



CITY COUNCIL AGENDA STATEMENT



October 1, 2019

File ID: 19-0435

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA MAKING VARIOUS AMENDMENTS TO THE FISCAL YEAR 2018/2019 BUDGET TO ADJUST FOR VARIANCES, AND APPROPRIATING FUNDS THEREFOR (4/5 VOTE REQUIRED)

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

As part of the fiscal year 2018-2019 year-end process, staff has reviewed budget to actual reports to identify potential budget overages at either the category or fund level. Various budget changes are needed to align the budget with year-end actuals.

ENVIRONMENTAL REVIEW

The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act (CEQA) State Guidelines; therefore, pursuant to the State CEQA Guidelines Section 15060(c)(3) no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

As part of the fiscal year 2018-2019 year-end process, staff has reviewed budget to actual reports to identify potential budget overages at either the category or fund level. Various budget changes are needed to align the budget with year-end actuals.

For government entities, a budget creates a legal framework for spending during the fiscal year. After the budget is approved, circumstances arise that may require adjustments to the approved budget. The City Council Policy No. 220-02 "Financial Reporting and Transfer Authority" permits budget transfers to be completed. Transfers that exceed \$15,000 require City Council approval. The City Council may amend the budget at any meeting after the adoption of the budget with a 4/5ths vote. Staff is seeking approval for recommended adjustments in the General Fund and various other funds to align budget with year-end actual expenditures where the actuals have exceeded budget. A report on the full results of fiscal year 2018-2019,

including audited actual revenues and expenditures, will be provided following the completion of the annual audit and with the presentation of the Comprehensive Annual Financial Report.

Fiscal Year 2018/2019 Budget Adjustments

Staff is recommending various adjustments, appropriations, and transfers to City Departmental and Fund budgets that require City Council authorization.

General Fund Adjustments

In the General Fund, some of the transfers are between expense categories within the same Department and some transfers are between Departments. There are also proposed budget adjustments reflecting increased revenue where needed to address unanticipated expenditure category overages and ensure correct accurate year-end reporting. The recommended budget adjustments are shown in the table below. There is no overall net cost to the General as a result of the proposed budget adjustments.

General Fund Adjustments Summary - 4th Quarter Fiscal Year 2018-19

DEPARTMENT	Notes	PERSONNEL SERVICES	SUPPLIES & SERVICES	CIP BUDGET	TRANSFERS OUT	TOTAL EXPENSE	TOTAL REVENUE	NET COST
GENERAL FUND								
Fire Department	1	-	22,050	-	-	\$ 22,050	\$ (22,050)	\$ -
Human Resources	2	(73,655)	73,655	-	-	\$ -		\$ -
Library Department	3	-	500	-	-	\$ 500	\$ (500)	\$ -
Non-Departmental	4	-	2,555,712	(21,501)	2,589,598	\$ 5,123,809	\$ (5,123,809)	\$ -
Parks and Recreation	5	-	6,100	-	-	\$ 6,100	\$ (6,100)	\$ -
TOTAL GENERAL FUND		\$ (73,655)	\$ 2,658,017	\$ (21,501)	\$ 2,589,598	\$ 5,152,459	\$ (5,152,459)	\$ -

While there is no net cost to the General Fund from the proposed budget adjustments, there are several key items to note.

1. Fire Department - Appropriate \$22,050 in revenue and expenses for Fire Station 1 insurance claim payment.
2. Human Resources Department - Transfer \$73,655 from Personnel Services to Supplies & Services.
3. Library Department - Appropriate \$500 in revenue and expenses for donations received.
4. Non-Departmental - Increase appropriation by \$55,712 in expenses and \$45,712 in revenues for Fire Station 1 insurance claims payment; Appropriate \$658,106 increase in revenues and Transfer-Out expense for Measure A Sales Tax revenue; Appropriate \$1,931,492 increase in revenues and Transfer-Out expense for Measure P Sales Tax revenue; Appropriate \$223,080 increase in revenues for Franchise Fees; Appropriate \$2,500,000 increase in Sales Tax revenues; decrease appropriations by \$21,500 for TRF0391 CIP Project; and, increase appropriations of \$2,500,000 to Supplies and Services for FY2020 budget rollover.
5. Parks and Recreation Department - Appropriate \$6,100 in revenue and expenses for donations received.

Other Fund Adjustments

The following recommended adjustments are for funds outside of the General Fund. The proposed adjustments have a net increase to revenues of approximately \$2.6 million to the various identified funds. The proposed adjustments are to impact the fund balances or current year available revenues of the respective noted funds.

Other Funds Adjustments Summary - 4th Quarter Fiscal Year 2018-19

DEPARTMENT	Note	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	OTHER CAPITAL	CIP BUDGET	TOTAL EXPENSE	TOTAL REVENUE	NET COST
OTHER FUNDS									
2016 Measure P Sales Tax	1	-	-	-	-	-	\$ -	\$ (1,931,492)	\$ (1,931,492)
2016 Measure P Sales Tax - Org 220350	1a	-	-	-	-	(203,032)	\$ (203,032)	\$ -	\$ (203,032)
2016 Measure P Sales Tax - Org 220368	1a	-	-	-	-	203,032	\$ 203,032	\$ -	\$ 203,032
2018 Measure A Sales Tax	2	-	-	-	-	-	\$ -	\$ (658,106)	\$ (658,106)
Other Grants	3	409	3,752	-	-	-	\$ 4,161	\$ (4,161)	\$ -
Federal Grants	4	-	(31,570)	31,570	-	2,172	\$ 2,172	\$ (3,859)	\$ (1,687)
State Grants	5	-	-	-	5,454	-	\$ 5,454	\$ (5,454)	\$ -
Trunk Sewer Capital Reserve	6	-	-	-	-	216,170	\$ 216,170	\$ -	\$ 216,170
Sewer DIFs	7	-	-	-	-	(216,170)	\$ (216,170)	\$ -	\$ (216,170)
Capital Improvement Projects	8	-	-	-	-	823,554	\$ 823,554	\$ (802,053)	\$ 21,501
TOTAL OTHER FUNDS		\$ 409	\$ (27,818)	\$ 31,570	\$ 5,454	\$ 825,726	\$ 835,341	\$ (3,405,125)	\$ (2,569,784)

The Other Funds proposed budget adjustments are primarily being derived by the following transactions:

1. 2016 Measure P Sales Tax - Appropriate \$1,931,492 Transfer-In from the General Fund for unbudgeted revenues.
- 1a. 2016 Measure P Sales Tax - Transfer \$203,032 from Org 220350 to Org 220368 for project cleanup.
2. 2018 Measure A Sales Tax - Appropriate \$658,106 Transfer-In from the General Fund for unbudgeted revenues.
3. Other Grants - Appropriate \$4,161 in both revenues and expenses for accounting corrections.
4. Federal Grants - Transfer \$31,570 in the State Homeland Security FY14 grant from Supplies & Services to Other Expenses; and, EMPG Grant cleanup increasing expenses by \$2,172 and revenues by \$3,859.
5. State Grant - Appropriate \$5,454 in both revenues and expenses for accounting corrections for the SART Grant.
6. Trunk Sewer Capital Reserve - Transfer appropriations of \$216,170 to the Sewer DIF Fund as an accounting correction.
7. Sewer DIFs Fund - Transfer appropriations of \$216,170 from the Trunk Sewer Capital Reserve Fund as an accounting correction.
8. Capital Improvement Projects Fund - Appropriate \$802,053 in revenues and expenses for the receipt of insurance proceeds for 610 Bay Blvd; and, an accounting correction appropriating \$21,501 in expenses for CIP Project TRF0391.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the 1,000-foot rule found in California Code of Regulations Title 2, section 18702.2(a)(11), is not applicable to this decision for purposes of determining 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.

LINK TO STRATEGIC GOALS

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. This action supports the Operational Excellence goal by communicating the City's projected financial position for the current fiscal year in an open and transparent manner. This transparency supports City Initiative 1.3.1. - "Foster public trust through an open and ethical government."

CURRENT-YEAR FISCAL IMPACT

The Fourth Quarter Monitoring Report presents revised revenue and expenditure projections as of September 19, 2019. Approval of the resolution amending the fiscal year 2018-2019 budget will result in the following impacts:

General Fund – There is no net impact to the General Fund as the recommended adjustments to the fund are either revenue offset or neutral as a result of expenditure or revenue transfers within the expenditure categories.

Other Funds – The proposed adjustments have a net increase in revenues of approximately \$2.6 million to the various identified funds. Adjustments consist primarily of adjustments within expense categories, transfers across funds, and appropriation of revenue. The largest adjustment (\$1.9 million) is due to the transfer of Measure P Sales Tax revenues from the General Fund to the Measure P fund.

ONGOING FISCAL IMPACT

Staff will review the impacted budgets to identify potential ongoing impacts and may recommend changes during fiscal year 2019-2020.

ATTACHMENTS

None.

Staff Contact: David Bilby, Finance Department