

STAFF REPORT

DATE: April 5, 2022

TO: City Council

FROM: Elena Adair, Finance Director
Matthew Nerland, Accountant I

SUBJECT: FY 2021/22 Mid-Year Budget Update and Mid-Year Budget Amendments

Recommendation

- 1) Accept the mid-year report as informational. This report reflects revenue and expenditure results through the second quarter of Fiscal Year (FY) 2021/22; and
- 2) Approve a Resolution (Attachment 4) amending the FY 2021/22 Budget; and
- 3) Approve a Resolution (Attachment 5) amending the FY 2021/22 Budget for the American Rescue Plan Act Allocation.

Executive Summary

This informational item presents revenue and expenditure results for the first six months of FY 2021/22. In summary, the City's revenues continue to track within expectations, or better. The General Fund tax revenue outlook is positive and reflects a rebound that is better than expected after accounting for pandemic impact assumptions that were built into the adopted budget. However, staff remains cautious with the near future outlook of the economy and its effects locally as a result of external political and economic issues that may still affect the remaining months of the fiscal year as well as the coming fiscal year. While revenues are exceeding expectations in several categories, continued fiscal prudence is appropriate.

The General Fund (001) revenue ended the second quarter at \$19.6 million or 24% of the \$82.2 million Adjusted Budget and expenditures ended at \$36.3 million or 44% of the \$82.7 million Adjusted Budget. The projected General Fund ending available fund balance is 19.1%, which is greater than the 15% as set by the City Council policy. This is also an improvement from 14.5% projected at the time the Budget was adopted in June 2021.

Overall, revenues are tracking at or better than expected. Sales and Use tax projected to come in \$2.0 million above the prior year balance and \$2.6 million above the adopted budget. Comparing to adopted budget, property taxes are projected to come in as budgeted. Business License Tax is projected to be \$166,000 greater than the adopted budgeted amount. Cannabis revenues are tracking slightly below expectations. FY 2021/22 accounts for the fourth year of cannabis businesses operations and tax payments. Prior year collections amounted to approximately \$2.8 million; whereas in current fiscal year, the City anticipates to received \$2.5 million, with the decline attributable to the cannabis manufacturing sector. Transient Occupancy Tax (TOT) is expected to exceed the amount adopted for current year by \$0.25 million.

Expenditures by department are tracking at 51% or below at mid-year, with no notable items to report. The Public Works Engineering and Transportation, Public Works Utilities and Operations and Information Systems are the departments whose expenditures range between 66% and 76%, but that is due to a timing of allocation of charges to appropriate programs in the City. In addition, some payments have been made at the beginning of the year that skewed the spending rate.

Overall, most of other funds are tracking as anticipated based on the nature of each fund.

Overtime expenses are within range for most departments. The Fire, Police, and Public Works Utilities and Operations Department overtime costs are exceeding the budget. Police Department overtime costs are high due to vacancies and a high injury leave rate. Public Works Utilities and Operations has high overtime costs due to vacancies as well as an increased level in after hour work “call-out” emergencies. Of the one million increase in Fire overtime costs, \$250,000 are offset with mutual aid reimbursements from statewide strike team assistance. Public safety overtime continues to be impacted by vacancies, injury leave, sick leave and parental leave.

Fiscal Impact

This informational item presents revenue and expenditure results for the first six months of FY 2021/22. All notable events are listed in this report to provide context to the second quarter of FY 2021/22 financial results. The General Fund (001) revenue ended the quarter at \$19.6 million or 24% of the \$82.2 million Adjusted Budget and expenditures ended at \$36.3 million or 44% of the \$82.7 million Adjusted Budget. Adjusted Budget here is inclusive of proposed budget amendments.

The General Fund Reserve Policy currently in effect was adopted by City Council resolution number 16-060 in 2016. The policy indicates that the City shall strive to maintain a reserve equal to 15% of the General Fund expenditures. Any amount in excess of the reserve target can be used to offset deficits in other funds and to fund non-recurring capital needs. The projected General Fund ending available fund balance is 19.1%, which includes the budget amendments proposed in this staff report. The projected available fund balance is above the June 2021 estimate of 14.5%.

In addition to providing a budget update based on the second quarter financial activity, staff is proposing various budget amendments to the FY 2021/22 Budget, as detailed in Attachments 4A and 5A. With the proposed changes, the General Fund revenue will increase by \$9.7 million and appropriations will increase by \$8.8 million. The net impact of the proposed amendments on all other funds will increase revenues by \$5.5 million and increase appropriations by \$13.8 million.

Council Goals

Ensure Fiscal and Economic Stability.

Background and Analysis

This budget report summarizes the revenue and expenditure results through the first six months of FY 2021/22 for all funds. The report also provides summary of the personnel and overtime expenditures, General Fund balance summary, and a summary of proposed amendments.

General Fund

General Fund is the primary revenue source and operating fund for most services the city typically offers. These include public safety (police and fire), street maintenance, parks and recreation, neighborhood and community services, etc. In addition, the City Council, City Manager's Office, and City Attorney budgets are predominantly funded by the General Fund. These activities are funded through general tax dollars from sales and property taxes, motor vehicle-in-lieu fees, municipal service tax, and by revenues generated from permits, fees and investment earnings.

General Fund revenues received through the second quarter totaled \$19.6 million, approximately 24% of the Adjusted Budget. Break downs by fund grouped into the General Fund are presented in Attachment 1. Revenues by type for the stand-alone General Fund (001) are presented in Attachment 3.

The major General Fund revenues are property taxes and sales taxes. Property taxes are received in three installments, with first one received in January (50%), the second in May (45%), and the last one in August (5%). Property taxes make up 34% of the total General Fund revenues. Comparing to adopted budget, property taxes are projected to come in as budgeted. Motor vehicle in-lieu fees (MVLFF) are projected to exceed prior year by \$0.3 million. The increase in both revenues resulted mainly from an increase in assessed values of secured properties.

FY 2021/22 General Fund Revenue

	Adopted Budget	Revised Budget (as of 12/31/21)	Adjustments	Revised Budget (w/2nd Qrt Adj.)	YTD Actual (as of 12/31/21)	%
Revenues						
Property Tax	\$ 17,098,000	\$ 17,098,000	\$ -	\$ 17,098,000	\$ -	0%
Sales Tax	16,872,000	16,872,000	2,600,000	19,472,000	7,964,518	41%
Real Property Transfer Tax	260,000	260,000	-	260,000	-	0%
Municipal Services Tax	4,890,000	4,890,000	-	4,890,000	2,020,136	41%
Business License	1,864,000	1,864,000	166,000	2,030,000	1,096,720	54%
Cannabis Tax	2,760,000	2,760,000	(250,000)	2,510,000	1,021,945	41%
Franchise Fee	1,420,000	1,420,000	-	1,420,000	349,236	25%
Transient Occupancy Tax	2,000,000	2,000,000	250,000	2,250,000	1,150,777	51%
Motor Vehicle In-Lieu	7,760,000	7,760,000	-	7,760,000	-	0%
Sub-total Taxes	54,924,000	54,924,000	2,766,000	57,690,000	13,603,332	24%
Fines and Forfeitures	420,000	420,000	-	420,000	179,163	43%
Use of Money and Property	1,614,225	1,728,171	-	1,728,171	317,680	18%
Intergovernmental	3,956,000	3,956,000	56,500	4,012,500	691,164	17%
Charges for Current Services	9,239,200	9,300,897	36,000	9,336,897	3,107,129	33%
Other	2,160,569	2,160,569	(195,000)	1,965,569	1,730,457	88%
Transfer In	-	-	7,028,608	7,028,608	-	0%
Total General Fund Revenue	\$ 72,313,994	\$ 72,489,637	\$ 9,692,108	\$ 82,181,745	\$ 19,628,925	24%

Looking at detached single-family homes, California home sales and prices moderated toward the end of 2021, but home sales for the entire year recorded the strongest pace since 2009, surpassing 2020's level by nearly 8%. In December, the statewide median home price rose to \$796,570, up 1.8% from November's \$782,480 and up 11% from the \$717,930 median price recorded in December 2020. The median price in California remained below the \$800,000 benchmark for the third straight month as the seasonal slowdown continued. Attachments 6 provide an overview of the City's property taxes and general real estate trends.

For Sales Tax receipts, there is always a lag of when the taxable sales occur and when the City receives the tax. Although the City did not receive November and December sales tax receipts until after the end of the second quarter, as of December 2021 sales tax revenue totaled \$7.9 million, approximately 41% of the Adjusted Budget.

Sales taxes make up 24% of the total General Fund revenues and are prone to greater variation than property tax. Sales and Use tax projected to come in \$2.0 million above the prior year balance and \$2.6 million above the adopted budget. In light of the pandemic affecting not just our region, but the entire country, this revenue preformed significantly better than staff and the City's consultant expected at the onset of the State issued stay-at-home orders. It appears consumers buying power did not diminish as much as originally anticipated. Additional sales tax highlights covering fourth quarter of calendar year 2021 is provided in Attachment 7.

Business License revenue was \$1.1 million or 54% of the Adjusted Budget as of December 2021. The renewal of business licenses occurs during December and January. Business License Tax is projected to be \$166,000 greater than the adopted

budgeted amount. As a result of increased economic activity, a higher number of businesses in the City renewed licenses for the current year as well as paid outstanding balances from prior year. Approximately 86% of businesses renewed its business license prior to receipt of the second renewal notice in current year.

Cannabis revenues are tracking slightly below expectations. FY 2021/22 accounts for the fourth year of cannabis businesses operations and tax payments. Prior year collections amounted to approximately \$2.8 million; whereas in current fiscal year, the City anticipates to received \$2.5 million, which is about \$0.25 million less than budget. The decline is experienced in the cannabis manufacturing sector. Further, Finance department recently issued an administrative ruling related to the application of the cannabis tax on the sales made outside of the City of Davis to comply with State law. The ruling allows for up to 30% credit on gross sales for deliveries made outside the City limits. Additionally, Finance department continues to work with a consultant to complete financial and compliance review of cannabis businesses. The city is in its second year of reviews.

Transient Occupancy Tax (TOT) is expected to exceed the amount adopted for current year by \$0.25 million. Staff anticipated improvement in the TOT with return of students back to campus and the lightening of restrictions related to the pandemic. As the overall economy opens up and improves, staff expects TOT revenue to continue increasing and reach pre-pandemic level this fiscal year.

Overall, General Fund revenues are tracking within expectations or better. The property tax that were received after December are in line with adopted budget and will bring up the General Fund actual revenues as a whole.

Expenditures by department are tracking at 55% or below with no notable items to report. Refer to Attachment 2 “Expenditures by Fund” for a detailed breakdown of all the funds that are categorized as General Fund in the Annual Comprehensive Financial Report.

Special Revenue Funds

Special revenue funds account for activities funded by special purpose revenues, that is, revenues that are legally restricted for a specific purpose. Special Revenue Funds include Public Safety Grants Fund, Community Development Block Grant (CDBG), Federal and State Hwy Grants, and Operations Grants administered by the City are included in this category.

Through the second quarter of FY 2021/22, Special Revenue Fund expenditures are reported at \$6.0 million, which is 22% of the \$27.2 million adjusted budget. The Community Development Block Grant fund and the Operating grants fund are being increased to reflect receipt of Coronavirus relief funds grant funding. The Economic Stimulus Grants (ARPA) Fund appropriates the funds based the direction provided by Council on its spending plan.

Capital Projects Funds

Capital Projects Funds are primarily comprised of Development Deferred Improvement Funds. Development Deferred Improvement Funds are financed through fees collected

from development projects to pay for all or a portion of the costs related to providing public infrastructure to the new developments. These fees are usually imposed to help reduce the economic burden on local jurisdictions that are experiencing population growth.

Capital Projects Fund revenues came in at \$4.1 million, which is 26% of the adjusted budget of \$15.6 million. Construction is underway on several large development projects where development agreement provisions allow for payment of development impact fees after the final certificate of occupancy is issued. The City received payments from Lincoln 40, Oxford Circle, 5th Street Mutual Housing and Residence Inn. However, several projects have chosen to defer fees consistent with this provision.

Capital Projects Funds expenditures were \$7.7 million, which is 29% of the \$26.5 million adjusted budget. Overall, expenditures in these funds typically come in lower in the first half of the fiscal year with projects getting started in the spring.

Enterprise Funds

Enterprise Funds, also known as Proprietary Funds, consist of revenue and expenses related to providing water, wastewater, solid waste, and storm water services to customers that are primarily external.

The operating revenues for these funds are tracking within expectations between 45% and 63% of the Adjusted Budget through the first six months of FY 2021/22. Transportation Funds are coming in at 1.1% of the Adjusted budget due to timing of expenses being reimbursed by the grant funds.

The expenses for these funds through the second quarter are at \$31.4 million (37.7%) of the \$83.2 million adjusted budget which is consistent based on prior years.

Internal Service Funds

Internal Service Funds account for goods or services provided by one department to other departments on a cost-reimbursement basis. Internal services include information technology, facilities, fleet, and self-insurance programs.

IS Maintenance Fund has upcoming expenses for the replacement of equipment necessary to maintain the network and server infrastructure at City Hall. An appropriation increase of \$175,000 is recommended for this purpose using accumulated fund balance.

Equipment Replacement Fund includes an additional appropriation of \$156,180 for procurement of a mobile stage. Funding for this purchase comes from accumulated fund balance supplemented by \$30,000 American Rescue Plan Act money.

Agency Funds

Agency funds collect cash via special assessments, clearance funds and tax collection to be held temporarily for an authorized recipient to whom it will later be disbursed. The recipient may be another fund, or an individual, or firm, or even government outside of the government.

Revenues in Agency Funds are collected at the same time the property taxes are collected.

The 1990 Public Financing Authority Bond, Community Facility Districts Mace Ranch and Cannery Agency Funds shows \$2.4 million in expenditures, which is 83.4% of the Adjusted Budget. Most expenditures in these funds represent principal and interest payments, which are typically made in the first half of the fiscal year.

Personnel

The regular salaries and wages, including overtime for FY 2021/22 are presented in the table below.

<i>Citywide Personnel Expenditures</i>											
<i>Second Quarter Fiscal Year 2021/22</i>											
Expenditures by Department	<i>Salaries and Wages</i>					% Exp.	<i>Overtime</i>				
	Original Budget	Adjusted Budget	Adjustments	Revised Budget (w/2nd Q)	Actuals (unaudited)		Original Budget	Adjustments	Revised Budget (w/2nd Q)	Actual (unaudited)	% Exp.
City Manager/Council	\$ 3,287,262	\$ 3,287,262	\$ -	\$ 3,287,262	\$ 1,644,040	50.0%	\$ 1,900	\$ -	\$ 1,900	\$ 8	0.4%
Social Services and Housing	-	-	40,000	40,000	-	0.0%	-	-	-	-	-
Human Resources	824,497	824,497	-	824,497	458,114	55.6%	800	-	800	94	11.8%
Information Systems	1,676,647	1,676,647	-	1,676,647	921,659	55.0%	6,300	-	6,300	327	5.2%
Finance Department	2,265,377	2,265,377	-	2,265,377	1,144,726	50.5%	-	-	-	1,365	0.0%
Comm/Dev/Sustainability	4,897,948	4,897,948	(350,000)	4,547,948	2,099,660	46.2%	4,400	-	4,400	753	17.1%
Parks & Community Services	7,318,128	7,318,128	(200,000)	7,118,128	3,497,516	49.1%	13,900	-	13,900	31,568	227.1%
Fire	11,445,936	11,445,936	-	11,445,936	5,536,875	48.4%	1,100,600	1,000,000	2,100,600	1,236,599	58.9%
Police	18,195,051	18,195,051	-	18,195,051	9,327,524	51.3%	294,100	450,000	744,100	528,467	71.0%
PW Utilities and Operations	13,258,217	12,968,217	-	12,968,217	6,693,601	51.6%	181,600	-	181,600	190,241	104.8%
PW Engineering & Transport	4,014,266	4,014,266	(347,065)	3,667,201	1,444,355	39.4%	26,300	-	26,300	16,288	61.9%
Capital Improvements/Debt	-	-	-	-	462,929	0.0%	-	-	-	6,722	0.0%
RDA Successor Agency	-	-	-	-	-	0.0%	-	-	-	-	0.0%
Vacancy Savings	(897,065)	(897,065)	897,065	-	-	0.0%	-	-	-	-	0.0%
Total	\$ 66,286,264	\$ 65,996,264	\$ 40,000	\$ 66,036,264	\$ 33,230,999	50.4%	\$ 1,629,900	\$ 1,450,000	\$ 3,079,900	\$ 2,012,432	123.5%

Salaries and Wages through the first quarter of FY 2021/22 for all departments are tracking at 50.4%, or \$33.2 million of the \$66.0 million adjusted budget.

Overtime

Overtime expenditures are within range for most departments. The Fire Department and Police Department overtime costs are exceeding the budget for the second quarter. Both departments require minimum staffing levels, which continue to be impacted by vacancies, injury leave, sick leave and parental leave.

Fire Department personnel were dispatched to several of the California wildfires during the first three months of the fiscal year. An additional \$250,000 of Mutual Aid (strike team reimbursement) has been received from the CalOES, which offsets the overtime expenditures. As a result, the mutual aid revenue estimate and the overtime budget are amended to account for the additional \$250,000.

American Rescue Plan Act (ARPA)

On March 1, 2022, City Council discussed and provides direction to staff on how to allocation the ARPA funding. The March 1, 2022 staff report is available at <https://documents.cityofdavis.org/Media/Default/Documents/PDF/CityCouncil/CouncilMe>

[etings/Agendas/2022/2022-03-01/05-ARPA-Funding-Recommendations.pdf](#). Mid-year budget update report incorporates City Council recommended allocations and amends the budget as detailed in the Attachment 5a.

Summary

In summary, the City's revenues continue to track within expectations. The General Fund tax revenue outlook is plausible and positive. However, staff remains cautious with the near future outlook of the economy and its effects locally as a result of external political and economic issues that may still affect the remaining months of the fiscal year as well as coming fiscal year. Staff is monitoring overtime expenditures to ensure the fiscal stability of the City remains intact.

Based on the financial information presented in this report, the City is monitoring the budget closely, with continued focus on cost containment.

Fiscal Year 2022/23 Budget

City staff is working on putting together the Mid-Cycle Budget Update to review and update the second year of the biennial Budget. The Mid-Cycle Budget Update is expected to be presented to the City Council for review and comment in May 2022 to be adopted in June 2022.

Attachments:

1. Revenues by Fund
2. Expenditures by Fund
3. General Fund Summary
4. Resolution: FY 2021/22 Mid-Year Budget Amendments
5. Resolution: FY 2021/22 Mid-Year Budget Amendment – ARPA Allocation
6. Property Tax Newsletter
7. Davis Sales Tax Update 2021-4

City of Davis
Revenues by Fund
Second Quarter Fiscal Year 2021/22

Fund Number	Fund Name	Adopted Budget	Revised Budget 12/31/21	Adjustments to Budget	Revised Budget (w/ 2nd Q Adj.)	Actuals (Unaudited)	%
001	General Fund	72,313,994	72,489,637	9,692,108	82,181,745	19,628,925	23.9%
006	Utility Receipt Clearing	-	-		-	214,074	0.0%
007	Investment Clearing Fund	113,946	-		-	-	#DIV/0!
195	Building Administration and Permits	2,899,271	2,899,271		2,899,271	1,333,558	46.0%
200	Construction Tax	1,476,000	1,476,000		1,476,000	355,107	24.1%
Total General Fund		76,803,211	76,864,908	9,692,108	86,557,016	21,531,664	24.9%
109	2105 Gas Tax Fund	1,803,878	1,803,878		1,803,878	866,251	48.0%
110	2106 Gas Tax Fund	-	-		-	-	#DIV/0!
111	2107 Gas Tax Fund	-	-		-	-	#DIV/0!
112	2107.5 Gas Tax Fund	-	-		-	-	#DIV/0!
113	Road Maintenance & Rehab SB1 Gas Tax Fund	1,364,457	1,364,457		1,364,457	696,197	51.0%
Total Gas Tax Fund		3,168,335	3,168,335	-	3,168,335	1,562,448	49.3%
115	TDA Non-Transit Use Fund	1,660,738	1,660,738		1,660,738	-	0.0%
135	Open Space Fund	775,000	775,000		775,000	-	0.0%
140	Park Maintenance Tax	-	-		-	-	#DIV/0!
150	Cable TV Fund	474,000	474,000		474,000	131,320	27.7%
151	Cable TV Capital Fund	110,000	110,000		110,000	29,396	26.7%
Total Cable TV Fund		584,000	584,000	-	584,000	160,716	27.5%
155	Public Safety Grants Fund	141,000	141,000		141,000	282,728	200.5%
160	Low/Mod Housing Fund	259,000	259,000		259,000	23,524	9.1%
161	HOME Federal Housing Grants	455,023	455,023	1,371,392	1,826,415	12,095	0.7%
162	State Housing Grants	7,000	7,000		7,000	-	0.0%
Total Housing Fund		721,023	721,023	1,371,392	2,092,415	35,619	1.7%
165	Municipal Arts Fund	94,000	94,000		94,000	-	0.0%
190	Agriculture Land Conservation	3,000	3,000		3,000	13,142	438.1%
205	Subdivision In Lieu Park Payments (Quimby)	10,000	10,000		10,000	28,152	281.5%
208	In Lieu Of Parking Payments	8,000	8,000		8,000	-	0.0%
209	Parking Revenue Fund	56,000	56,000		56,000	28,843	51.5%
210	Federal/State Hwy Grants	3,636,800	15,622,857		15,622,857	811,308	5.2%
215	Community Development Block Grant	779,051	779,051	843,308	1,622,359	-	0.0%
216	General Operating Grants	225,000	288,745	445,179	733,924	234,091	31.9%
217	Economic Stimulus Grants (ARPA)	-	-		-	-	#DIV/0!
716	Davisville Book Fund	20	20		20	-	0.0%
717	Brinley/Hattie Weber Fund	40	40		40	-	0.0%
Total Special Revenue Funds		11,862,007	23,911,809	2,659,879	26,571,688	3,157,047	11.9%

City of Davis
Revenues by Fund
Second Quarter Fiscal Year 2021/22

Fund Number	Fund Name	Adopted Budget	Revised Budget 12/31/21	Adjustments to Budget	Revised Budget (w/ 2nd Q Adj.)	Actuals (Unaudited)	%
012	General Capital Projects Fund	4,394,700	4,763,544	2,390,000	7,153,544	1,001,621	14.0%
353	Oxford Circle Assessment District	600	600		600	-	0.0%
456	Davis Research Park Improvement Fund	9,000	9,000		9,000	-	0.0%
460	Arlington Boulevard Benefit Area Fund	7,000	7,000		7,000	-	0.0%
465	Capital Grants Fund	713,600	928,426		928,426	-	0.0%
468	Davis Land Acquisition Fund	25,000	25,000		25,000	-	0.0%
470	Mello-Roos Mace Ranch CFD Fund	3,000	3,000		3,000	-	0.0%
476	Downtown Area Capital Revitalization Fund	6,195,520	6,195,520		6,195,520	-	0.0%
480	Development Deferred Improvement/MPFP	22,000	22,000		22,000	107	0.5%
481	Development Deferred Impr - General Facilities	220,000	220,000		220,000	492,543	223.9%
482	Development Deferred Impr - Open Space	85,000	85,000		85,000	212,721	250.3%
483	Development Deferred Impr - Parks	290,000	290,000		290,000	1,173,366	404.6%
484	Development Deferred Impr - Public Safety	110,000	110,000		110,000	232,202	211.1%
485	Development Deferred Impr - Road Way	600,000	600,000		600,000	955,869	159.3%
	Total Development Deferred Improvement Funds	1,327,000	1,327,000	-	1,327,000	3,066,808	231.1%
	Total Capital Projects Funds	12,675,420	13,259,090	2,390,000	15,649,090	4,068,429	26.0%
511	Water Fund - Maintenance & Operation	25,462,700	25,462,700		25,462,700	11,406,986	44.8%
512	Water Fund - Capital Replacement Reserve	11,757,536	11,757,536		11,757,536	573,692	4.9%
513	Water Fund - Capital Expansion	30,000	30,000		30,000	830,620	2768.7%
	Total Water Fund	37,250,236	37,250,236	-	37,250,236	12,811,298	34.4%
520	Solid Waste Fund	14,459,100	14,459,100		14,459,100	9,109,566	63.0%
531	Wastewater Fund - Maintenance & Operation	14,536,000	14,536,000		14,536,000	8,101,683	55.7%
532	Wastewater Fund - Capital Replacement Reserve	5,850,308	5,850,308		5,850,308	-	0.0%
533	Wastewater Fund - Capital Expansion	204,000	204,000		204,000	598,707	293.5%
	Total Sewer Fund	20,590,308	20,590,308	-	20,590,308	8,700,390	42.3%
541	Storm Drainage Fund - Maintenance & Operation	1,345,000	1,345,000		1,345,000	782,998	58.2%
542	Storm Drainage Fund - Capital Replacement Reserve	222,308	222,308		222,308	-	0.0%
543	Storm Drainage Fund - Capital Expansion	35,000	35,000		35,000	28,420	81.2%
544	Storm Sewer/Drainage Fund - Quality Fund	623,600	623,600		623,600	355,432	57.0%
	Total Storm Drainage Fund	2,225,908	2,225,908	-	2,225,908	1,166,850	52.4%
570	Public Transportation Fund	3,119,882	3,119,882		3,119,882	24,629	0.8%
571	Public Transportation Fund - Non-TDA	10,232,484	10,232,484		10,232,484	123,076	1.2%
	Total Transportation Fund	13,352,366	13,352,366	-	13,352,366	147,705	1.1%
	Total Enterprise Funds	87,877,918	87,877,918	-	87,877,918	31,935,809	36.3%
020	Employee Benefits Fund	3,300,000	3,300,000		3,300,000	503,203	15.2%

**City of Davis
Revenues by Fund
Second Quarter Fiscal Year 2021/22**

Fund Number	Fund Name	Adopted Budget	Revised Budget 12/31/21	Adjustments to Budget	Revised Budget (w/ 2nd Q Adj.)	Actuals (Unaudited)	%
620	General Services Fund	271,000	271,000		271,000	135,164	49.9%
621	Fleet Replacement Fund	1,464,361	1,464,361		1,464,361	814,581	55.6%
622	Fleet Operations Fund	1,787,800	1,787,800		1,787,800	886,400	49.6%
623	IS Replacement Fund	1,678,060	1,678,060	450,000	2,128,060	830,181	39.0%
624	IS Operations Fund	2,880,477	2,880,477		2,880,477	1,432,736	49.7%
626	Facility Replacement Fund	1,045,000	1,045,000		1,045,000	481,689	46.1%
628	Equipment Maintenance Fund	292,734	292,734	30,000	322,734	146,011	45.2%
629	Duplicating/Postal Services Fund	237,953	237,953		237,953	117,475	49.4%
	Total General Service Fund	9,657,385	9,657,385	480,000	10,137,385	4,844,237	47.8%
625	Facility Maintenance Fund	2,090,600	2,101,972		2,101,972	1,002,350	47.7%
630	City Self-Insurance/Payroll Liabilities Fund	10,834,000	10,834,000		10,834,000	6,235,946	57.6%
631	Risk Management	3,995,619	3,995,619		3,995,619	1,625,629	40.7%
	Total Internal Service Funds	29,877,604	29,888,976	480,000	30,368,976	14,211,365	46.8%
337	1990 Public Financing Authority Bond	1,007,000	1,007,000		1,007,000	30	0.0%
338	Mace Ranch CFD Fund	1,387,000	1,387,000		1,387,000	3	0.0%
339	ABAG Certificates of Participation	-	-		-	-	#DIV/0!
340	Cannery CFD Fund	610,000	610,000		610,000	20	0.0%
358	University Research Park Redemption Fund	-	-		-	-	#DIV/0!
359	University Research Park Reserve Fund	1,500	1,500		1,500	-	0.0%
	Total University Research Park Fund	1,500	1,500	-	1,500	-	0.0%
361	Parking District #3 Redemption	-	-		-	-	#DIV/0!
362	Parking District #3 Reserve	1,000	1,000		1,000	-	0.0%
	Special Assessment Parking District Fund	1,000	1,000	-	1,000	-	0.0%
	Total Agency Funds	3,006,500	3,006,500	-	3,006,500	53	0.0%
891	Redevelopment Obligation Retirement Fund	1,894,195	1,894,195		1,894,195	337,108	17.8%
895	Redevelopment Obligation Retirement Fund-Debt Service	1,894,195	1,894,195		1,894,195	56,833	3.0%
	Total Successor Agency Funds	3,788,390	3,788,390	-	3,788,390	393,941	10.4%
Total All Funds		225,891,050	238,597,591	15,221,987	253,819,578	75,298,308	29.7%

City of Davis
Expenditures by Fund
Second Quarter Fiscal Year 2021/22

Fund Number	Fund Name	Adopted Budget	Revised Budget as of 12/31/2022	Adjustments to Budget	Revised Budget (w/ 2nd Q Adj.)	Actuals (Unaudited)	%
001	General Fund	69,114,152	70,026,737	8,829,060	78,855,797	36,335,816	46.1%
002	Utility Receipt Clearing	-	0		-	171	#DIV/0!
007	Investment Clearing Fund	113,946	-		-	-	#DIV/0!
195	Building Administration and Permits	3,255,362	3,268,816		3,268,816	1,576,075	48.2%
200	Construction Tax	3,136,500	4,174,482		4,174,482	660,544	15.8%
Total General Fund		75,619,960	77,470,035	8,829,060	86,299,095	38,572,606	44.7%
109	2105 Gas Tax Fund	2,336,199	2,869,409		2,869,409	462,310	16.1%
110	2106 Gas Tax Fund	-	-		-	360	#DIV/0!
111	2107 Gas Tax Fund	-	-		-	-	#DIV/0!
113	Road Maintenance & Rehab SB1 Gas Tax Fund	1,435,000	1,435,000		1,435,000	674,850	47.0%
Total Gas Tax		3,771,199	4,304,409	-	4,304,409	1,137,520	26.4%
115	TDA Non Transit Use Fund	1,000,000	2,100,000		2,100,000	1,132,340	53.9%
135	Open Space Fund	389,379	433,182		433,182	212,457	49.0%
140	Park Maintenance Tax	-	-		-	-	#DIV/0!
150	Cable TV Fund	591,076	819,063		819,063	361,337	44.1%
151	Cable TV Capital Fund	161,299	163,699		163,699	37,620	23.0%
Total Cable TV Fund		752,375	982,762	-	982,762	398,957	40.6%
155	Public Safety Grants Fund	140,000	140,000		140,000	91,897	65.6%
160	Low/Mod Housing Fund	186,092	208,472		208,472	163,630	78.5%
161	HOME Federal Housing Grants	403,207	403,207	1,371,392	1,774,599	10,760	0.6%
Total Housing Fund		589,299	611,679	1,371,392	1,983,071	174,390	8.8%
165	Municipal Arts Fund	186,312	186,312		186,312	1,586	0.9%
190	Agriculture Land Conservation	13,434	13,434		13,434	11,681	87.0%
205	Subdivision In Lieu Park Payments (Quimby)	-	758,016		758,016	317,631	41.9%
209	Parking Revenue Fund	45,136	45,136		45,136	4,831	10.7%
210	Federal/State Hwy Grants	3,636,800	5,210,857		5,210,857	1,728,094	33.2%
215	Community Development Block Grant	765,551	1,093,594	843,308	1,936,902	375,555	19.4%
216	General Operating Grants	288,000	846,240	445,179	1,291,419	439,404	34.0%
217	Economic Stimulus Grants	-	-	7,778,608	7,778,608	-	0.0%
Total Special Revenue Funds		11,577,485	16,725,621	10,438,487	27,164,108	6,026,343	22.2%

City of Davis
Expenditures by Fund
Second Quarter Fiscal Year 2021/22

Fund Number	Fund Name	Adopted Budget	Revised Budget as of 12/31/2022	Adjustments to Budget	Revised Budget (w/ 2nd Q Adj.)	Actuals (Unaudited)	%
012	General CIP Fund	3,894,700	9,999,842	2,390,000	12,389,842	5,034,541	40.6%
353	Oxford Circle Assessment District	-	-		-	-	#DIV/0!
465	Capital Grants Fund	428,000	642,826		642,826	213,500	33.2%
476	Downtown Area Capital Revitalization Fund	225,000	3,073,021		3,073,021	23,331	0.8%
					-		#DIV/0!
480	Development Deferred Improvement/MPFP	198,315	198,315		198,315	23,450	11.8%
481	Development Deferred Impr - General Facilities	520,000	1,203,302		1,203,302	115,269	9.6%
482	Development Deferred Impr - Open Space	53,075	130,360		130,360	10,639	8.2%
483	Development Deferred Impr - Parks	1,502,775	2,240,149	180,000	2,420,149	320,690	13.3%
484	Development Deferred Impr - Public Safety	928,000	1,053,871		1,053,871	820,556	77.9%
485	Development Deferred Impr - Road Way	1,064,701	5,385,038		5,385,038	1,155,942	21.5%
	Total Development Deferred Impact Funds	4,266,866	10,211,035	180,000	10,391,035	2,446,546	23.5%
	Total Capital Projects Funds	8,814,566	23,926,724	2,570,000	26,496,724	7,717,918	29.1%
511	Water Fund - Maintenance & Operation	12,090,041	12,446,748		12,446,748	6,206,518	49.9%
512	Water Fund - Capital Replacement Reserve	11,407,536	14,339,080		14,339,080	6,502,211	45.3%
	Total Water Fund	23,497,577	26,785,828	-	26,785,828	12,708,729	47.4%
520	Solid Waste Fund	14,057,807	14,070,806		14,070,806	6,921,863	49.2%
531	Wastewater Fund - Maintenance & Operation	10,298,306	11,028,771		11,028,771	4,951,438	44.9%
532	Wastewater Fund - Capital Replacement Reserve	5,450,308	15,638,712		15,638,712	3,489,960	22.3%
	Total Sewer Fund	15,748,614	26,667,483	-	26,667,483	8,441,398	31.7%
541	Storm Drainage Fund - Maintenance & Operation	1,201,342	1,206,831		1,206,831	641,139	53.1%
542	Storm Drainage Fund - Capital Replacement Reserve	199,308	530,605		530,605	75,979	14.3%
543	Storm Drainage - Capital Expansion	61,443	61,443		61,443	-	0.0%
544	Storm Sewer/Drainage Fund - Quality Fund	470,199	470,199		470,199	192,700	41.0%
	Total Storm Drainage Fund	1,932,292	2,269,078	-	2,269,078	909,818	40.1%
570	Public Transportation Fund	3,133,738	3,140,657		3,140,657	2,267,937	72.2%
571	Public Transportation Fund - Non-TDA	10,232,484	10,232,484		10,232,484	123,076	1.2%
	Total Transportation	13,366,222	13,373,141	-	13,373,141	2,391,013	17.9%
	Total Enterprise Funds	68,602,512	83,166,336	-	83,166,336	31,372,821	37.7%
020	Employee Benefits Fund	-	-		-	-	#DIV/0!
620	General Services Fund	255,241	255,241		255,241	129,686	50.8%
621	Fleet Replacement Fund	2,111,491	2,692,787		2,692,787	241,209	9.0%
622	Fleet Operations Fund	1,594,720	1,596,266		1,596,266	798,901	50.0%
623	IS Replacement Fund	1,965,000	2,115,000	625,000	2,740,000	507,977	18.5%

City of Davis
Expenditures by Fund
Second Quarter Fiscal Year 2021/22

Fund Number	Fund Name	Adopted Budget	Revised Budget as of 12/31/2022	Adjustments to Budget	Revised Budget (w/ 2nd Q Adj.)	Actuals (Unaudited)	%
624	IS Operations Fund	2,891,540	2,900,578		2,900,578	1,427,688	49.2%
626	Facility Replacement Fund	2,458,500	4,470,443		4,470,443	1,118,284	25.0%
628	Equipment Maintenance Fund	665,831	730,920	156,180	887,100	57,926	6.5%
629	Duplicating/Postal Services Fund	229,148	230,376		230,376	80,034	34.7%
	Total General Service Fund	12,171,471	14,991,611	781,180	15,772,791	4,361,705	27.7%
625	Facility Maintenance Fund	2,135,267	2,157,540		2,157,540	1,349,680	62.6%
630	City Self-Insurance/Payroll Liabilities Fund	10,874,551	10,882,397		10,882,397	5,424,497	49.8%
631	Risk Management	3,995,619	3,995,619		3,995,619	3,363,635	84.2%
	Total Internal Service Funds	29,176,908	32,027,167	781,180	32,808,347	14,499,517	44.2%
337	1990 Public Financing Authority Bond	946,931	946,931		946,931	791,923	83.6%
338	Mace Ranch CFD Fund	1,375,498	1,375,498		1,375,498	1,264,097	91.9%
340	Cannery CFD Fund	605,638	605,638		605,638	385,319	63.6%
361	Parking District #3 Redemption	-	-		-	-	#DIV/0!
	Total Special Assessment Parking District Fund	-	-	-	-	-	#DIV/0!
	Total Agency Funds	2,928,067	2,928,067	-	2,928,067	2,441,339	83.4%
891	Redevelopment Obligation Retirement Fund	-	-		-	6,364	#DIV/0!
895	Redevelopment Obligation Retirement Fund-Debt Service	1,894,195	1,894,195		1,894,195	1,321,145	69.7%
	Total Successor Agency Funds	1,894,195	1,894,195	-	1,894,195	1,327,509	70.1%
	Total All Funds	198,613,693	238,138,145	22,618,727	260,756,872	101,958,053	39.1%



FY 2021/22 General Fund (001)
Summary

	Adopted Budget	Revised Budget (as of 12/31/21)	Adjustments	Revised Budget (w/2nd Qrt Adj.)	YTD Actual (as of 12/31/21)	%
Revenues						
Property Tax	\$ 17,098,000	\$ 17,098,000	\$ -	\$ 17,098,000	\$ -	0%
Sales Tax	16,872,000	16,872,000	2,600,000	19,472,000	7,964,518	41%
Real Property Transfer Tax	260,000	260,000	-	260,000	-	0%
Municipal Services Tax	4,890,000	4,890,000	-	4,890,000	2,020,136	41%
Business License	1,864,000	1,864,000	166,000	2,030,000	1,096,720	54%
Cannabis Tax	2,760,000	2,760,000	(250,000)	2,510,000	1,021,945	41%
Franchise Fee	1,420,000	1,420,000	-	1,420,000	349,236	25%
Transient Occupancy Tax	2,000,000	2,000,000	250,000	2,250,000	1,150,777	51%
Motor Vehicle In-Lieu	7,760,000	7,760,000	-	7,760,000	-	0%
Sub-total Taxes	54,924,000	54,924,000	2,766,000	57,690,000	13,603,332	24%
Fines and Forfeitures	420,000	420,000	-	420,000	179,163	43%
Use of Money and Property	1,614,225	1,728,171	-	1,728,171	317,680	18%
Intergovernmental	3,956,000	1,256,000	56,500	1,312,500	691,164	53%
Charges for Current Services	9,239,200	9,300,897	36,000	9,336,897	3,107,129	33%
Other	2,160,569	2,160,569	(195,000)	1,965,569	1,730,457	88%
Transfer In	-	2,700,000	7,028,608	9,728,608	-	0%
Total General Fund Revenue	72,313,994	72,489,637	9,692,108	82,181,745	19,628,925	24%
Expenditures						
City Attorney	128,352	128,352	-	128,352	65,998	51%
City Manager's Office/City Council	3,982,633	4,039,223	2,113,000	6,152,223	1,860,080	30%
Social Services and Housing	-	-	1,668,608	1,668,608	-	0%
Finance	1,543,644	1,790,250	-	1,790,250	638,063	36%
Human Resources	668,410	687,460	-	687,460	263,380	38%
Information Services	96,917	149,253	-	149,253	100,795	68%
Community Dev & Sustainability	3,900,307	3,953,630	50,000	4,003,630	1,341,406	34%
Parks & Community Services	13,706,874	13,885,080	(150,000)	13,735,080	6,870,436	50%
Fire	14,680,633	14,868,676	1,209,000	16,077,676	7,809,588	49%
Police	21,838,185	21,924,118	471,000	22,395,118	11,476,012	51%
Public Works - Engineering/Transp	3,519,239	3,432,858	(317,065)	3,115,793	2,365,581	76%
Public Works - Utilities & Ops	4,282,941	4,450,881	17,452	4,468,333	2,937,466	66%
Debt Service	214,030	214,030	-	214,030	107,011	50%
Non Departmental	502,935	502,935	3,767,065	4,270,000	500,000	12%
Transfers Out	3,819,700	3,864,070	-	3,864,070	-	0%
Total Expenditure	72,884,800	73,890,816	8,829,060	82,719,876	36,335,816	44%
Beginning Fund Balance	8,150,521	13,351,494	-	13,351,494	13,351,494	
Net Annual Activity	(570,806)	(1,401,179)	863,048	(538,131)	(16,706,891)	
Release/(Use) of Fund Balance:						
Committed (encumbrances)	-	-	-	-	-	
Assigned (ERP, OPEB)	3,000,000	3,000,000	-	3,000,000	-	
Ending Available Fund Balance	\$ 10,579,715	\$ 14,950,315	\$ 863,048	\$ 15,813,363	\$ (3,355,397)	
as % of Expenditures	14.5%	20.2%		19.1%	-9.2%	

RESOLUTION NO. 22-XXX, SERIES 2022

RESOLUTION AMENDING THE FISCAL YEAR 2021/22 BUDGET

WHEREAS, on June 22, 2021, the City Council did adopt a budget representing the financial plan for conducting the affairs of the City of Davis for the Fiscal Year beginning July 1, 2021 and ending June 30, 2023; and

WHEREAS, staff recommends that City Council adjust the fiscal year 2021/22 budget for revised revenue projections, corrections to the adopted budget and additional expenditure appropriations as part of the mid-year review; and

WHEREAS, staff is proposing that the General Fund revenue budgets be increased by \$2,663,500 and expenditure appropriations be increased by \$1,800,452, and that the other City funds revenue budgets be increased by \$2,659,879 and expenditure appropriations be increased by \$3,141,059, as set for the in Attachment 4a of the Staff Report accompanying the Resolution for Fiscal Year 2021/22; and

WHEREAS, Finance Department staff is working with City departments to ensure all projects and operations are adequately funded; and

WHEREAS, the Council has considered the report and recommendations of the City Manager on the budget amendments and has determined that the budget amendments are both fair and appropriate; and

WHEREAS, the City Council has given this budget due consideration as to its projected revenues, anticipated expenditures and available fund balances; and

WHEREAS, this budget adjustment ensures that the City of Davis has exercised prudent judgment in its fiduciary responsibility as guardian of the public tax dollars in a publicly transparent manner.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Davis that the amendments to the City's fiscal year 2021/22 Budget are approved by increasing General Fund revenue estimates by \$2,663,500; by increasing expenditure appropriations for the General Fund by \$1,800,452; by increasing net estimated revenue appropriations in the non-General Funds by \$2,659,879; and by increasing net expenditure appropriations in the non-General Funds by \$3,141,059, as set for the in Attachment 4a to the Staff Report accompanying the Resolution, which is by this reference incorporated herein.

PASSED AND ADOPTED by the City Council for the City of Davis on this 5th day of April 2022 by the following votes:

AYES:

NOES:

ABSENT:

Gloria Partida
Mayor

ATTEST:

Zoe S. Mirabile, CMC
City Clerk

City of Davis
FY 2021/22 Mid-Year Budget Review
Proposed Budget Amendments

	<u>Revenue/ Transfers In</u>	<u>Expenditures/ Transfers Out</u>	<u>Fund Balance/ Reserves</u>
<u>GENERAL FUND (001)</u>			
<u>General Fund Unrestricted Revenue</u>			
To revise general revenues			
Sales Tax	\$ 2,600,000	\$ -	
Transient Occupancy Tax	250,000	-	
Cannabis tax	(250,000)	-	
Business License	166,000	-	
Public Safety and other taxes	(195,000)	-	-
Total General Revenue	<u>2,571,000</u>	<u>-</u>	<u>2,571,000</u>
<u>Program Revenues and Expenditures</u>			
To update departmental revenue and expenditures projections:			
<u>Fire</u>			
Small tools, equipment, uniforms and personal protective equipment	-	209,000	(209,000)
Mutual aid revenue and overtime	250,000	250,000	-
Overtime	-	750,000	(750,000)
			-
<u>Police</u>			
Repurpose unmarked vehicles to patrol vehicles	-	21,000	(21,000)
Overtime	-	450,000	(450,000)
			-
<u>Community Development</u>			
Redistribution of vacancy savings	-	(350,000)	350,000
<u>City Manager</u>			
Cannabis Community Benefit DJUSD and First Five contribution original budget correction	-	100,000	(100,000)
VMT rental revenue and part-time labor costs	36,000	33,000	3,000
<u>Social Services and Housing</u>			
Labor and benefits costs	-	40,000	(40,000)
			-
<u>Engineering & Transportation</u>			
Office supplies and equipment, training and development, rental charges	-	30,000	(30,000)
Redistribution of vacancy savings	-	(347,065)	347,065
			-
<u>Utilities & Operations</u>			
Consolidate building maintenance internal service charges to Facility Maintenance Fund	-	(82,548)	82,548
<u>Parks and Community Services</u>			
Recreation programs revenue reduction resulted from COVID-19 closures in December 2021.	(193,500)	-	(193,500)
Redistribution of vacancy savings	-	(200,000)	200,000
<u>Non-Departmental</u>			
Redistribution of vacancy savings	-	897,065	(897,065)
Total, General Fund	<u>\$ 2,663,500</u>	<u>\$ 1,800,452</u>	<u>\$ 863,048</u>

City of Davis
FY 2021/22 Mid-Year Budget Review
Proposed Budget Amendments

		<u>Revenue/ Transfers In</u>	<u>Expenditures/ Transfers Out</u>	<u>Fund Balance/ Reserves</u>
<u>OTHER FUNDS</u>				
<u>HOME Fund (161)</u>				
Operations	HOME-ARP grant and related expenditures	\$ 1,371,392	\$ 1,371,392	\$ -
Total HOME Fund		<u>1,371,392</u>	<u>1,371,392</u>	<u>-</u>
<u>Community Development Block Grant Fund (215)</u>				
Operations	CDBG-CV1 grant and related expenditures	437,662	437,662	-
Operations	CDBG-CV3 grant and related expenditures	405,646	405,646	-
Total Community Development Block Grant Fund		<u>843,308</u>	<u>843,308</u>	<u>-</u>
<u>Operating Grants Fund (216)</u>				
Operations	ESG-CV2 grant and related expenditures	268,890	268,890	-
Operations	CSBG-CV grant and related expenditures	66,575	66,575	-
Operations	Carryover of FY 2021 unspent CESH grant proceeds to current year	109,714	109,714	-
Total Operational Grants Fund		<u>445,179</u>	<u>445,179</u>	<u>-</u>
<u>Development Deferred Improvements- Parks Fund (483)</u>				
Capital	Playfields park renovation testing (Project ET0003)		180,000	(180,000)
Total Development Deferred Improvements- Parks Fund		<u>-</u>	<u>180,000</u>	<u>(180,000)</u>
<u>Equipment Replacement Fund (628)</u>				
Capital	Acquisition of mobile stage using accumulated available fund balance	-	126,180	(126,180)
Total Equipment Replacement Fund		<u>-</u>	<u>126,180</u>	<u>(126,180)</u>
<u>IS Replacement Fund (623)</u>				
Capital	Network Replacement budget correction funded with available fund balance	-	175,000	(175,000)
Total IS Replacement Fund		<u>-</u>	<u>175,000</u>	<u>(175,000)</u>
Total, Other Funds		<u>\$ 2,659,879</u>	<u>\$ 3,141,059</u>	<u>\$ (481,180)</u>

RESOLUTION NO. 22-XXX, SERIES 2022

RESOLUTION AMENDING FISCAL YEAR 2021/22 OPERATING AND CAPITAL BUDGET FOR ALLOCATION OF AMERICAN RESCUE PLAN ACT FUNDS TO CITY PROGRAMS AND PROJECTS AFFECTED BY COVID AND TO ASSIST LOCAL NON-PROFIT ORGANIZATIONS TO RECOVER FROM COVID

WHEREAS, the City of Davis has received funding from the American Rescue Plan Act (ARPA), which can be used to address impacts caused by the COVID-19 pandemic; and

WHEREAS, the City of Davis acknowledges revenue loss due to COVID, resulting in projects and programs that have gone unfunded; and

WHEREAS, there are likewise non-profit service organizations in the community that would benefit from funding to serve at-risk populations and to make a full economic recovery; and

WHEREAS, the City of Davis undertook a comprehensive process to review citywide needs and has developed a slate of projects and proposals to receive ARPA funding directly or will benefit from the infusion of ARPA funds into the City's budget; and

WHEREAS, these funding recommendations have been categorized into the following areas: Critical City Services, COVID Prevention, Social Services, Community Building, and Economic Assistance; and

WHEREAS, the City Council developed guiding principles to assist with decisions related to funding recommendations; and

WHEREAS, funding is intended to assist the most vulnerable in the community, spur economic recovery, and fund projects and programs previously unfunded due to COVID; and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Davis does hereby approve the allocation of \$9,810,600 in ARPA funding in the following manner:

Recipient	Request	Amount Allocated
Critical City Services		\$ 900,000
CITY – Public Works	4 changeable message boards (traffic, construction, events, etc.)	\$ 100,000
CITY - Public Safety	Replacement of public safety radios/equipment	\$ 450,000
CITY – Public Works	Replacement and expansion of portable building at City Hall	\$ 350,000

Recipient	Request	Amount Allocated
COVID Prevention		\$ 2,781,992
CITY	HDT COVID Testing	\$ 750,000
CITY	COVID Response Reserve	\$ 2,031,992

Recipient	Request	Amount Allocated
Social Services		\$ 3,453,608
CITY - CMO/Housing and Social Services	Homelessness Services (Sanctioned Camping, Shelter, Respite, PAWS, etc) and Affordable Housing /Trust Fund	\$ 1,628,608
CITY - Housing and Social Services	Downtown Streets Team	\$ 0
CITY - Parks and Community Services	Community Needs Assessment to identify priority support programs including youth focus	\$ 250,000
CITY - Parks and Community Services	Scholarship Program for recreation programs	\$ 50,000
Yolo Food Bank	General Funding Assistance	\$ 500,000
First Five Yolo	Welcome Baby Program	\$ 300,000

Yolo Adult Day Health	Adult Day Health Expansion Project (Woodland)	\$ 225,000
Yolo Crisis Nursery	Yolo Crisis Nursery	\$ 500,000

Department or Recipient	Request	Amount Allocated
Community Building		\$ 2,470,000
PCS	Renovate Playfield Synthetic Fields	\$ 990,000
PWET	Bike Pump Track	\$ 600,000
CITY	Veterans Memorial Theatre Roof and Facility Rehabilitation	\$ 450,000
CITY	Climate Resilience Hub/Climate Action Needs	\$ 400,000
CITY	Mobile Stage - gap in equipment replacement fund	\$ 30,000

Recipient	Request	Amount Allocated
Economic Assistance to Organizations		\$ 205,000
Chamber of Commerce	Funding to assist Chamber with COVID recovery	\$ 105,000
Explorit	COVID recovery	\$ 100,000

BE IT FURTHER RESOLVED that the City Council hereby amends the budget as presented in Exhibit A to this Resolution.

BE IT FURTHER RESOLVED that the City Council hereby approved re-appropriation of unspent balances to the next and future fiscal years, but not beyond December 31, 2026, consistent with ARPA requirements to expend Coronavirus State and Local Fiscal Recovery Funds.

BE IT FURTHER RESOLVED that the City Council hereby approves a General Fund balance commitment of up to \$300,000 to allow for funding for the Downtown Streets Team or a similar program using the Cannabis Benefit Program (Program 1142) available resources.

PASSED AND ADOPTED by the City Council of the City of Davis on this 5th day of April 2022 by the following vote:

AYES:

NOES:

ABSENT:

Gloria Partida
Mayor

ATTEST:

Zoe S. Mirabile, CMC
City Clerk

**City of Davis
American Rescue Plan Act Funding Allocation
Proposed Budget Amendments**

		<u>Revenue/ Transfers In</u>	<u>Expenditures/ Transfers Out</u>	<u>Fund Balance/ Reserves</u>
<u>GENERAL FUND (001)</u>				
<u>City Manager</u>				
	Community Needs Assessment	-	250,000	(250,000)
	Yolo Food Bank general funding assistance	-	500,000	(500,000)
	First Five Yolo Welcome Baby Program	-	300,000	(300,000)
	Yolo Adult Day Health Expansion Project	-	225,000	(225,000)
	Yolo Crisis Nursery	-	500,000	(500,000)
	Chamber of Commerce - Funding to assist with COVID recovery	-	105,000	(105,000)
	Explorit - Funding to assist with COVID recovery	-	100,000	(100,000)
<u>Social Services and Housing</u>				
	Homelessness Services	-	1,628,608	(1,628,608)
<u>Community Development and Sustainability</u>				
	Climate Resilience Hub/Climate Action Needs	-	400,000	(400,000)
<u>Parks and Community Services</u>				
	Scholarship Program	-	50,000	(50,000)
<u>Utilities & Operations</u>				
	4 changeable message boards	-	100,000	(100,000)
<u>Non-Departmental</u>				
Transfer In	ARPA Lost Revenue Replacement	7,028,608	-	7,028,608
Transfer Out	Capital Projects Funding	-	2,390,000	(2,390,000)
Expenditures	Contributions to Internal Service Funds	-	480,000	(480,000)
Total, General Fund		<u>\$ 7,028,608</u>	<u>\$ 7,028,608</u>	<u>\$ -</u>
<u>OTHER FUNDS</u>				
<u>General Capital Improvement Projects Fund (012)</u>				
	Replacement and expansion of portable buildings at City Hall (Project TBD)	350,000	350,000	-
	Renovate Playfield Synthetic Fields (Project ET0003)	990,000	990,000	-
	Bike Pump Track (Project ET8311)	600,000	600,000	-
	Veteran's Memorial Theater Roof and Facility Rehabilitation (Project ET8340)	450,000	450,000	-
	Total General Capital Improvement Projects Fund	<u>2,390,000</u>	<u>2,390,000</u>	<u>-</u>
<u>Economic Stimulus Grants (ARPA) Fund (217)</u>				
Operations	HDT COVID Testing	-	750,000	(750,000)
Unallocated	COVID Response unallocated balance	-	-	2,031,992
Transfers Out	ARPA Lost Revenue Replacement	-	7,028,608	(7,028,608)
	Total Economic Stimulus Grants Fund	<u>-</u>	<u>7,778,608</u>	<u>(5,746,616)</u>
<u>Equipment Replacement Fund (628)</u>				
Capital	Mobile Stage - gap equipment replacement Fund	30,000	30,000	-
	Total Equipment Replacement Fund	<u>30,000</u>	<u>30,000</u>	<u>-</u>
<u>IS Equipment Replacement Fund (623)</u>				
Capital	Replacement of public safety radios/equipment	450,000	450,000	-
	Total IS Equipment Replacement Fund	<u>450,000</u>	<u>450,000</u>	<u>-</u>
Total, Other Funds		<u>\$ 2,870,000</u>	<u>\$ 10,648,608</u>	<u>\$ (5,746,616)</u>



DAVIS

2021/22 PROPERTY TAX SUMMARY



The City of Davis experienced a net taxable value increase of 3.2% for the 2021/22 tax roll, that was modestly less than the increase experienced countywide at 4.5%. The assessed value increase between 2020/21 and 2021/22 was \$302 million. The change attributed to the 1.036% Proposition 13 inflation adjustment was \$89.7 million. That accounted for 30% of all growth experienced in the City.

Value growth for 2021-22 was impacted by the lower inflation adjustment and was somewhat reduced. Residential value growth was \$258.6 million (3.2%) and was 85.5% of all value growth. Within this residential growth there was \$18.2 million in Prop 8 value recovery. There is \$27 million of Prop 8 value loss still to be recovered. The largest single residential value gain was from the new improvement value for Ryder on Olive by GPAI Student Housing LLC. These apartments may not have their full roll value enrolled for 2021-22. The Sterling 5th Street apartments added \$15.7 million (51%) as full value was realized on the tax roll. Value gains for Commercial properties was \$26 million (2.9%) and were led by the addition of \$6.5 million (134%) in improvement value on a parcel owned by Mace and Alhambra Office LLC. Reassessment of the Marketplace Shopping Center added \$6 million (15.22%) and \$4.6 million (-13%) was dropped from the University Mall Park shopping center.

Unsecured values make up 1.8% of all values in the City. Unsecured values increased by \$2.3 million (1.3%). New assessments were sufficient to counteract losses in value from dropped and reduced assessments.

Growth in home sales strengthened in the summer of 2020 and many cities saw an increase in properties for sale. Sales price increases in 2020 were reflected on the 2021/22 tax rolls. North Bay counties saw mild declines in median prices in late 2019 and early 2020 and Southern California counties saw a flattening of prices in many areas. Homes prices increased in the second half of 2020. Sale prices grew due to low inventory and the declining mortgage rates. These conditions have continued to caused prices to rise in 2021. The median sale price of a detached single family residential home in Davis from January through September was \$815,000. This represents a \$85,000 (11.64%) increase in median sale price from 2020.

Year	D-SFR Sales	Median Price	% Change
2015	240	\$567,500	
2016	318	\$617,500	8.81%
2017	463	\$660,000	6.88%
2018	455	\$715,000	8.33%
2019	415	\$725,000	1.40%
2020	372	\$730,000	0.69%
2021	368	\$815,000	11.64%

2021/22 Tax Shift Summary

ERAF I & II	\$-4,556,653
VLFAA (est.)	\$7,704,738

Top 10 Property Owners

Owner	Net Taxable Value	% of Total	Use Type
1. TILDEN-LAFAYETTE LLC ET AL	\$159,348,325	1.63%	Residential
2. PAC WEST OFFICE EQUITIES LP	\$62,663,094	0.64%	Commercial
3. URP INVESTORS LP	\$60,899,441	0.62%	Commercial
4. TANGLEWOOD APARTMENTS LLC	\$59,777,328	0.61%	Residential
5. UCD J STREET OWNER LLC	\$52,922,963	0.54%	Residential
6. GPAI DAVIS STUDENT HOUSING LLC	\$48,717,560	0.50%	Vacant
7. STERLING - DAVIS 2 LLC	\$46,712,942	0.48%	Residential
8. MARKETPLACE CENTER INC	\$45,890,241	0.47%	Commercial
9. OAKSHADE REGENCY LLC	\$41,788,429	0.43%	Commercial
10. VTR COVELL LP	\$33,952,710	0.35%	Institutional
Top Ten Total	\$612,673,033	6.26%	

Real Estate Trends

Home Sales

While a reduction in the number of single-family home sales was experienced in many areas and sales price changes reflected modest declines or increases in 2019 and early 2020, these market trends were impacted by COVID-19 beginning in March 2020. The number of home sales plummeted as potential buyers stayed home. After major reductions in the number of sales in April and May, sales of detached SFR rebounded and statewide the number of sales increased by 3.5% over 2019. Statewide, the median sales prices for July 2021 increased by 21.74% over July 2020 and were up by 33.42% over July 2019. The statewide median time on the market for detached SFR was 8 days in July 2021. The 30-year, fixed-mortgage interest rate averaged 2.71% as of September 2, 2021 down from 3.16% in June 2020.

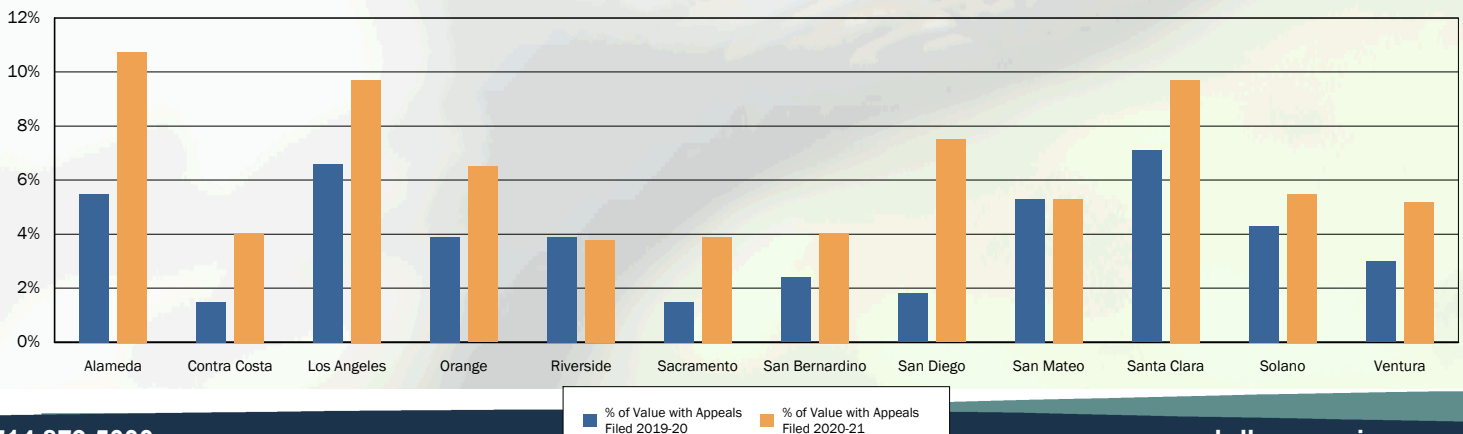
All Homes	Units Sold June-2020	Units Sold June-2021	% Change	Median Price June-2020	Median Price June-2021	% Change
Butte County	331	371	12.08%	\$339,000	\$380,000	12.09%
El Dorado County	461	567	22.99%	\$505,000	\$650,000	28.71%
Merced County	358	389	8.66%	\$320,000	\$374,000	16.88%
Nevada County	281	325	15.66%	\$480,000	\$580,000	20.83%
Placer County	944	1,081	14.51%	\$528,250	\$635,000	20.21%
Sacramento County	2,155	2,664	23.62%	\$410,000	\$489,500	19.39%
Stanislaus County	629	725	15.26%	\$350,000	\$415,000	18.57%
Sutter County	102	118	15.69%	\$327,000	\$385,000	17.74%
Yolo County	251	327	30.28%	\$475,500	\$560,000	17.77%
Yuba County	247	201	-18.62%	\$387,000	\$405,000	4.65%

Housing Affordability Remains a Challenge Throughout California

The COVID-19 pandemic inhibited property sales in the first quarter of 2020 but for most communities it did not significantly impact 2020-21 assessed value growth from transfers of ownership. The stay-at-home orders, business closures and other economic impacts affected 2021-22 growth by reducing the annual CPI adjustment from the maximum 2% to 1.036%. New construction already underway did not see a decline, however, the shortages of building materials affected new construction starts in the second half of the 2020 and into 2021.

Gains in median housing prices do not suggest that there is any potential for county assessors to apply Proposition 8 value reductions on single family homes. While assessed values on the 2020-21 rolls were not impacted by the pandemic, the effects of the pandemic are reflected in large increases in assessment appeals activity for that fiscal year. The chart below reflects 2019-20 and 2020-21 values under appeal by property owners in select counties as a percentage of total taxable values reported in each year.

**Comparison of Value Under Appeal By County
2019-20 to 2020-21, as a percentage of total taxable value**



CITY OF DAVIS

SALES TAX UPDATE

4Q 2021 (OCTOBER - DECEMBER)



DAVIS

TOTAL: \$ 2,145,394

10.9%
4Q2021



6.3%
COUNTY

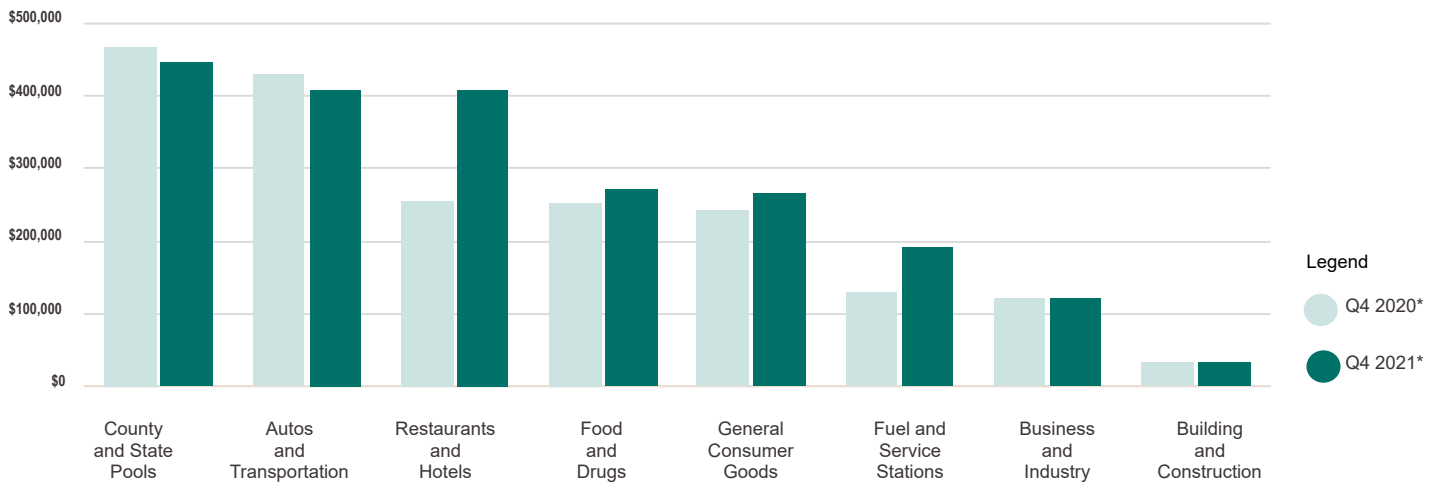


15.6%
STATE



**Allocation aberrations have been adjusted to reflect sales activity*

SALES TAX BY MAJOR BUSINESS GROUP



Measure O

TOTAL: \$2,994,953

17.9%



CITY OF DAVIS HIGHLIGHTS

Davis' receipts from October through December were 16.5% above the fourth sales period in 2020. Excluding reporting aberrations, actual sales were up 10.9%.

New motor vehicle sales declined, differing from the statewide positive trend.

Rising menu prices as well as capacity restrictions and lack of students in the comparable quarter resulted in strong growth for restaurants; casual dining grew 73% while quick-service restaurants, also boosted by a new outlet, grew 46%.

Service stations saw growth tied to the

rising price of fuel at the pumps. Grocery and drug stores gains were lessened by slowing in the cannabis group.

The countywide pool saw continued solid used auto sales and one-time allocations in business-industry which lessened the expected declines from a large online retailer. The City's allocation decreased 4.5%.

Voter-approved Measure O benefited from an increase in revenue from autos that were registered in the city and high fuel prices. Net of aberrations, taxable sales for all of Yolo County grew 6.3% over the comparable time period; the Sacramento region was up 14.0%.



TOP 25 PRODUCERS

- Andersen Davis Shell
- Anderson Gas
- Arco AM PM
- Boise Mobile Equipment
- Chiles Rd Chevron
- Circle K
- CVS Pharmacy
- Davis 1Stop
- Davis Ace Hardware & Aggie Hardware
- F Street Dispensary
- Fast & Easy Davis
- Hanlees Chevrolet
- Hanlees Chrysler Dodge
- Jeep Ram Kia
- Hanlees Nissan
- Hanlees Toyota
- In N Out Burger
- McDonalds
- Mikuni Japanese Restaurant & Sushi Bar
- Nugget Market
- Rite Aid
- Safeway
- Shottenkirk Honda Of Davis
- Stiizy Retail
- Target
- TJ Maxx



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of October through December were 15% higher than the same quarter one year ago after adjusting for accounting anomalies. A holiday shopping quarter, the most consequential sales period of the year, and the strong result was a boon to local agencies across the State. Consumers spent freely as the economy continued its rebound from the pandemic and as robust labor demand reduced unemployment and drove up wages.

Brick and mortar retailers did exceptionally well as many shoppers returned to physical stores rather than shopping online as the COVID crisis waned. This was especially true for traditional department stores that have long been among the weakest categories in retail. Discount department stores, particularly those selling gas, family and women’s apparel and jewelry merchants also experienced strong sales. Many retailers are now generating revenue that is nearly as much, or even higher, than pre-pandemic levels.

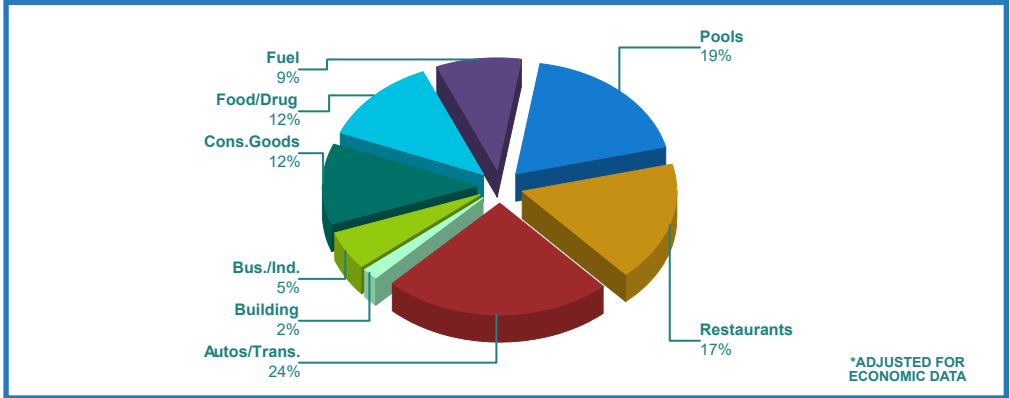
Sales by new and used car dealers were also much higher than a year ago. The inventory shortage has resulted in higher prices that have more than offset the decline in unit volume in terms of revenue generation for most dealerships. Restaurants and hotels were only moderately lower than last quarter, with both periods being the highest in the State’s history. Increased menu prices coupled with robust demand to dine out are largely responsible for these gains. These are impressive results for a sector that does not yet include the positive impact that will occur later this year as international travel steadily increases at major airports. Conference business, an important revenue component for many hotels, is also still in the early stages of recovery.

Building material suppliers and contractors were steady as growing residential and commercial property values boosted demand, particularly in the Southern California, Sacramento and San Joaquin Valley regions. Although anticipated interest rate increases by the Federal Reserve could dampen the short-term outlook for this sector, industry experts believe limited selling activity will inspire increased upgrades and improvements by existing owners. With demand remaining tight and calls for more affordable housing throughout the state, the long-term outlook remains positive.

The fourth quarter, the final sales period of calendar year 2021, exhibited a 20% rebound

in tax receipts compared to calendar year 2020. General consumer goods, restaurants, fuel and auto-transportation industries were the largest contributors to this improvement. However, the future growth rate for statewide sales tax revenue is expected to slow markedly. Retail activity has now moved past the easy year-over-year comparison quarters in 2021 versus the depths of the pandemic bottom the year before. Additional headwinds going into 2022 include surging inflation, a dramatic jump in the global price of crude oil due to Russia’s war in Ukraine and corresponding monetary tightening by the Federal Reserve. This is expected to result in weakening consumer sentiment and continued, but decelerating, sales tax growth into 2023.

REVENUE BY BUSINESS GROUP
Davis This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Davis Business Type	Q4 '21*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	318.1	-8.4% ↓	-6.1% ↓	15.5% ↑
Casual Dining	216.1	73.0% ↑	65.9% ↑	66.5% ↑
Service Stations	191.3	48.6% ↑	47.4% ↑	53.8% ↑
Grocery Stores	123.2	9.4% ↑	4.5% ↑	0.6% ↑
Quick-Service Restaurants	116.1	46.4% ↑	19.2% ↑	12.1% ↑
Cannabis Related	86.0	-4.3% ↓	-4.3% ↓	0.5% ↑
Fast-Casual Restaurants	67.1	38.7% ↑	22.9% ↑	16.0% ↑
Drug Stores	35.0	32.6% ↑	17.6% ↑	7.9% ↑
Specialty Stores	27.8	16.6% ↑	15.5% ↑	18.8% ↑
Convenience Stores/Liquor	26.8	15.8% ↑	9.9% ↑	2.2% ↑

*Allocation aberrations have been adjusted to reflect sales activity *In thousands of dollars