



# FY 2020/21 GENERAL FUND BASELINE BUDGET

PRESENTED APRIL 21, 2020



# FY 2021

## General Fund Baseline Budget

### General Fund Revenues and Expenditures Summary (in millions)

Category	FY20 Adopted	FY21 Baseline	Change
Revenues	\$ 197.0	\$ 207.0	\$ 10.0
Expenditures	197.0	207.0	10.0
Surplus/Deficit	\$ -	\$ -	\$ -

***The General Fund Baseline Budget projections and assumptions were prepared in early March 2020, prior to the economic decline due to the COVID-19 crisis. Updated projections and recommended changes to the budget will be brought back for Council consideration early in the first quarter of FY 2020/21 when more data is available.***



# FY 2021 Baseline Budget Revenues

## General Fund Revenues Summary (in millions)

<b>Category</b>	<b>FY20 Adopted</b>	<b>FY21 Baseline</b>	<b>Change</b>
Property Taxes	\$ 36.4	\$ 37.6	\$ 1.2
Sales Tax	35.1	36.9	1.8
Measure P Sales Tax	18.3	20.0	1.8
Measure A Sales Tax	18.3	20.0	1.8
Franchise Fees	11.9	12.4	0.5
Utility Users Taxes	5.6	5.2	(0.4)
Transient Occupancy Taxes	4.4	4.9	0.6
Motor Vehicle License Fees	22.5	23.7	1.2
Other Revenues	44.5	46.2	1.7
<b>Total Revenues</b>	<b>\$ 197.0</b>	<b>\$ 207.0</b>	<b>\$ 10.0</b>



# FY 2021 Baseline Budget Revenue Assumptions

- Major Revenue assumptions (Does not include Economic Impacts due to COVID-19)
  - Overall revenues projected to increase by \$8.3 million or 5.5% over FY 2020 Adopted Budget
  - Primary drivers include:
    - \$3.6 million added for Measure A and Measure P revenues
    - \$1.8 million increase for Sales Tax revenues
    - \$1.2 million increase for both Property Tax and Motor Vehicle License Fees
- Conservative growth rates were applied to major revenues but will need to be modified further.



# FY 2021 Baseline Budget Revenue Assumptions (cont.)

- Other Revenues assumptions
  - \$1.7 million increase in staff time reimbursements from CIP and development related activities
  - \$1.0 million increase for Cannabis Excise Tax
  - \$0.5 million increase for Other Local Taxes
    - \$0.4 million in Business License Taxes
    - \$0.1 million in Real Property Transfer Tax
  - \$1.5 million decrease to Transfers In
    - Removal of \$1.4 million PFDIF loan repayment to the General Fund



# FY 2021 Baseline Budget Expenditures

## General Fund Expenditures Summary (in millions)

Category	FY20		FY21		Change
	Adopted		Baseline		
Personnel Services	\$	92.9	\$	94.1	\$ 1.2
Salary Savings		(2.3)		(3.5)	(1.1)
Flex/Insurance		11.8		12.2	0.4
Pension		30.5		32.1	1.6
<b>Personnel Total</b>		<b>132.9</b>		<b>135.0</b>	<b>2.1</b>
Supplies and Services		12.4		14.9	2.5
Other Expenses		0.8		0.8	0.0
Capital		0.3		0.2	(0.1)
Internal Service		3.0		3.2	0.2
Transfers Out		42.7		48.0	5.4
Utilities		5.0		4.9	(0.1)
<b>Total Expenditures</b>	<b>\$</b>	<b>197.0</b>	<b>\$</b>	<b>207.0</b>	<b>\$ 10.0</b>



# FY 2021 Baseline Budget Expenditure Assumptions

- Personnel Services assumptions
  - Personnel increase of \$2.1 million
    - \$1.2 million Personnel Increase
      - Includes 0% COLA increases
    - \$1.1 million increase of Salary Savings target
    - \$1.6 million increase for Pension costs
      - UAL increase of \$1.4 million
      - PERS Normal Cost increase of \$0.2 million
    - \$0.4 million increase for Flex/Insurance
- Supplies and Services assumptions
  - Removal of FY2020 \$2.5 million Supplies and Services savings



# FY2021 Baseline Budget Expenditure Assumptions (cont.)

- Transfers Out
  - Measure A Sales Tax revenue transfer increase of \$1.75 million to the Measure P Fund
  - Measure P Sales Tax revenue transfer increase of \$1.75 million to the Measure P Fund
  - Bayfront Commitment \$1.6 million transfer to the CV Bayfront Finance Authority Fund





# FY2021-30

## Long-Term Financial Plan

### Long-Term Financial Plan FY 2021 - 2025

Description	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
<b>Revenue Projections (millions)</b>					
MAJOR DISCRETIONARY REVENUES	\$ 160.79	\$ 163.70	\$ 166.67	\$ 169.71	\$ 172.83
OTHER REVENUES	46.19	47.31	49.07	49.38	49.69
<b>TOTAL REVENUES</b>	<b>\$ 206.99</b>	<b>\$ 211.00</b>	<b>\$ 215.74</b>	<b>\$ 219.09</b>	<b>\$ 222.52</b>
Year-over-Year Change		1.94%	2.25%	1.55%	1.57%
<b>Expenditure Projections (millions)</b>					
PERSONNEL SERVICES EXPENDITURES	\$ 134.97	\$ 142.05	\$ 147.12	\$ 151.51	\$ 156.24
OTHER EXPENDITURES	72.02	71.18	72.01	73.31	74.04
NEW DEVELOPMENT EXPENDITURES	-	-	-	0.69	0.72
<b>TOTAL EXPENDITURES</b>	<b>\$ 206.99</b>	<b>\$ 213.22</b>	<b>\$ 219.14</b>	<b>\$ 225.52</b>	<b>\$ 230.99</b>
Year-over-Year Change		3.01%	2.77%	2.91%	2.43%
<b>TOTAL GENERAL FUND SURPLUS/(DEFICIT)</b>	<b>\$ (0.00)</b>	<b>\$ (2.22)</b>	<b>\$ (3.40)</b>	<b>\$ (6.42)</b>	<b>\$ (8.47)</b>
<b>SURPLUS/(DEFICIT) AS % OF BUDGET</b>	<b>0.00%</b>	<b>-1.04%</b>	<b>-1.55%</b>	<b>-2.85%</b>	<b>-3.67%</b>
<b>HIGH PRIORITY PROGRAMS</b>					
Peace Officer Funding <sup>1</sup>	\$ -	\$ 0.53	\$ 1.06	\$ 1.68	\$ 2.34
<b>TOTAL GENERAL FUND SURPLUS/(DEFICIT)</b>	<b>\$ (0.00)</b>	<b>\$ (2.75)</b>	<b>\$ (4.46)</b>	<b>\$ (8.11)</b>	<b>\$ (10.81)</b>
<b>SURPLUS/(DEFICIT) AS % OF BUDGET</b>	<b>0.00%</b>	<b>-1.29%</b>	<b>-2.04%</b>	<b>-3.59%</b>	<b>-4.68%</b>

(1) Figure represents City's goal of adding three additional peace officer positions each year to address anticipated growth in City's population. Positions not incorporated in the Intended Public Safety Expenditure Plan for Measure A Sale Tax Measure.



# COVID-19 Impact

- Non-Essential businesses within the State have either closed or have limited operations.
- Tourism and travel activities are limited, and a reduction of hotel operations have occurred.
- Entertainment events at venues within the City have ceased.
- No definitive date of when shelter-in-place order will be lifted, and if or when things will go back to “normal”.
- FEMA will offset some of the City’s additional COVID related costs, and additional local government assistance by the Federal Government is being considered.

# COVID-19 Preliminary Projected Impacts

CITY OF CHULA VISTA  
COVID-19 IMPACT PROJECTION ANALYSIS  
FY 2020-21

Category	Est. FY2020 Impact	Est. FY2021 Impact	Est. FY2021 Avg. Monthly Impact	Notations
<b>Revenue</b>				
Sales Tax	(3,070,979)	(1,735,262)	(144,605)	Sales Tax, Measure A and P estimates and deferring collection of revenues by the State from FY20 to FY21.
Measure P	(1,330,676)	(962,500)	(80,208)	
Measure A	(1,359,301)	(962,500)	(80,208)	
TOT	(1,925,000)	(2,395,458)	(410,569)	Reduction of TOT related activities
Entertainment				Closure of NICU Amphitheater and
Facility Contribution	(63,806)	(700,000)	(58,333)	Aquatica
Park & Recreation	(842,764)	(2,672,841)	(222,737)	Assumes closure of Park & Library
Library	(208,991)	(831,560)	(69,297)	facilities/services collecting no revenues.
<b>Expense</b>				
Hourly Wages	398,574	2,081,166	173,431	Expense savings due to closure of Park & Library facilities/services.
<b>Projection Total</b>	<b>(8,402,942)</b>	<b>(10,260,121)</b>	<b>(1,065,958)</b>	
	<b>Annual Est. Impact:</b>		<b>(12,791,495)</b>	



# Economic Contingency Reserves

- Economic Contingency Reserve include monies set aside to mitigate service impacts during a significant downturn in the economy which impacts City revenues such as sales tax, property tax, business license tax, etc.
- FY 2019 ending balance is \$7,283,745. We anticipate that by the end of the current fiscal year the funds may be depleted.

# Next Steps

April – May	<ul style="list-style-type: none"> <li>• Following tonight's budget presentation, City Manager will begin working with budget task force to discuss potential changes to the budget which will need to be implemented early in the first quarter of FY 2020/21.</li> <li>• Staff will continue to refine the budget numbers as more economic data becomes available.</li> </ul>
May 11	<ul style="list-style-type: none"> <li>• Staff will hold one virtual public workshop to provide overview of proposed budget</li> </ul>
May 12	<ul style="list-style-type: none"> <li>• 3<sup>rd</sup> Quarter FY 2020 Financial Report</li> <li>• City Council Workshop: Update to FY 2021 - 2030 Long-Term Financial Plan</li> </ul>
May 26	<ul style="list-style-type: none"> <li>• City Council Meeting: Present City Manager's Proposed Fiscal Year 2020-21 - All Funds Budget and CIP Overview</li> </ul>
June 9	<ul style="list-style-type: none"> <li>• City Council Meeting: Public Hearing and recommendation for City Council to adopt the Proposed FY 2020-21 Budget (All Funds)</li> </ul>
July	<ul style="list-style-type: none"> <li>• City Council Meeting: Economic Updates and Impact on the FY2021 Budget</li> </ul>

# City Council Feedback and Discussion