



CITY COUNCIL AGENDA STATEMENT



March 2, 2021

File ID: 21-0034

TITLE

- A. QUARTERLY FINANCIAL REPORT FOR THE QUARTER ENDING DECEMBER 31, 2020
- B. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA MAKING VARIOUS AMENDMENTS TO THE FISCAL YEAR 2020/2021 BUDGET TO ADJUST FOR VARIANCES AND APPROPRIATING FUNDS THEREFOR (4/5 VOTE REQUIRED)

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

Quarterly Financial Report

The Finance Department, in collaboration with other City departments, prepares quarterly financial reports for the General Fund that reflect budget to actual comparisons, projected revenues and expenditures, and highlight major variances that may require additional action or changes as of December 31, 2020. The quarterly financial reports are in compliance with Section 504 (f) of the City Charter, which requires that quarterly financial reports be filed by the Director of Finance through the City Manager.

In preparing the quarterly financial projections, staff has identified various budget changes that are needed to reflect actual revenues and expenditures or address changes in budgetary needs. For government entities, a budget creates a legal framework for spending during the fiscal year. After the budget is approved by the City Council, there are circumstances which arise that could require adjustments to the approved budget. Council Policy 220-02 "Financial Reporting and Transfer Authority" was established in January of 1996 and allows for budget transfers and adjustments to be completed. This report discusses budget adjustments that staff recommends in the General Fund as well as various other funds to address identified fiscal issues.

In addition to the Fiscal Year 2020/2021 budget recommendations for City funds, this report includes an update on Measure P and Measure A actual revenues and expenditures as of December 31, 2020.

ENVIRONMENTAL REVIEW

The Development Services Director has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because the proposed activity consists of a governmental fiscal/administrative activity which does not result in a physical change in the environment; therefore,

pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

The Second Quarter Report is developed using six months of recorded (July 2020 through December 2020) revenue and expenditure activity for Fiscal Year 2020/2021 as of December 31, 2020. City revenues and expenditures are forecasted through the end of the Fiscal Year in collaboration with City departments, consultants, statistical data, trend analysis and other resources. The data in this report is the most current data available; however, the data and projections are subject to change.

This report will provide summary information for the following areas:

- Major General Fund Revenues and Expenditures
- Adjustments to General Fund Expenditures
- Adjustments to non-General Fund funds
- Update to the Measure P and Measure A Funds

Attachment A – Quarterly Financial Report provides additional information for the financial outlook for the General Fund for the current fiscal year including City revenues and expenditures.

The Finance Department will continue to monitor the City's actual revenues and expenditures and will provide any significant changes in subsequent quarterly budget monitoring reports.

General Fund Overview

The City's Fiscal Year 2020/2021 financial outlook is primary unchanged as overall General Fund expenditures are projected to slightly exceed revenues by approximately \$0.3 million (General Fund deficit). Overall, Sales Tax projections are below budget by \$0.4 million based upon updated information from the City's sales tax consultant. The Sales Tax revenue projections for Measures A and P increased by \$3.2 million; however, a corresponding transfer out from the General Fund to the respective Measure P and Measure A Funds will result in a net zero impact to the General Fund. Several other General Fund revenues are projected to be under budget, largely due to the ongoing COVID-19 pandemic and related restrictions on travel, special events and use of City facilities and programs. For example, Transient Occupancy Tax revenues are projected to be \$0.4 million under budget and Charges for Services revenues are projected to be \$2.2 million under budget. Funding from the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act received from the County and State of \$5.5 million for Fiscal Year 2020/2021 has helped to offset some of the unbudgeted expenses incurred related to the COVID-19 response. Additional information on General Fund revenue and expenditures are provided in the attachment to this report.

Major General Fund Revenues

The City's major General Fund revenues, which make up approximately 76% of the City's General Fund revenues, are projected to be \$1.8 million more than the Revised Budget amounts, largely as a result of increased projections for Measure A and Measure P revenues. Utility Users Taxes, Transient Occupancy Tax

and Sales Tax revenues are projected to be under budget based on current trends. *Table 1: Fiscal Year 2020/2021 Major General Fund Revenue Projections* summarizes the revenue projections.

Table 1 - Fiscal Year 2020/2021 Major General Fund Revenue Projections

| Revenue Category | FY 2021 Revised Budget | FY 2021 Projected Actuals | Variance |
|---|------------------------|---------------------------|--------------------|
| Property Tax | 37,555,758 | 37,555,758 | - |
| Sales Tax | 36,931,855 | 36,529,356 | (402,499) |
| Measure P Sales Tax | 20,020,000 | 21,612,000 | 1,592,000 |
| Measure A Sales Tax | 20,020,000 | 21,591,000 | 1,571,000 |
| PT in lieu of Motor Vehicle License Fee (VLF) | 24,950,254 | 24,950,254 | - |
| Franchise Fees | 12,404,935 | 12,404,935 | - |
| Utility Users Taxes | 5,233,423 | 4,651,423 | (582,000) |
| Transient Occupancy Tax | 4,926,832 | 4,531,374 | (395,458) |
| Total | \$ 162,043,057 | \$ 163,826,100 | \$1,783,043 |

The remaining General Fund revenues (not represented in Table 1) are anticipated to approximate the Revised Budget amounts. All the General Fund revenues are summarized in Attachment A. The overall General Fund revenues are projected to be less than the Revised Budget by approximately \$0.1 million.

Major General Fund Expenditures

The City's major General Fund expenditures, which make up approximately 74% of the City's General Fund expenditures, are shown in Table 2. As of the end of the second quarter of Fiscal Year 2020/2021, Personnel Services expenditures are projected to be over budget by approximately \$1.5 million and Utility expenditures are projected to be over budget by approximately \$0.1 million, resulting in a net increase of approximately \$1.4 million in expenses. Based on the percentage of the Projected Budget expended to date, the major General Fund expenditures are in line with projections. Staff will continue to monitor expenditures to identify any costs that might continue to trend higher than anticipated and propose future actions to address these expenses. Additionally, information related to departmental expenditures is provided in the attachment.

As mentioned previously, due to an increase in Measure P and Measure A revenues, a corresponding transfer out from the General Fund to the Measure P and Measure A funds will increase expenditures (transfers out) by approximately \$3.2 million. The remaining General Fund expenditures (not represented in Table 2) are largely in line with projections but include increased costs for the City's COVID-19 testing site, COVID-19 response expenses, Fire Academy and Fire Strike Team, and other departmental updates.

Table 2 - Fiscal Year 2020/2021 General Fund Major Expenditure Projections

| Expenditure Category | FY 2021 Revised Budget | FY 2021 Projected Actuals | Expended to date | % Expended |
|-----------------------|------------------------|---------------------------|----------------------|--------------|
| Personnel Services | 131,871,658 | 133,404,102 | 69,432,917 | 52.0% |
| Supplies and Services | 15,182,832 | 15,093,918 | 8,853,816 | 58.7% |
| Utilities | 4,838,554 | 4,965,805 | 2,834,273 | 57.1% |
| Total | \$ 151,893,044 | \$ 153,463,825 | \$ 81,121,005 | 52.9% |

Proposed Fund Adjustments

General Fund

At the conclusion of the second quarter of Fiscal Year 2020/2021, the proposed adjustments are: 1) inter- and intra- Department transfers; 2) expense appropriations associated with offsetting revenue (e.g., grants); appropriations associated with changes in projected revenue. The proposed adjustments are anticipated to result in a General Fund net cost increase of approximately \$4.7 million (increase of expenses by \$5.6 million and revenue by \$1.0 million). The following chart provides a summary of the proposed budgetary adjustments.

Table 3 - Fiscal Year 2020/2021 General Fund Budget Adjustments Summary

| DEPARTMENT | Footnote | PERSONNEL SERVICES | SUPPLIES & SERVICES | OTHER EXPENSES | OTHER CAPITAL | TRANSFERS OUT | TOTAL EXPENSE | TOTAL REVENUE | NET COST |
|---------------------------|----------|--------------------|---------------------|----------------|---------------|------------------|------------------|------------------|------------------|
| GENERAL FUND | | | | | | | | | |
| City Attorney | 1 | - | - | - | - | - | - | 198,694 | 198,694 |
| Administration | 2 | - | - | - | - | - | - | 166,000 | 166,000 |
| Non-Departmental | 3 | - | - | 798,969 | - | 2,666,166 | 3,465,134 | (1,731,000) | 1,734,134 |
| Economic Development | 4 | - | - | - | - | - | - | (85,000) | (85,000) |
| Development Services | 5 | - | 80,000 | - | - | - | 80,000 | 100,000 | 180,000 |
| Police | 6 | - | - | - | 42,905 | - | 42,905 | (42,905) | - |
| Fire | 7 | 2,067,625 | (35,575) | - | - | - | 2,032,050 | (1,890,000) | 142,050 |
| Parks and Recreation | 8 | - | - | - | - | - | - | 2,101,027 | 2,101,027 |
| Library | 9 | - | 300 | - | - | - | 300 | 217,140 | 217,440 |
| TOTAL GENERAL FUND | | 2,067,625 | 44,725 | 798,969 | 42,905 | 2,666,166 | 5,620,389 | (966,044) | 4,654,345 |

General Fund Amendment Footnotes

1. City Attorney - Decrease revenue appropriations by \$198,694 due to projected decrease in developer fees and charges for services.
2. Administration - Decrease revenue appropriations by \$166,000 due to projected decrease in special events donations.
3. Non-Departmental - Increase expense appropriations by \$798,969 for administration/collection of sales tax by the California Department of Tax and Fee Administration (CDTFA). Increase revenue appropriations by \$3,163,000 for projected increase in Measure A and Measure P sales tax revenues; Decrease revenue appropriations by \$1,432,000 for projected reductions in utility tax (\$582,000) and cannabis excise tax revenues (\$850,000).
4. Economic Development - Increase transfer in appropriations by \$85,000 for staff time reimbursement from Environmental Services Fund.
5. Development Services - Increase supplies and services expense appropriations by \$80,000 for increase in SANDAG membership fees; Decrease revenue appropriations by \$100,000 due to reduced code enforcement collections.
6. Police - Increase revenue and expense appropriations by \$42,905 to recognize a federal grant for internet crimes.
7. Fire - Increase expense appropriations by \$1,835,615 and revenue appropriations by \$1,890,000 to establish budget for Fire's Strike Team deployments; Reallocate \$280,585 in appropriations from dispatch services to the FY21 Fire Academy, for a net \$196,435 increase expense appropriations.
8. Parks and Recreation - Decrease revenue appropriations by \$2,101,026 for projected reductions in program revenue (\$1,279,854) and decrease rental revenues of City facilities (\$821,173).
9. Library - Increase revenue and expense appropriations by \$300 for a donation to fund supplies and services. Decrease passport revenue appropriations by (\$217,440).

The significant adjustments to the General Fund are described below.

- **Non-Departmental** - Increase expense appropriations by \$798,969 for State's administration, collection, and distribution of all related sales tax. Increase revenue appropriations by \$3,163,000 for projected increase in Measure A and Measure P sales tax revenue. Decrease utility tax revenue appropriations by \$582,000 based on projected revenues, due to trends in consumption and business conditions. Decrease cannabis excise tax revenue appropriations by \$850,000 based on projected revenues, due to delays in opening of cannabis businesses for the remainder of this fiscal year.
- **Fire Department** - Increase personnel and supplies and services expense appropriations by \$1,835,615 and revenue appropriations by \$1,890,000 for Fire's Strike Team; Reallocate \$280,585 in appropriations from dispatch services to the FY21 Fire Academy, for a net \$196,435 increase of personnel and supplies and services expense appropriations.
- **Parks and Recreation** - Decrease Charges for Services revenue appropriations by \$1,404,854 based on projected revenues, due to COVID-19 restrictions on City programs resulting in closure of various city facilities. Decrease facility rental revenue appropriations by \$821,173 based on projected revenues, due to COVID-19 restrictions on facilities use and inability to operate City sponsored programs by the Community Services departments.
- **Library** - Decrease passport fees revenue appropriations by \$217,440 based on projected revenues.

Other Funds

The following recommended adjustments are for funds outside of the General Fund. The proposed adjustments, displayed in Table 4, result in a net cost decrease by approximately \$2.6 million. A brief discussion follows the table on the significant proposed adjustments.

Table 4 - Fiscal Year 2020/2021 Other Fund Budget Adjustments Summary

| | Footnote | PERSONNEL SERVICES | SUPPLIES & SERVICES | OTHER EXPENSES | OTHER CAPITAL | INTERNAL SERVICE | TRANSFERS OUT | NON-CIP BUDGET | TOTAL EXPENSE | TOTAL REVENUE | NET COST |
|--|----------|-----------------------|------------------------|-------------------|------------------|---------------------|------------------|--------------------|-------------------|-----------------------|-----------------------|
| OTHER FUNDS | | | | | | | | | | | |
| 2016 Measure P Sales Tax | 1 | - | - | - | - | - | - | - | - | (1,343,462) | (1,343,462) |
| Transportation Grants-Gas Tax | 2 | - | - | - | 4,760 | - | - | - | 4,760 | - | 4,760 |
| 2018 Measure A Sales Tax | 3 | (58,451) | 58,451 | - | - | - | - | - | - | (1,322,704) | (1,322,704) |
| Advanced Life Support Program | 4 | - | (7,952) | - | - | 7,952 | - | - | - | - | - |
| Special Revenue Endowments | 5 | - | 70,000 | - | - | - | - | (70,000) | - | - | - |
| State Grants | 6 | - | - | 500,000 | - | - | - | - | 500,000 | (500,000) | - |
| Environmental Services | 7 | - | - | (85,000) | - | - | 85,000 | - | - | - | - |
| Transport Enterprise Fund | 8 | (883,404) | - | - | - | - | - | - | (883,404) | - | (883,404) |
| Transport Enterprise Fund | 8 | 883,404 | - | - | - | - | - | - | 883,404 | - | 883,404 |
| 2014 COP Refunding | 9 | - | 4,000 | - | - | - | - | - | 4,000 | - | 4,000 |
| 2015 Refunding COP | 10 | - | 4,001 | - | - | - | - | - | 4,001 | - | 4,001 |
| 2016 Ref COP Civic Ctr/Nature | 11 | - | 4,001 | - | - | - | - | - | 4,001 | - | 4,001 |
| 2016 LRRB PFDIF/COP | 12 | - | 4,000 | - | - | - | - | - | 4,000 | - | 4,000 |
| 2017 CREBs LRBs | 13 | - | 4,001 | - | - | - | - | - | 4,001 | - | 4,001 |
| 2016 TARs | 14 | - | 4,000 | - | - | - | - | - | 4,000 | - | 4,000 |
| Parkland Acquisition & DevFees | 15 | - | - | 57,160 | - | - | - | - | 57,160 | - | 57,160 |
| Capital Improvement Projects (PRK0326) | 16 | - | - | - | - | - | - | (152,000) | (152,000) | - | (152,000) |
| Capital Improvement Projects (PRK0328) | 16 | - | - | - | - | - | - | 152,000 | 152,000 | - | 152,000 |
| TOTAL OTHER FUNDS | | \$ (58,451) | \$ 144,502 | \$ 472,160 | \$ 4,760 | \$ 7,952 | \$ 85,000 | \$ (70,000) | \$ 585,923 | \$ (3,166,166) | \$ (2,580,243) |

Other Fund Amendment Footnotes

- 2016 Measure P Sales Tax Fund - Increase transfer in appropriations by \$1,343,462 due to a projected increase in sales tax revenues.
- Transportation Grants-Gas Tax Fund - Appropriate \$4,760 from fund balance to increase other capital expense appropriations for vehicle outfitting.
- 2018 Measure A Sales Tax - Increase transfer in appropriations by \$1,322,704 due to a projected increase in sales tax revenues. Reallocate \$58,451 of Fire squads expense appropriations for the FY21 Fire Academy.
- Advanced Life Support Program - Reallocate \$7,952 in supplies and services expense appropriations to internal service expenses.
- Special Revenue Endowments - Reallocate \$70,000 to supplies and services expense appropriations based on project type.
- State Grants - Appropriate \$500,000 in state revenues and other expenses for state Local Early Action Planning Grant to accelerate planning for housing production.
- Environmental Services Fund - Increase transfers out appropriations by \$85,000 to General Fund.
- Transport Enterprise Fund - Reallocate \$883,404 in personnel costs from hourly employee costs to salaried employee costs.
- 9-14. Bond Funds - Increase supplies and services appropriations of approximately \$4,000 for respective bonds for disclosure reporting costs.
15. Parkland Acquisition & Dev Fees - Appropriate \$57,160 from fund balance to increase other expenses appropriations for refunding developer trust credits.
16. Capital Improvement Projects Fund - Decrease appropriations by \$152,000 for the Park Infrastructure (PRK0326) project; and, increase appropriations by \$152,000 for Rohr Park Bathrooms (PRK0328) project.

The significant adjustments to the Other Funds are described below.

- **2016 Measure P Sales Tax Fund** - Increase transfer in (revenue) appropriations by \$1,343,462 due to a projected increase in sales tax revenues.
- **2018 Measure A Sales Tax** - Increase transfer in (revenue) appropriations by \$1,322,704 due to a projected increase in sales tax revenues.
- **State Grants** - Appropriate \$500,000 in revenues and expenses for the Local Early Action Planning Grant to accelerate planning for housing production.
- **Transport Enterprise Fund** - Reallocate \$883,404 in personnel costs from hourly employee costs to salaried employee costs.
- **Capital Improvement Projects Fund** - Decrease appropriations by \$152,000 for the Park Infrastructure (PRK0326) project; and, increase appropriations by \$152,000 for Rohr Park Bathrooms (PRK0328) project.

Measure P Fund Overview

In November 2016, Chula Vista voters approved Measure P, authorizing a ½ cent sales tax increase on retail sales within the City for ten years. The funding from the sales tax measure is to allow the City to make progress toward replacing and repairing failing City assets. In December 2016, the City Council adopted the expenditure plan for the Measure P funding. The expenditure plan identified critical deferred maintenance and infrastructure projects for which the Measure P funding was to be allocated toward.

The following table provides an update on the allocation and expenditures (unaudited) for the Measure P funds.

Table 5 - Measure P

Citywide Infrastructure, Facilities and Equipment Expenditure Plan

1/2 cent Sales Tax Revenues over 10 year period

Summary Table as of 12/31/20

| Total by Major Category | 10-Year Timeframe | To Date Totals | Remaining Balance |
|-------------------------------------|------------------------------|---------------------------|------------------------------|
| REVENUES: | | | |
| Sales Tax Revenues | \$ 196,286,554 | \$ 69,682,251 | \$ 126,604,303 |
| Investment Earnings ³ | \$ - | \$ 3,591,865 | \$ (3,591,865) |
| Miscellaneous | \$ - | \$ 232,988 | \$ (232,988) |
| Total Revenues | \$ 196,286,554 | \$ 73,507,104 | \$ 122,779,450 |
| EXPENDITURES: | | | |
| Fire Stations Repairs/Replacement | \$ 26,210,449 | \$ 11,230,449 | \$ 14,980,000 |
| Fire Response Vehicles | \$ 19,847,580 | \$ 7,059,671 | \$ 12,787,909 |
| Fire Safety Equipment | \$ 5,197,913 | \$ 667,519 | \$ 4,530,394 |
| Total Fire Services | \$ 51,255,942 | \$ 18,957,639 | \$ 32,298,303 |
| Police Response Vehicles | \$ 12,951,470 | \$ 3,571,295 | \$ 9,380,175 |
| Public Safety Communication Systems | \$ 8,678,862 | \$ 3,252,782 | \$ 5,426,080 |
| Police Facility Repairs | \$ 2,101,000 | \$ 746,713 | \$ 1,354,287 |
| Police Equipment | \$ 611,145 | \$ 173,166 | \$ 437,979 |
| Total Police Services | \$ 24,342,477 | \$ 7,743,955 | \$ 16,598,522 |
| Streets | \$ 22,906,310 | \$ 18,834,184 | \$ 4,072,126 |
| Other Public Infrastructure | \$ 16,822,846 | \$ 9,814,110 | \$ 7,008,736 |
| Sports Fields and Courts | \$ 15,442,995 | \$ 784,351 | \$ 14,658,644 |
| Non-Safety Vehicles | \$ 11,195,100 | \$ 4,903,360 | \$ 6,291,740 |
| Recreation and Senior Centers | \$ 15,136,617 | \$ 3,369,205 | \$ 11,767,412 |
| Civic Center and South Libraries | \$ 4,032,000 | \$ 1,649,008 | \$ 2,382,992 |
| Other Public Facilities | \$ 7,271,160 | \$ 3,214,435 | \$ 4,056,725 |
| Traffic Signal Systems | \$ 7,000,000 | \$ 193,044 | \$ 6,806,956 |
| Park Infrastructure | \$ 10,467,507 | \$ 2,310,420 | \$ 8,157,087 |
| Citywide Network Replacement | \$ 2,080,700 | \$ 2,084,339 | \$ (3,639) |
| Citywide Telecommunications | \$ 2,155,602 | \$ 1,889,372 | \$ 266,230 |
| Total Infrastructure | \$ 114,510,837 | \$ 49,045,828 | \$ 65,465,009 |
| | | | |
| Total Allocations | \$ 190,109,256 | \$ 75,747,422 | \$ 114,361,834 |

Measure A Fund Overview

In June 2018, the citizens of Chula Vista approved Measure A which enacted the ½ cent sales tax to support public safety staffing. The measure imposed a ½ cent transaction and use tax (sales tax) on retail sales within the City of Chula Vista and became effective on October 1, 2018. Concurrent with the approval of placing the measure on the ballot, the City Council adopted an Intended Public Safety Expenditure Plan for the anticipated revenues generated from the measure. By doing so, the City Council expressed its intent to spend the sales tax revenues exclusively on the critical staffing needs of the City's police and fire departments, including necessary equipment and support provided by other City departments.

The following table provides an update on the allocation and expenditures (to date totals) for the Measure A funds.

**Table 6 - Measure A
Intended Public Safety Expenditure Plan
Phase I - Critical Needs
Summary Table as of 12/31/2020**

| POLICE DEPARTMENT | FY 2021 Budget | As of 12/31/2020 | Remaining Balance |
|---|---------------------------|-----------------------------|------------------------------|
| REVENUES: | | | |
| Federal Revenue | 125,000 | - | 125,000 |
| Transfer In | 10,010,000 | 3,769,252 | 6,240,748 |
| Total Police Department Revenues | \$ 10,010,000 | \$ 3,769,252 | \$ 6,240,748 |
| EXPENDITURES: | | | |
| Personnel Costs | 7,649,967 | 2,958,101 | 4,691,866 |
| Supplies & Services | 525,737 | 30,755 | 494,982 |
| Utilities | - | - | - |
| Other Expenses | 375,375 | - | 375,375 |
| Other Capital | 189,233 | 296,769 | (107,536) |
| Internal Service | 30,767 | - | 30,767 |
| Total Police Department Expenditures | \$ 8,740,312 | \$ 3,285,625 | \$ 5,454,687 |
| FIRE DEPARTMENT | FY 2021 Budget | As of 12/31/2020 | Remaining Balance |
| REVENUES: | | | |
| Transfer In | 10,229,641 | 3,660,090 | 6,569,551 |
| Total Fire Department Revenues | \$ 10,229,641 | \$ 3,660,090 | \$ 6,569,551 |
| EXPENDITURES: | | | |
| Personnel Costs | 6,216,712 | 2,814,066 | 3,402,646 |
| Supplies & Services | 203,405 | 32,486 | 170,919 |
| Other Expenses | 375,375 | - | 375,375 |
| Other Capital | - | 228,253 | (228,253) |
| Internal Service | 37,789 | - | 37,789 |
| Transfers Out | 218,942 | - | 218,942 |
| Total Fire Department Expenditures | \$ 7,052,223 | \$ 3,074,805 | \$ 3,977,418 |
| Total Measure A Revenues | \$ 20,239,641 | \$ 7,429,342 | \$ 12,810,299 |
| Total Measure A Expenditures | \$ 15,792,535 | \$ 6,360,430 | \$ 9,432,105 |

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

The Second Quarter Monitoring Report presents updates to revenue and expenditure projections as of December 31, 2020. As a result of the revised projected revenues and expenditures within this report, the overall General Fund expenditures are projected to exceed projected revenues by approximately \$0.3 million. Staff will continue to monitor actual revenue receipts and expenditures to determine if any budget adjustments will be needed in the future.

Across the non-General Fund funds, multiple actions are recommended for the second quarter, leading to a net decrease in costs of approximately \$2.6 million to non-General Fund accounts.

ONGOING FISCAL IMPACT

There is no ongoing fiscal impact related to this action for the General Fund.

ATTACHMENTS

1. FY2021 Second Quarter Financial Report

Staff Contact: David Bilby, Finance Department