



City of Huntington Beach

File #: 22-962

MEETING DATE: 11/15/2022

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Al Zelinka, City Manager

VIA: Dahle Bulosan, Chief Financial Officer

PREPARED BY: Serena Bubenheim, Finance Manager - Budget

Subject:

Approve Fiscal Year 2021/22 Year-End and Budget Adjustments and Inter-Fund Transfers

Statement of Issue:

The Finance Department is completing its year-end closing process for Fiscal Year (FY) 2021/22, which began on July 1, 2021 and ended on June 30, 2022. Certain technical adjustments and fund transfers are needed: to reconcile the budget with actual expenditures incurred; to comply with auditing, actuarial, accounting, and legal requirements; and to align with the City Council's Strategic Plan goal of maintaining fiscal sustainability. City Council authorization is requested to perform these reconciliations in order to officially close FY 2021/22.

Financial Impact:

1. Appropriation Increases (various funds): Appropriation increases of \$7,175,152 are requested to reconcile the budget with actual expenditures incurred in various funds (Attachment 1).
2. Inter-Fund Transfers (various funds): Authorization is requested for inter-fund transfers totaling \$5,247,986 from various funds to reconcile budgets and close out fund accounts (Attachment 1).
3. Appropriation Increases (FY 2022/23 Grant): Appropriation increases of \$5,000,000 are requested for the Oak View Neighborhood and Beautification Project grant funds received through the Clean California Local Grant Program.
4. Professional Service Contract Extension: Authorization is requested to extend the professional services contract with Winbourne Consulting, LLC for a fifth year through January 10, 2024. There is no financial impact with this request.

Recommended Action:

A) Approve the year-end inter-fund transfers for the FY 2021/22 Revised Budget in the funds and by the amounts contained in Attachment 1 and carry the remaining appropriations into FY 2022/23; and,

B) Increase appropriations for the FY 2021/22 Revised Budget by \$12,423,138 in the funds and amounts contained in Attachment 1 and associated FY 2022/23 carryovers to reconcile the budget with actual expenses incurred; and,

C) Approve the FY 2022/23 appropriation of \$5 million of grant revenues and expenditures into Fund 1277 for the Oak View Neighborhood Cleanup and Beautification Project received through the Clean California Local Grant Program; and,

D) Approve and authorize the Mayor and City Clerk to execute "Amendment No. 3 to Agreement between the City of Huntington Beach and Winbourne Consulting, LLC for Consulting Services for CAD Mobile Law RMS Replacement Services" (Attachment 2).

Alternative Action(s):

Do not approve the recommended action, and direct staff accordingly.

Analysis:

The FY 2021/22 Budget was adopted by City Council on June 1, 2021, for the fiscal year beginning July 1, 2021. The Finance Department has compiled recommended budget adjustments to cover additional costs and/or provide appropriations necessary to expend funds that have been received for specific purposes. The requested adjustments will be funded by available revenue or fund balances within each distinct Fund.

Inter-Fund Transfers and Budget Adjustments Technical year-end budget adjustments to the FY 2021/22 Revised Budget are requested to align appropriations in certain funds with actual expenditures incurred through June 30, 2022, as actual expenditures cannot exceed the appropriation amounts contained in the Revised Budget. Adjustments are also required to ensure compliance with Generally Accepted Accounting Principles (GAAP), Governmental Accounting Standards Board (GASB), and other regulatory, contractual or legal requirements. Please note any appropriation increases are fully offset by commensurate amounts of revenues, available cash, or fund balances in each Fund.

1. Workers' Compensation Fund (551): An appropriation increase of \$1,215,774 is requested to fund the cost of claims paid during FY 2021/22. Over the past several months, there has been a significant increase in the cost of workers' compensation claims due to rising medical costs and an expanded list of injuries that are presumed to be work related under California law, including cancer and post-traumatic stress.
2. Hotel/Motel Business Improvement District (Hotel/Motel BID) Fund (709): An appropriation increase of \$1,959,378 is requested to align the budget with actual FY 2021/22 revenues and expenditures. The Hotel/Motel BID Fund is a pass-thru fund in which the City collects self-assessed revenues of 4% from the participating hotels and motels and submits them to Visit Huntington Beach per the BID's agreement.
3. General Fund Transfers (100, 314, and 324): Section 617 of the City Charter requires the City to spend 15% of General Fund revenue on infrastructure. In order to comply with the City's

Charter requirement and ensure adequate funding for essential capital needs, appropriations of \$2,000,000 and \$2,000,000 are requested to increase transfers into the Infrastructure (314) and Equipment Replacement (324) Funds, respectively, and to increase expenditure appropriations in both funds and carry remaining appropriations into FY 2022/23. These funds will be used to supplement the FY 2022/23 Capital Improvement Program (CIP) and Equipment Replacement budgets as the City continues to grapple with supply chain shortages and corresponding inflationary pressure on materials and equipment.

4. General Fund and HOME Transfer (100 and 240): A budget appropriation of \$6,410.80 is needed to increase transfers out of the General Fund (100) into the HOME Fund (240) to reimburse the HOME Fund for prior year administrative expenditures that were found to be ineligible under the program and Housing and Urban Development (HUD) guidelines.
5. Revolving Loan and CDBG Funds (215 and 239): An appropriation increase of \$44,995.37 is requested to increase transfers out of the Revolving Loan Fund (215) into the Community Development Block Grant (CDBG) Fund (239) to reconcile funding with the Integrated Disbursement and Information Systems (IDIS) for the CDBG Program and show use of program income.
6. HOME Funds (240 and 854): An appropriation increase of \$822,114.59 is requested to increase transfers out of the HOME Program 06 Fund (854) into the HOME Fund (240) to reconcile funding with the Integrated Disbursement and Information Systems (IDIS) for the HOME Program and show use of program income.
7. EPIC Challenge Grant Close Out (1240 and 243): An appropriation increase of \$3,120 is requested to increase transfers out of the EPIC Challenge Grant Fund (1240) into the Surf City "3" Cable Channel Fund (243) to reconcile the payment of two EPIC Challenge II invoices accidentally charged to Fund 243 and properly close out the EPIC Challenge Grant.
8. Highway Safety Improvement Program Fund Close Out (100, 206, 207, 213, 219, 506, and 995): Appropriations of \$371,344.80 are requested to increase transfers in and appropriations of \$371,344.80 are requested to increase transfers out, as outlined in Attachment 1, between Funds 100, 206, 207, 213, 219, 506 and 995 for the close out of the grants in Fund 995. These grants include the Bolsa Chica/Pearce Traffic Signals, Goldenwest/Heil Signal Modifications, Gothard/Center Signal Modifications, Gothard/Slater Signal Modifications, Newland/Ellis Signal Modifications, Signal Interconnect - Newland, and Newland/Slater Signal Modifications.

FY 2022/23 Oak View Neighborhood Cleanup and Beautification Project On June 7, 2022, City Council adopted Resolution No. 2022-32, "A Resolution of the City Council of the City of Huntington

Beach authorizing the Director of Public Works to execute agreements with Caltrans for the Oak View Neighborhood Cleanup and Beautification Project.” Authorization is requested to appropriate the \$5 million in grant funding to be received under the Clean California Local Grant Program.

Professional Services Contract Extension The Police Department is requesting approval of “Amendment No. 3 to Agreement between the City of Huntington Beach and Winbourne Consulting, LLC for Consulting Services for CAD Mobile Law RMS Replacement Services” (Attachment 2), to extend the contract a fifth year to January 10, 2024. The update to the Police Department’s Computer Aided Dispatch and Records Management System (CAD/RMS) is an ongoing multi-year, multi-million dollar project. Winbourne Consulting, LLC provides project management services as an experienced implementation strategist. No additional funding is required for this contract.

Environmental Status:

Not applicable

Strategic Plan Goal:

Financial Sustainability, Public Safety or Other

Attachment(s):

1. FY 2021/22 Year-End Budget Adjustments by Fund
2. Amendment No. 3 to Agreement between the City of Huntington Beach and Winbourne Consulting, LLC for Consulting Services for CAD Mobile Law RMS Replacement Services
3. Year-End Budget Adjustments Presentation