

EXHIBIT A
PROPOSED MID-YEAR BUDGET ADJUSTMENTS
FY 2017-18

Police Department (Safe, Livable Community)

Mid-Year Budget Requests

**1. Police Department CALEA Accreditation (\$16,125)
1000.40.4110-63.6010 – Outside Services Professional Services**

As part of ongoing efforts to enhance community accountability, transparency and overall efficiency, the Salinas Police Department wishes to participate in the nationally recognized accreditation evaluation process provided by the Commission on Accreditation for Law Enforcement Agencies, Inc. (CALEA). This is a 36-month process that will provide an extensive self-evaluation and a thorough third party evaluation of the Department's policies, procedures, training and records management capabilities to ensure the Department is functioning at a level equal to or greater than the national industry standard. SPD is requesting the anticipated total funds over the 36-month process, beginning with an initial accreditation fee of \$16,125.

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Fire Department (Safe, Livable Community)

Mid-Year Budget Requests

1. **Vehicle Maintenance (\$50,000)**
1000.45.4560-62.2300 – Supplies & Materials Rolling Stock

The Vehicle Maintenance Program was reduced by \$50,000 during the Fiscal Year 2017/2018 budget approval process. These funds are necessary to help keep our fleet of apparatus in a complete state of readiness.

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Public Works (Excellent Infrastructure)

Mid-Year Budget Requests

1. City-Wide Cleanup (\$150,000)

**5800.50.9068-63.4900 – Outside Services Maintenance & Repairs Other
General Fund**

The City has ongoing expenses related to homeless cleanups that have been funded with Measure G during last few years at \$250,000 (CIP 9068). For the current year, only \$100,000 was funded and has already been spent. An additional \$150,000 is requested to continue this important health and safety effort for the remainder of the fiscal year. There are no more available Measure G funds this year so the General Fund is the funding source.

2. Safety Striping on City Streets (\$120,000)

**5800.50.9438-66.4000 – Capital Outlays Improvements
Measure X**

Public Works staff is completing two safety projects. Together the projects include street resurfacing and re-striping of two street segments:

Striping on John Street from Sanborn Road to Sherwood Drive (following completed resurfacing work): Proposed re-striping replaces fading striping and responds to concerns of speeding on John Street. Estimated Cost: \$65,650.

Striping on Madrid Street from the Northridge Mall Driveway to North Main Street (includes re-surfacing of street). Proposed work responds to concerns expressed by Monterey Salinas Transit and Northridge Mall regarding transit operations service serving the mall. Estimated Cost: \$51,500.

Staff is requesting a mid-year allocation from Measure X for \$120,000 to the Capital Improvement Program (CIP 9438) to cover the costs of the above improvements.

3. Traffic Signals (\$500,000)

**5800.50.xxxx-66.4000 – Capital Outlays Improvements
Measure X**

The City Council approved the City's Traffic Signal Priority List in August 2017 which included the approval of funding from Measure X/SB1. Staff would like to begin design of this project for delivery within the 2 years anticipated by Council's action.

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Given the increase in costs we are seeing in traffic signal projects, staff estimates the signals will cost \$600,000 each. We would like to request design funds as part of the mid-year budget so we can have all signal designs be completed by Fall 2018, potentially in time to begin construction in Spring 2019 with approval of construction funding in the FY 2018-19 budget.

We would therefore request \$500,000 to begin design of the following signals:

- Alvin Drive at Linwood Drive (New CIP)
- Williams Road at Garner Avenue (CIP 9358)
- Boronda Road at Sanborn Road (New CIP)
- Constitution Boulevard at Las Casitas (New CIP)
- East Alisal at Murphy Street (Serving the New Public Safety Building) (New CIP)

4. Parking Enforcement (\$269,400)

6803.50.5448-63.6010 - Outside Services Other Outside Services \$269,400
Funding Moved from Traffic Safety Fund

An Agreement with Serco, Inc. was approved by the Salinas City Council on August 16, 2016, Resolution 2024. The total cost for the first year of service is \$269,359. Although the contract was approved for two years of service, only the first year was funded with the expectation of second year funding coming from revenues. Current citation activity indicates that revenues generated by the program will cover costs. Staff is requesting the appropriation of \$269,359 at mid-year (FY 17-18) to fully cover the cost of the 2-year contract. Staff is requesting the appropriation from citation revenue generated by the program. A transfer of the traffic citation revenue of \$269,400 from the Traffic Safety Fund 2503 (previously used to fund street maintenance) to the new Parking Enforcement Enterprise Fund (6803) will occur and the current year General Fund transfer will be made whole through an equivalent amount from the Gas Tax Fund 2401 (for street maintenance).

5. CIP Transfer (\$0)

5800.50.9265-66.4000 (\$58,754)
5800.50. 9379-66.4000 (\$58,754);
5800.50.9206-66.4000 (<\$117,508>)

The Public Works department requested a transfer of the remaining balance of \$117,508 from CIP 9206 "Homeless Warming Shelter" to CIP 9379 "Sherwood Tennis Center" and CIP 9265 "Freight Building Renovations" 50% each (58,754). The ESG grant funding will backfill the Homeless Warming Shelter funding of \$117,508. The PGE connection was only 30-amps in the Freight Building and funding will upgrade it to full capacity. The original price of the Sherwood Tennis Center was double the budget, and now we have

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Public Works (Excellent Infrastructure)

pricing to only fix the courts, leaving sidewalks and the Tennis Pro-shop for later. This funding will complete the courts.

6. CIP Transfer (\$0)

5800.50.9052-66.4000 (\$149,072)

5800.50.9065-66.xxxx (\$<5,013>)

5800.50.9718-66.xxxx (<\$94,059>)

5800.50.9875-66.3010 (<\$50,000>)

Women's Club Phase 1 interior building improvements in CIP 9052 includes new restrooms, electrical, plumbing, fire alarm, roofing, window repairs, painting, and miscellaneous demo work. Staff is proposing a transfer of Measure G funds from CIP 9065 (10 Soledad- \$5,013), CIP 9718 (Reroof public buildings- \$94,059) and CIP 9875 (Facility Paining - \$50,000) totaling \$149,072. The plan is to bid out the roofing work and review work needed to get the facility usable within the allotted budget after this transfer. To complete all the phase 1 work would require an additional \$271,000.

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Library and Community Services (Quality of Life)

Mid-Year Budget Requests

- 1. Sherwood Hall Seating Unit Repair (\$26,100)
1200.55.6247-66.4000 – Capital Outlays Improvements
Measure G Fund**

Sherwood Hall opened in 1976, and because of its state of the art seating unit, offered the ability to hold performance type events along with private parties and trade shows. In 1975, when the seating unit was installed, there was no electronic capacity and it required manual operation to move it in and out. Over the years, there has been minor repairs to keep the unit working properly. The unit is now 43 years old and last November it suffered a major break down during a transition causing the unit to get stuck. November is a busy month and because of several scheduled events, including two Nutcracker performances, staff worked with a structural engineer to brace the unit so that these events could continue. While the events were able to continue, ultimately, there was a loss of approximately 400 seats. Since November, staff has been working to identify a qualified company to evaluate the unit and determine if it could be repaired. Due to the age of the facility, it took quite some time to identify someone who was qualified and willing to perform this evaluation. During the week of 1/15/18, Gym Tek, Inc. came and performed an evaluation of the unit. Based on their assessment, they feel that the unit could last another 10-15 years with some modifications, parts and annual maintenance. The modifications include replacing the current track system with a friction system which is easier to operate and more reliable. While a new unit at a projected cost of \$1,000,000 to \$2,000,000 will likely be needed in the future, staff feels moving forward with the indicated modification and repairs is important in order to keep the facility operational and provide the space for multiple types of uses. The Department is seeking a total of \$78,000 to cover the installation of the friction system. We currently have an operational budget of \$51,900 for the Sherwood Recreation Center, former Municipal Pool. There have been a number of set backs with this project which will prevent its completion this fiscal year so we are proposing that these funds be used to support the repair of the seating unit at Sherwood Hall. With the approval of this adjustment, \$26,100 in new money is needed to cover the remaining balance of the repair.

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Administration (Sustainable, Effective Government)

Mid-Year Budget Requests

1. **Commercial Cannabis Businesses (\$0)**
1000.12.1355-56.xxxx – Cannabis Service Fee Revenue \$125,000
1000.12.1355-63.5220 – Cannabis Monitoring \$125,000

The Mid-Year Budget Adjustment makes changes to accommodate for the monitoring of commercial cannabis businesses and processing of employee Work Permits during the remainder of FY 17-18. Additional anticipated revenues to cover the City's costs, including staff time, are estimated to be \$293,465. Staff is proposing a budget adjustment of \$125,000 in revenue at this time. In addition to monitoring by City employees, the City has contracted with Macias Gini & O'Connell (MGO) to perform financial assessments of commercial cannabis businesses. The businesses are responsible for covering all City costs, including administrative overhead, and are required to pay the City's fees prior to the City compensating MGO for performing any assessments. The contract has been structured so that there is no risk to the City that expenditures could exceed revenues. However, although the revenues will cover all City costs, an expenditure budget needs to be approved by City Council to track how the funding sources are spent. Therefore, the Mid-Year Budget includes an increase of \$125,000 to the Administration Department Economic Development Division's budget to provide funds to the Professional Services account that can be used by staff to compensate MGO for their work.

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Finance (Effective, Sustainable Government)

Mid-Year Budget Requests

**1. Move Front Cashiering Counter to Permit Center (\$20,000)
1000.20.2034-66.3010– Capital Outlays Remodeling & Alteration**

As part of implementing a new Business License System, staff is re-evaluating the current business processes to improve customer service. Business License is a tax on businesses that helps pay for general services. It is the fifth largest revenue source that funds police, fire, public works and other services to the community. When a new business comes to the City to pay their business license tax, it is the perfect time to evaluate other compliance issues related to zoning, home business occupancy permits, and other code rules the city enforces. As a result, before certain businesses can pay the business license tax, our process frequently requires a business to go from City Hall to the Permit Center building to obtain certain clearances and then back to City Hall. Although the new business license system will allow that approval in on-stop shop virtual setting, the reality of processing and issuing a business license “while you wait” will be best achieved under one roof. Therefore, staff is requesting \$20,000 to move the Finance business license and cashiering operation to the Permit Center. Both the Finance Department and the Community Development Department staff have worked out all of the logistics and are ready to implement.

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City Attorney Department (Effective, Sustainable Government)

Mid-Year Budget Requests

1. Code Enforcement Litigation Cost Recovery (\$0)

1000.14.1400-57.1410 – Legal Code Enforcement Recovery \$25,000 (Revenue)

1000.14.1400-63.5105 – Legal Services Code Enforcement \$25,000 (Expenditure)

The City Attorney's office processes certain bills for outside counsel related to code enforcement cases that will ultimately be recovered through cost recovery. To process the bills timely an account will be established for \$25,000 and an offsetting revenue account will also be established for the cost recovery to the City.

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Non-Departmental (Effective, Sustainable Government)

Mid-Year Budget Requests

1. **New York Life Reserve (\$400,000)**
**1000.80.8005-61.85230 – New York Life
General Fund**

Staff is proposing to increase the New York Life contribution by \$400,000 for the current year based on the actuarial report completed in December 2017.

2. **Software Maintenance (\$80,000)**
**1000.80.8005-63.4980 – Outside Services Maintenance Software
General Fund**

Software maintenance costs have increased as a result of the new software licenses purchased by the City for Microsoft Office modules. The full cost was not included in the FY 2017-18 budget.

3. **Permit Center Carry Over into New Enterprise Fund (\$126,682)**
**1000.00.0000-95.6900 – Transfers Out
6900.00.0000-90.1000 – Transfers In
6900.30.3350-64.5820 – Other Charges Contingencies**

The permit center ended the FY 2016-17 year with \$126,682 in revenue over expenditures. Since they are now setup as an enterprise fund, the funds need to be transferred to the new enterprise fund and appropriated for use.