



2ND QUARTER BUDGET REPORT FISCAL YEAR 2020



Fiscal Year 2020 Budgetary Notes

- Sales tax revenue anticipated to increase by approximately \$1.4 million or 4.1 percent over Fiscal Year 2020 Adopted Budget amount.
- Both Measure A and Measure P Sales Tax were each budgeted at \$18.3 million and the revised revenue projection for each sales tax measure is \$19.8 million, which is an overall projected increase of \$3.0 million.
- Increase of approximately \$3.0 million over Fiscal Year 2018 – 2019 for retirement costs based on latest CalPER's Actuarial Valuation Report.



Fiscal Year 2020

Second Quarter Monitoring Report

Fiscal Year 2020 General Fund Budget

Description	Revised FY 2020	Projected FY 2020	Projected Increase / (Decrease)
Revenues:			
MAJOR DISCRETIONARY REVENUES	\$ 154.5	\$ 158.0	\$ 3.5
OTHER GENERAL FUND REVENUES	45.2	45.2	-
TOTAL REVENUES	\$ 199.7	\$ 203.2	\$ 3.5
Expenditures:			
PERSONNEL SERVICES	\$ 133.4	\$ 133.0	\$ (0.4)
OTHER EXPENDITURES	66.0	69.0	3.0
TOTAL EXPENDITURES	\$ 199.4	\$ 202.0	\$ 2.6
TOTAL GENERAL FUND SURPLUS/(DEFICIT)	\$ 0.3	\$ 1.2	

*Mathmatic calculation slightly off due to rounding of figures.



Fiscal Year 2020

Second Quarter Adjustments

General Fund Significant Budget Adjustments

- Transfer \$391,000 appropriations for revenues and expenses from Non-Departmental to the Administration Department for the Special Events budget.
- Increase of \$734,000 for Measure P Sales Tax for revenues and Transfers-Out from the General Fund to the Measure P Fund.
- Transfer \$2.7 million expense budget from the Supplies and Services to Transfers-Out to establish the CV Bayfront Finance Authority Fund from the Bayfront Commitment.
- All proposed adjustment result in a net cost increase for the General Fund by \$139,000.



Fiscal Year 2020

Second Quarter Adjustments

Other Funds Significant Budget Adjustments

- CV Elite Athlete Training Center Fund - Appropriate \$100,000 for Energy Efficiency Projects.
- Sewer Income Fund - Transfer \$1,195,000 from Other Expenses to CIP Project Expense for RIDA Bayfront Sewer Improvements (SWR0321).
- CV Bayfront Finance Authority Fund – Appropriate revenues and expenses of \$2,747,183 from the General Fund for the Bayfront Commitment, which includes the FY 2019 amount of \$1,259,364 and FY 2020 amount of \$1,487,819. Transfer \$715,000 for a new CIP for SWR0321 in the Capital Improvement Fund.
- Capital Improvement Projects Fund - Appropriate \$715,000 in revenues and expenses to establish new CIP for the RIDA Bayfront Sewer Improvements (SWR0321) from the Bayfront Project commitment from the CV Bayfront Finance Authority Fund.
- All proposed adjustment result in a net cost decrease for the Other Funds by \$247,284.



LONG-TERM FINANCIAL PLAN (LTFP) FISCAL YEAR 2021 TO 2025

LTFP Forecast Summary

FY2021 – FY2025



Long-Term Financial Plan FY 2021 - 2025

Description	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Revenue Projections (millions)					
MAJOR DISCRETIONARY REVENUES	\$ 157.37	\$ 160.46	\$ 163.29	\$ 166.18	\$ 169.14
OTHER REVENUES	45.84	46.08	48.37	48.66	48.96
NEW DEVELOPMENT REVENUES	1.76	1.80	1.87	1.93	1.99
TOTAL REVENUES	\$ 204.97	\$ 208.34	\$ 213.52	\$ 216.77	\$ 220.10
Year-over-Year Change		1.65%	2.49%	1.52%	1.53%
Expenditure Projections (millions)					
PERSONNEL SERVICES EXPENDITURES	\$ 103.29	\$ 105.96	\$ 108.72	\$ 111.59	\$ 114.56
PERS	32.94	35.57	37.85	39.34	41.06
OTHER EXPENDITURES	70.65	72.13	70.96	72.05	72.81
NEW DEVELOPMENT EXPENDITURES	0.40	0.41	0.42	1.11	1.15
TOTAL EXPENDITURES	\$ 207.27	\$ 214.07	\$ 217.95	\$ 224.10	\$ 229.59
Year-over-Year Change		3.28%	1.82%	2.82%	2.45%
TOTAL GENERAL FUND SURPLUS/(DEFICIT)	\$ (2.31)	\$ (5.72)	\$ (4.43)	\$ (7.32)	\$ (9.49)
SURPLUS/(DEFICIT) AS % OF BUDGET		-2.67%	-2.03%	-3.27%	-4.13%
HIGH PRIORITY PROGRAMS					
Peace Officer Funding	\$ 0.53	\$ 1.06	\$ 1.59	\$ 2.23	\$ 2.89
TOTAL GENERAL FUND SURPLUS/(DEFICIT)	\$ (2.84)	\$ (6.79)	\$ (6.03)	\$ (9.55)	\$ (12.38)
SURPLUS/(DEFICIT) AS % OF BUDGET		-3.17%	-2.77%	-4.26%	-5.39%



Fiscal Year 2021- 2025 Outlook

- LTFP projects expenditures to outpace revenues on an annual basis throughout the term of the outlook.
 - FY 2021: \$2.3 million deficit
 - FY 2025: \$9.5 million deficit
- Pension costs one of primary drivers of growing expenses
- Any economic downturn will have a negative impact on the projections within the LTFP



Pension Obligation Bonds

- Current unfunded pension liability of \$355 million
- The City is required to pay CalPERS 7% interest on that debt annually (~\$25 Million)
- Current Pension Obligation Bond interest rates are around 3%
- Pros and Cons of POB's

Next Steps

February	<ul style="list-style-type: none"> • Mid-Year Fiscal Year 2020 Budget Review (Second Quarter Financial Projections) • Develop Fiscal Year 2021 Baseline Budget; include changes from Mid-Year Budget Review
March	<ul style="list-style-type: none"> • City Council Workshop: FY 2021 Budget Projection Discussion, Updated LTFP Discussion
April	<ul style="list-style-type: none"> • Preliminary City Manager Proposed Budget Council Discussion Item
May	<ul style="list-style-type: none"> • Fiscal Year 2020 Third Quarter Financial Report • Hold two public workshops to provide overview of proposed budget • City Manager Proposed Budget document submitted to Council • City Council: Present Fiscal Year 2021 All Funds Budget and CIP Overview
June	<ul style="list-style-type: none"> • Public Hearing and Recommend Council adoption of Proposed FY 2021 Budget (All Funds)



City Council

Comments/Feedback