revenues  | Amount              |
|---|---------------------|
| Increase Sales Tax Revenue based on projections for Sales Tax Company per HdL our Sales Tax Consultant                  | \$ 531,997          |
| Increase Sales Tax Revenue from Cabazon Outlet also based on sales tax projections from HdL.                            | \$ 323,087          |
| Increase Property Tax and the admin fee (reduction in property tax revenue) based on projections from HdL Coren & Cone. | \$ 307,449          |
| Increase revenue to include the balance of the Tri-Pointe Settlement, \$1.2 million.                                    | \$ (10,324)         |
| Increase Federal Revenue from American Rescue Plan Act  | \$ 1,200,000        |
| <b>Total Adjustments to General Revenues</b>  | <b>\$ 3,734,000</b> |
|   | <b>\$ 6,086,209</b> |

  

| General Fund Departmental Revenues:                            |                     |
|--|---------------------|
| Parks & Recreation - Reduce Revenue for Contract Classes       | \$ (13,490)         |
| Building & Safety - Increase Permit Fees due to developments   | \$ 530,000          |
| <b>Total Adjustments to General Fund Departmental Revenues</b> | <b>\$ 516,510</b>   |
| <b>Total Adjustments to General Fund Revenue</b>               | <b>\$ 6,602,719</b> |

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## REVENUE

### Special Revenue and Capital Improvement Funds:

| Fund 100 - Gas Tax Streets:   | Amount     |
|---|------------|
| Increase in Gas Tax Revenue due to transfer from Refuse Fund to provide maintenance support due to wear and tear from Waste Management trucks | \$ 400,000 |
| Fund 420 Traffic Control Facility   |            |
| Increase of \$515K for funding from WR COG for Hargrave GS  | \$ 515,000 |

### Proprietary – Enterprise Funds

| Proprietary – Enterprise Fund  | Amount                |
|--|-----------------------|
| Fund 690 Refuse Fund   |                       |
| Decreased Direct Franchise Revenue to zero to reflect Waste Management performing billing and collection       | \$ (51,611)           |
| Added AB939 Support Fee revenue paid by Waste Management   | \$ 300,000            |
| Decreased Refuse Monthly Billing revenue to zero to reflect Waste Management performing billing and collection | \$ (4,407,500)        |
| Decreased Turn-on Charges revenue to zero to reflect Waste Management performing billing and collection        | \$ (15,465)           |
| Increased Franchise Fee revenue to reflect the increase to 12.5% fee and CPI adjustments                       | \$ 200,000            |
| Decreased Msc Receipts revenue to zero   | \$ (8,000)            |
| <b>Total Adjustments to Refuse Fund Revenue</b>  | <b>\$ (3,982,576)</b> |

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## EXPENDITURES

### Salaries & Benefits:

| Salaries & Benefits:   | Amount       |
|--|--------------|
| During Budget development to help the budget deficit furloughs were included but concessions were not made, adding back into salaries and benefits | \$ 488,075   |
| Another concession that did not transpire is the leave balance payouts which need to be added back:  |              |
| Vacation Payout  | \$ 378,038   |
| Comp time Payout   | \$ 261,760   |
| Management/Executive Leave Payout  | \$ 138,922   |
| Sick Leave Payout  | \$ 354,619   |
| Holiday Payout   | \$ 244,514   |
| Citywide total increase to Salaries and Benefits due to new hires, new positions, increases due to step changes                                    | \$ 4,281,634 |

*See Attachment 3 for the above increase broken out by Fund/Dept*

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## EXPENDITURES

### Salaries & Benefits - Changes included in the increases:

- Parks & Recreation – additional hours
  - In the 4000 Recreation department:
    - add 860 hours of Rec Leader – This allows us to operate the Community Center after hours and without it, our revenue and program operations will be significantly reduced.
    - Add 1,000 hours of Senior Recreation Leader – This is to replace the 1,000 hours of Sports Coordinator that was not funded in the last budget cycle.
  - Previously approved Council Action:
    - Add Office Specialist – reclass Receptionist position to better reflect the duties performed by employee.
    - Receptionist – Un-fund - Vacant
- In the 4010 Aquatics department:
  - Add 292 hours of cashier – allows us to operate pool and snack bar this summer and next June.
  - Add 500 hours of Pool Manager – allows us to operate pool and snack bar this summer and next June.
- In the 4050 Sr. Center department:
  - Add 500 hours of Rec Leader – allows us to operate the front desk when we reopen the Senior Center this budget cycle.

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## EXPENDITURES

### Salaries & Benefits - Changes included in the increases:

- Police Department (001-2200)
  - Add the five (5) new authorized officer positions from previously approved Council action.
  - Change Steps on all officers to Step 13.
- Animal Control (001-2300)
  - Add 2 Animal Control Officers previously approved Council action.
- Fiscal Services
  - Finance (001-1900)
    - Administrative Services Director Position – Un-fund - Vacant
    - Add Finance Director Position – Reclass Deputy Finance Director
    - Deputy Finance Director – Un-fund - Vacant
  - Utility Billing (761-3100)
    - Previously approved Council Action:
      - Customer Service Lead – Un-fund
      - Add - Utility Financial Analyst
- City Manager Dept (001-1200)
  - Add Grant Coordinator position from previously approved Council action.
  - Add Site Coordinator – New Position

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## EXPENDITURES

### Salaries & Benefits - Changes included in the increases:

- Public Works (various Funds/Dept)
  - Add Deputy Public Works Director – New Position
  - Management Analyst Positions (2) – Un-fund – vacant
  - Add Public Works Program Manager – Reclass the remaining Management Analyst position
  - Add Solid Waste Coordinator (Fund 690) previously approved Council action.
  - Changes to distribution %'s
  - Add Associate Engineer (CIP) – previously approved Council action that unfunded the other Management Analyst position.
- Electric (670)
  - Presented several changes that will need a comprehensive salary survey to complete, however, budget money was included to accommodate the changes.
    - Add Service Planning Supervisor – New Position
    - Sr. Service Planner – Un-fund – Vacant
    - Add Electrical Energy Influencer New Position Reclass Public Benefits Coordinator position
    - Public Benefits Coordinator – Un-fund – Vacant
    - Add Warehouse Services – additional position, currently there is one (1).
    - Add Powerline Superintendent – New position
    - Recommending changes to Operations Manager position but unable to include in budget currently.
  - Add Meter Test Tech Apprentice – previously approved Council action.
- Information Systems (703):
  - Promote Information Tech Analyst to Information Tech Analyst II -budgeted and approved position vacated during the year. Reduction in salaries and benefits due to employee who left was at a higher step.

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## EXPENDITURES - Other Adjustments

### General Fund:

|  |             |
|--|-------------|
| <b>City Council (001-1000)</b> - Reduction in expenses related to food/meals costs and telephone services  | \$ (3,081)  |
| <b>City Manager (001-1200)</b> -reduction in telephone services offset by increases in advertising/publishing and printing                           | \$ (1,068)  |
| <b>Economic Development (001-1210)</b> -decreases in Postage, telephone service and office furniture/fixtures  | \$ (1,320)  |
| <b>City Clerk (001-1400)</b> -decrease in vision allowance and computer software offset by an increase in telephone service and advertising          | \$ (4,517)  |
| <b>Human Resources (001-1300)</b> add funds for a comprehensive salary survey  | \$ 175,000  |
| <b>Finance (001-1900)</b> add previously approved Council actions for contracts with ResourceX (Priority Based Budgeting) MGT (Cost Allocation Plan) |             |
| Audit Services increase in previously budgeted costs.  | \$ 116,600  |
| Reduction in Contract Employment Services  | \$ 6,122    |
| Increase in Overtime to \$7,500  | \$ (25,000) |
| <b>TV Government Access/Media (001-2060)</b> -increase in Computer Hardware and equipment maintenance  | \$ 2,500    |
|  | \$ 4,000    |

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## EXPENDITURES - Other Adjustments

### General Fund:

| Police department (001-2200)   |            |
|--|------------|
| Increase in Overtime to \$650,000                                      | \$ 392,500 |
| Increase to staff training   | \$ 13,750  |
| Reduction in Advertising, Printing and Dues/Subscriptions \$1,000 each | \$ (3,000) |
| Increase to travel & conferences                                       | \$ 425     |
| Reduction in mailing and misc contract services                        | \$ (560)   |
| Increase Computer Services   | \$ 1,000   |
| Increase to vision allowance for new employees                         | \$ 1,000   |
| Increase to telephone services   | \$ 6,658   |
| Increase to Radio Transmission Services                                | \$ 37,000  |
| Reduction in Satellite television                                      | \$ (1,503) |
| Increase to Vehicle Maintenance  | \$ 3,208   |
| Reduction to Repair & Maintenance Equipment                            | \$ (3,532) |
| Increase Software Maintenance  | \$ 2,500   |
| Increase to Lease purchases for leased vehicles                        | \$ 4,500   |
| Increase in custodian services   | \$ 518     |
| Increase in Medical/Hospital for officer activity                      | \$ 8,800   |
| Increase in departmental supplies                                      | \$ 11,714  |
| Increase in Ordinance  | \$ 9,612   |
| Increase in Food/Meal costs  | \$ 337     |
| Increase in K9 Program   | \$ 1,000   |
| Increase in Area Police Computer (city's portion of JPA)               | \$ 10,000  |

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## EXPENDITURES - Other Adjustments

### General Fund:

| Dispatch (001-2210)   |                     |
|---|---------------------|
| Increase in Overtime  | \$ 75,000           |
| Increase in overtime meals, telephone service, lease purchase payments vehicles and departmental supplies   | \$ 3,511            |
| Animal Control (001-2300) savings between contract with Riverside County and expenses needed to operate in-house  | \$ (91,500)         |
| Fire (001-2400)   |                     |
| Professional Services increase - Medical Response (Wittman)   | \$ 60,000           |
| Personnel Services increase - EMD/Emergency Response Coordinator  | \$ 45,000           |
| Code Enforcement (001-2740)   |                     |
| Increase in lease payments for vehicles, fleet maintenance, telephone service, weed abatement services, misc contract services, travel/conference, dues & subscriptions, printing offset by decrease in mailing | \$ 30,689           |
| Engineering (001-3000)  |                     |
| Increase in professional services for grant writing services  | \$ 10,000           |
| Parks (001-3600)  |                     |
| Increase in Overtime & Standby pay, landscape maintenance, telephone service, irrigation maintenance, lease payments for vehicles and professional services grant writing support                               | \$ 57,400           |
| Recreation (001-4000)   |                     |
| increase in dues/subscriptions and repair and maintenance buildings   | \$ 1,450            |
| Senior Center (001-4050)  |                     |
| increase in training and departmental supplies  | \$ 950              |
| Central Services (001-4500)   |                     |
| increase to professional services for Iron Mt, Superior, OpenGov GovInvest  | \$ 53,757           |
| Community Enhancement (001-5400)  |                     |
| increase to add contributions for Stagecoach Days and Playhouse Bowl events   | \$ 50,000           |
| <b>Total General Fund Expenditure Adjustments</b>   | <b>\$ 1,061,420</b> |

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## EXPENDITURES - Other Adjustments

### Proprietary - Enterprise Funds:

|   |                |
|---|----------------|
| <b>Fund 600 - Airport Fund</b>  |                |
| Increase for Audit services   | \$ 2,500       |
| <b>Fund 660 - Water</b>   |                |
| Increase to NPDES Storm Water expenses due to increase in permit and inspection fees  | \$ 25,000      |
| UWMP update, increasing use of consultants to pursue grant funding opportunities, comply with new regulations, and support water conservation and water loss reduction programs PBB & GovInvest | \$ 10,300      |
| <b>Total Fund 660 - Water adjustments</b>   | \$ 35,300      |
| <b>Fund 670 - Electric</b>  |                |
| Professional Services - PBB & GovInvest & MGT (CAP)   | \$ 17,695      |
| <b>Fund 680 - Wastewater</b>  |                |
| Professional Services - PBB & GovInvest & MGT (CAP)   | \$ 4,520       |
| <b>Fund 690 - Refuse</b>  |                |
| Increase printing/binding additional outreach   | \$ 2,000       |
| Increase dues/subscriptions   | \$ 4,000       |
| Increase in mailing costs additional outreach   | \$ 2,000       |
| Remove contracted refuse service  | \$ (4,212,750) |
| Increase planning services  | \$ 30,000      |
| Increase in community programs  | \$ 12,500      |
| Decrease in customer service/utility billing  | \$ (195,049)   |
| Increase transfer to Fund 100 Gas Tax fund.   | \$ 400,000     |
| <b>Total Fund 690 Refuse Adjustments</b>  | \$ (3,957,299) |

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## EXPENDITURES - Other Adjustments

### Proprietary - Internal Service Funds:

|  |            |
|--|------------|
| <b>Fund 700 - Risk Management</b>  |            |
| Dept - 5020 Workers Comp increase in premiums  | \$ 51,218  |
| Dept - 5040 Liability Insurance  |            |
| Increase in Property Insurance premiums  | \$ 125,583 |
| Increase in General Liability Insurance premiums   | \$ 207,251 |
| Increase in Earthquake Insurance premiums  | \$ 20,770  |
| Increase in professional services  | \$ 142,034 |
| <b>Total Fund 700 - Risk Management Adjustments</b>  | \$ 495,738 |
| <b>Fund 703 - Information Systems</b>  |            |
| Increase in telephone services   | \$ 2,100   |
| Increase in software maintenance   | \$ 190,000 |
| Increase in departmental supplies  | \$ 2,500   |
| <b>Total Fund 703 Information Systems Adjustments</b>  | \$ 194,600 |
| <b>Fund 761 Utility Billing Administration</b>   |            |
| Dept 3100 - Utility Billing increase for additional computer hardware and credit card fees, othe increases for mailing costs, courier services printing and audit services | \$ 76,439  |
| Dept 3110 Meter Reading-minor increases for uniforms and mailing costs   | \$ 1,377   |
| <b>Total Fund 761 Utility Billing Administration Adjustments</b>   | \$ 77,816  |

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## FISCAL IMPACT

### City Wide:

| Fund   | Description              | Total Revenue Adjustments | Expenditure Adjustments | Salary & Benefit Adjustments | Total Expenditure Adjustments | Fiscal Impact     |
|--|--------------------------|---------------------------|-------------------------|------------------------------|-------------------------------|-------------------|
| <b>General Fund</b>  |                          |                           |                         |                              |                               |                   |
| 001  | General Fund             | \$ 6,602,719              | \$ 1,061,420            | \$ 2,280,862                 | \$ 3,342,282                  | \$ 3,260,437      |
| <b>Special Revenue &amp; Capital Improvement Funds:</b>            |                          |                           |                         |                              |                               |                   |
| 005  | SA Admin Allowance       | \$ 500                    | \$ 500                  | \$ (500)                     | \$ 500                        | \$ (500)          |
| 100  | Gas Tax                  | \$ 400,000                | \$ 30,000               | \$ (49,653)                  | \$ (19,653)                   | \$ 419,653        |
| 111  | Landscape Maintenance    |                           |                         | \$ (23,315)                  | \$ (23,315)                   | \$ 23,315         |
| 420  | Traffic Control          | \$ 515,000                | \$ 525,000              |                              | \$ 525,000                    | \$ (10,000)       |
| <b>Proprietary Funds - Enterprise &amp; Internal Service Funds</b> |                          |                           |                         |                              |                               |                   |
| 600  | Airport                  | \$ 2,500                  | \$ 44,254               | \$ 46,754                    | \$ (46,754)                   |                   |
| 610  | Transit                  | \$ 15,096                 | \$ 102,438              | \$ 117,534                   | \$ (117,534)                  |                   |
| 660  | Water                    | \$ 35,300                 | \$ 198,673              | \$ 233,973                   | \$ (233,973)                  |                   |
| 670  | Electric                 | \$ 17,695                 | \$ 1,101,306            | \$ 1,119,001                 | \$ (1,119,001)                |                   |
| 680  | Wastewater               | \$ 4,520                  | \$ 122,954              | \$ 127,474                   | \$ (127,474)                  |                   |
| 690  | Refuse                   | \$ (3,982,576)            | \$ (3,957,299)          | \$ 43,153                    | \$ (3,914,146)                | \$ (68,430)       |
| 700  | Risk Management          | \$ 546,956                | \$ 4,180                | \$ 551,136                   | \$ (551,136)                  |                   |
| 702  | Fleet Management         |                           | \$ 190,027              | \$ 190,027                   | \$ (190,027)                  |                   |
| 703  | Information Tech         | \$ 194,600                | \$ 144,680              | \$ 339,280                   | \$ (339,280)                  |                   |
| 761  | Utility Billing          | \$ 77,816                 | \$ 122,074              | \$ 199,890                   | \$ (199,890)                  |                   |
| <b>Successor Agency</b>  |                          |                           |                         |                              |                               |                   |
| 810  | Successor Agency Low/Mod | \$ 500                    | \$ 500                  | \$ 500                       | \$ 500                        | \$ -              |
| <b>City Wide</b>   |                          | <b>\$ 3,535,643</b>       | <b>\$ (1,445,396)</b>   | <b>\$ 4,281,634</b>          | <b>\$ 2,836,238</b>           | <b>\$ 699,405</b> |

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## FISCAL IMPACT

### General Fund:

|   | Amount               |
|---|----------------------|
| Adjusted FY 21-22 Operating Revenue                                   | \$ 25,371,069        |
| Adjusted FY 21-22 Operating Expenditures                              | <u>\$ 25,555,926</u> |
| Operating Surplus (Deficit)   | \$ (184,857)         |
| Use of Reserves for Operations to Balance Budget                      | 184,857              |
| Note: As Originally Adopted Budget Use of Reserves                    | \$ 3,528,135         |
| Current Emergency Reserve Balance                                     | \$ 3,525,828         |
| Less Reserve required to balance budget                               | <u>184,857</u>       |
| Emergency Reserve Balance   | \$ 3,341,001         |
| Emergency Reserve % (Reserve balance/Operating Budget (Expenditures)) | 13%                  |

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## Reserve Policy:

Commitment for emergency contingencies is established at a minimum of \$1.5 million or up to 25% of operating appropriations. The Emergency contingency is reserved for economic uncertainties, local disasters, recession or other financial hardships, to subsidize unforeseen operating or capital needs, and for cash flow requirements

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## GANN Limit

- ▶ Article XIIIIB of the California State Constitution was adopted by voters in November 1979 (Prop 4) and is more commonly referred to as the GANN Limit. It puts limits on the amount of revenue which can be spent each year and only revenues which are considered proceeds of taxes are subject to the limit.
- ▶ The limit is different for each agency and changes each year, modified for changes in inflation and population since 1979.
- ▶ City of Banning's GANN Limit has been calculated to be **\$52,022,081** for Fiscal Year 2021-22 using last year's limitation of \$48,875,298 multiplied by the 5.73% increase in per capita income and the .67% increased population grown in Riverside County.
- ▶ The City's revenues subject to the limit equate to \$11,802,450, which is well below the limit. If the revenues exceeded \$52,022,081, then the City would have to return the surplus to the taxpayers within 2 years.

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## Class & Comp Amendments:

### Add

|  |   |
|--|---|
| Site Coordinator                           | 1 |
| Warehouse Services Specialist              | 1 |
| Deputy Public Works Director/City Engineer | 1 |

### Re-Class

|                                  |     |
|----------------------------------|-----|
| Administrative Services Director | (1) |
| Deputy Finance Director          | (1) |
| Finance Director                 | 1   |
| Management Analyst (PW)          | (1) |
| Public Works Program Manager     | 1   |

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Any Comments or  
Questions?



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## Next Steps:

- ▶ In the consent items for tonight's regular meeting are the
  - ▶ Resolutions to adopt and approve the Mid-Cycle Budget Adjustments for FY 2021-22 (Reso 2021-52, 2021-05 US & 2021-02 SA)
  - ▶ Resolution 2021-53 Approving the GANN limit for FY 2021-22
  - ▶ Resolution 2021-54 Amending the Classification and Compensation Plan
- ▶ Provide alternative direction to staff