

PROPOSED BUDGET

FISCAL YEAR
2021-22



City of Chula Vista

Fiscal Year 2022

Proposed Budget Overview

Presented May 11, 2021





Budget Process Overview

- **Jan. - March 2021:** Development of a preliminary baseline budget; Departmental requests and adjustments
- **April 28, 2021:** Staff conducted the Virtual Community Budget Workshop
- **May 11, 2021:** Presentation to City Council of the Fiscal Year 2022 City Manager's Proposed Budget
- **May 25, 2021:** Public hearing and Council vote to adopt the Fiscal Year 2022 Proposed Budget
- **July 1, 2021:** Fiscal Year 2022 begins, Adopted Budget is implemented

Agenda

- Fiscal Year 2022 Proposed Budget
 - All Funds Summary
 - General Fund Summary
 - Measure A Sales Tax Fund Summary
 - Measure P Sales Tax Fund Summary
- Fiscal Year 2022 Capital Improvement Program
- Next Steps



Fiscal Year 2022 Budgetary Notes

- Staff continues to monitor the impacts on revenues and expenditures from the COVID-19 pandemic and restrictions on travel, special events, and use of City facilities and programs.
- American Rescue Plan Act: Future federal funding for responding to the COVID-19 and economic crises.
- Recent issuance of Pension Obligation Bonds for reducing retirement expenses



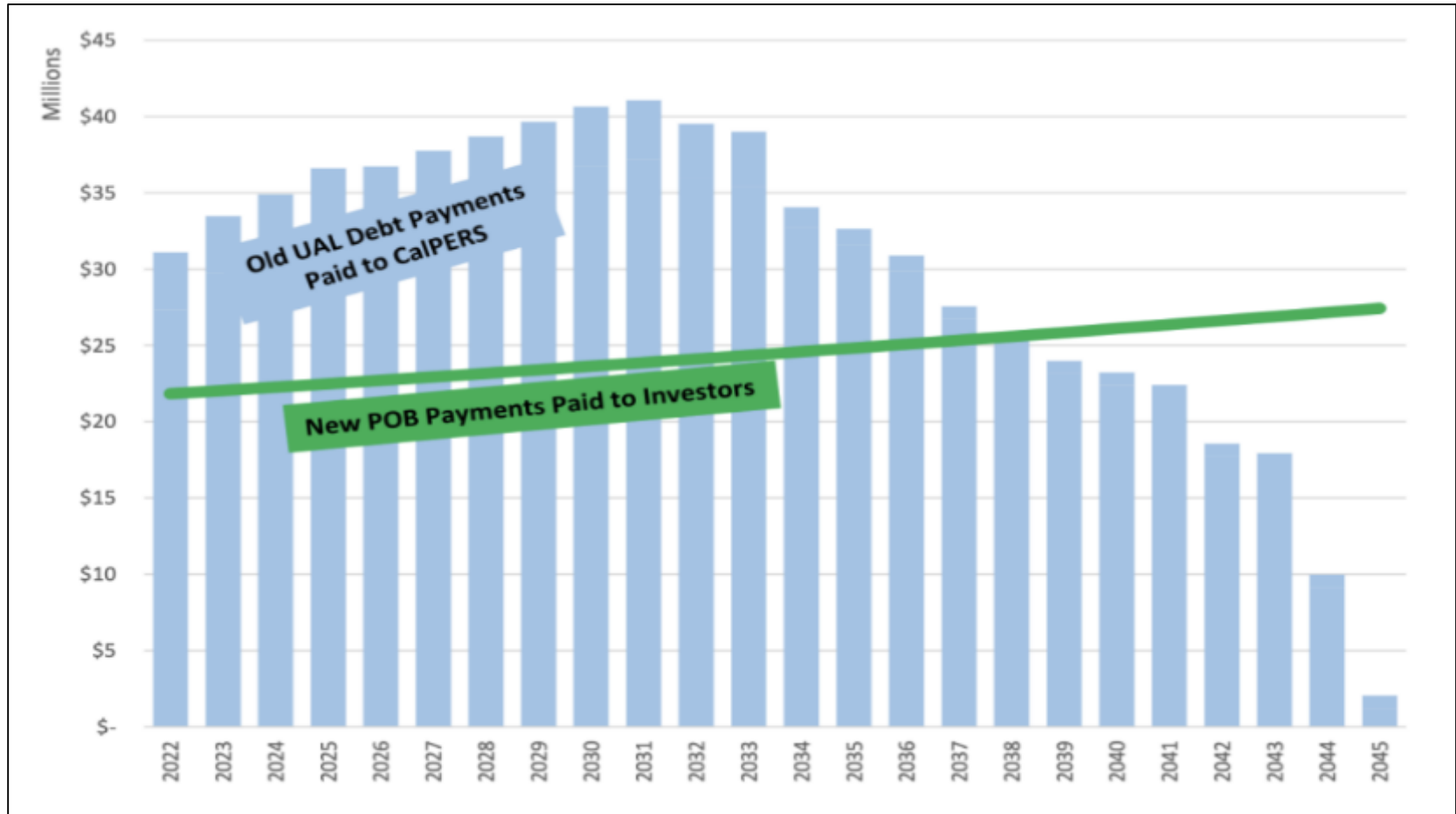
Pension Obligation Bonds

The City recently issued taxable pension obligation bonds (POBs) to fund 100% of its Unfunded Accrued Liability (UAL) with CalPERS (as of June 30, 2019) for fiscal year 2022.

Benefits

- Sustainable pension debt repayment schedule
- Short- and medium-term savings
- Reduce interest paid towards pensions
- Pension funding policies that support setting aside funds for potential future CalPERS investment shortfalls

Pension Obligation Bonds





POB Budgetary Impacts

Budgetary impacts:

- Elimination of the UAL reduces personnel expenses
- New debt service expenses for POBs
- New Section 115 Trust contributions to address future pension related liabilities



FISCAL YEAR 2021-2022 ALL FUNDS BUDGET



All Funds Budget Highlights

- First full year of funding for the Transport Service Program
- Funding for reconstruction of the Loma Verde Community Center
- Repairs and improvements to various public facilities
- Repairs and improvements to sidewalks and other infrastructure
- Increased tree trimming services
- Increased library funding for books
- Increased parks budget for the addition of new parks



All Funds Summary

All Funds Revenues and Expenditures Summary (in millions)

Category	FY2021		FY2022		Change
	Adopted		Proposed		
Revenues	\$ 405.7		\$ 462.8	\$ (57.2)	
Expenditures	403.9		472.9	69.0	
Surplus/(Deficit)	\$ 1.8		\$ (10.1)	\$ 11.9	
Other Funds - PY Fund Balance	\$ -		\$ 10.1	\$ 10.1	

The Budget projections and assumptions were prepared in early March 2021, prior to the receipt of funds and guidelines for the City's allocation from the American Rescue Plan Act. Updated projections and recommended changes to the budget will be brought back for Council consideration.



All Funds Revenues

(in thousands)

All Funds Revenues by Category

Category	FY2021 Adopted	FY2022 Proposed	Change
Property Taxes	\$ 66,231	\$ 69,301	\$ 3,070
Licenses and Permits	5,498	5,675	176
Fines, Forfeitures & Penalties	1,889	1,658	(230)
Use of Money and Property	4,906	5,176	270
Other Local Taxes	103,662	112,906	9,243
Other Agency Revenue	33,057	29,154	(3,902)
Charges for Services	71,132	86,922	15,790
Other Revenues	47,169	47,759	590
Transfers From Other Funds	72,153	104,298	32,145
Total All Funds Revenues	\$ 405,697	\$ 462,849	\$ 57,152



All Funds Expenditures

(in thousands)

All Funds Expenditures by Category

Category	FY2021 Adopted	FY2022 Proposed	Change
Personnel Services	\$ 121,075	\$ 131,871	\$ 10,797
Salary Savings	(3,404)	(1,999)	1,405
Retirement Benefits	39,740	16,535	(23,205)
Health Insurance	15,927	18,405	2,478
Personnel total	173,338	164,813	(8,526)
Supplies and Services	70,526	72,801	2,276
Other Expenses	42,001	58,028	16,027
Internal Service	3,650	3,844	193
Capital	10,547	8,844	(1,703)
Non-CIP Project Expenditures	1,194	2,213	1,019
Utilities	8,641	8,872	231
CIP Project Expenditures	21,875	49,221	27,346
Transfers Out	72,152	104,298	32,145
Total All Funds Budget	\$ 403,924	\$ 472,932	\$ 69,009

All Funds by Fund Category Revenue and Expenditures

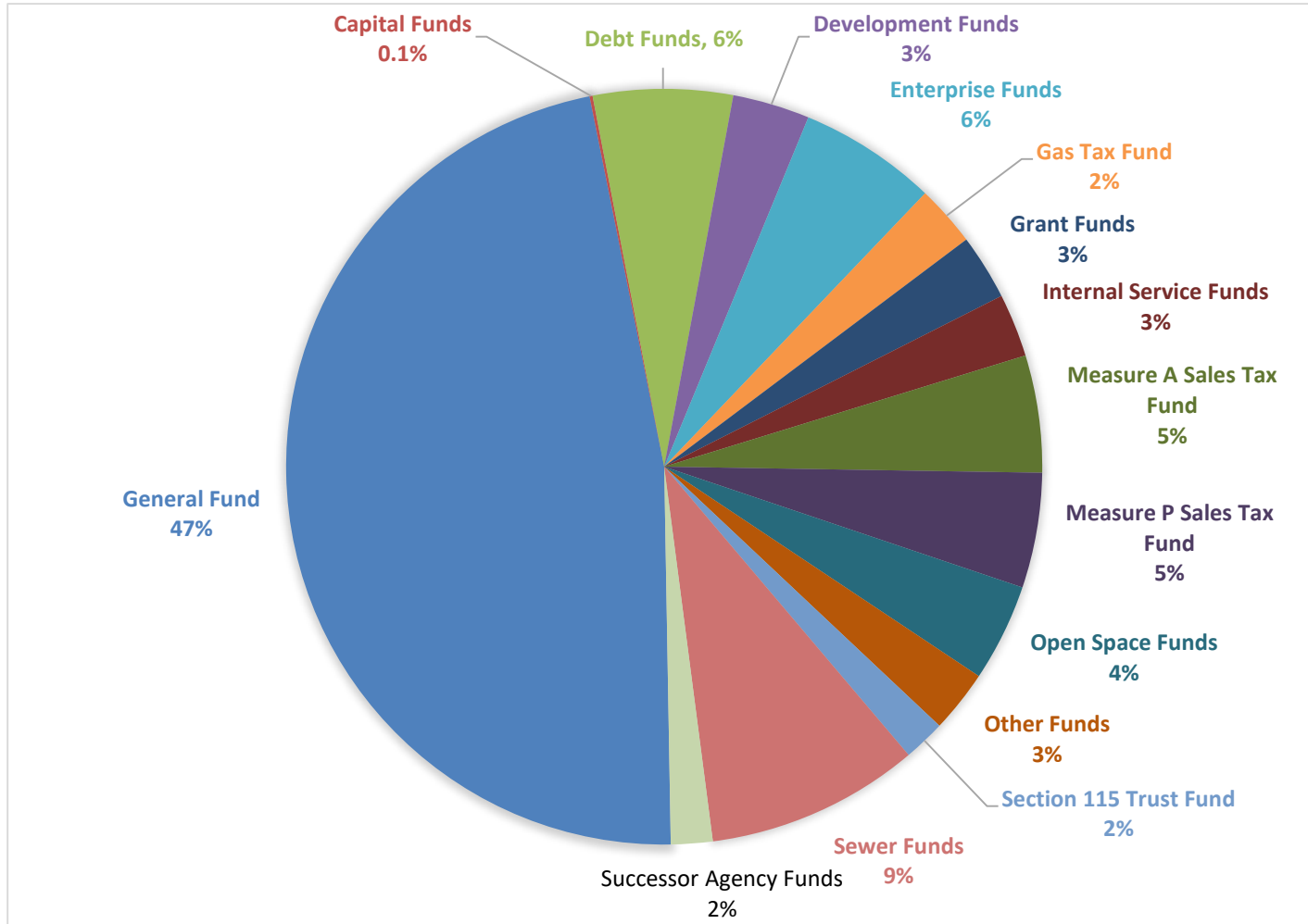
(in thousands)

All Funds by Fund Category

Category	Revenues	Expenses	Net Impact
General Fund	\$ 218,065	\$ 218,065	\$ -
Capital Funds	590	350	(240)
Debt Funds	27,622	27,609	(14)
Development Funds	15,255	10,370	(4,885)
Enterprise Funds	27,295	28,857	1,561
Gas Tax Fund	12,095	12,418	323
Grant Funds	12,963	15,993	3,030
Internal Service Funds	12,530	12,302	(228)
Measure A Sales Tax Fund	23,194	18,518	(4,676)
Measure P Sales Tax Fund	22,777	42,550	19,773
Open Space Funds	19,316	17,899	(1,417)
Other Funds	12,363	15,449	3,086
Section 115 Trust Fund	8,288	-	(8,288)
Sewer Funds	42,266	44,252	1,986
Successor Agency Funds	8,231	8,303	72
Total All Funds	\$ 462,849	\$ 472,932	\$ 10,083

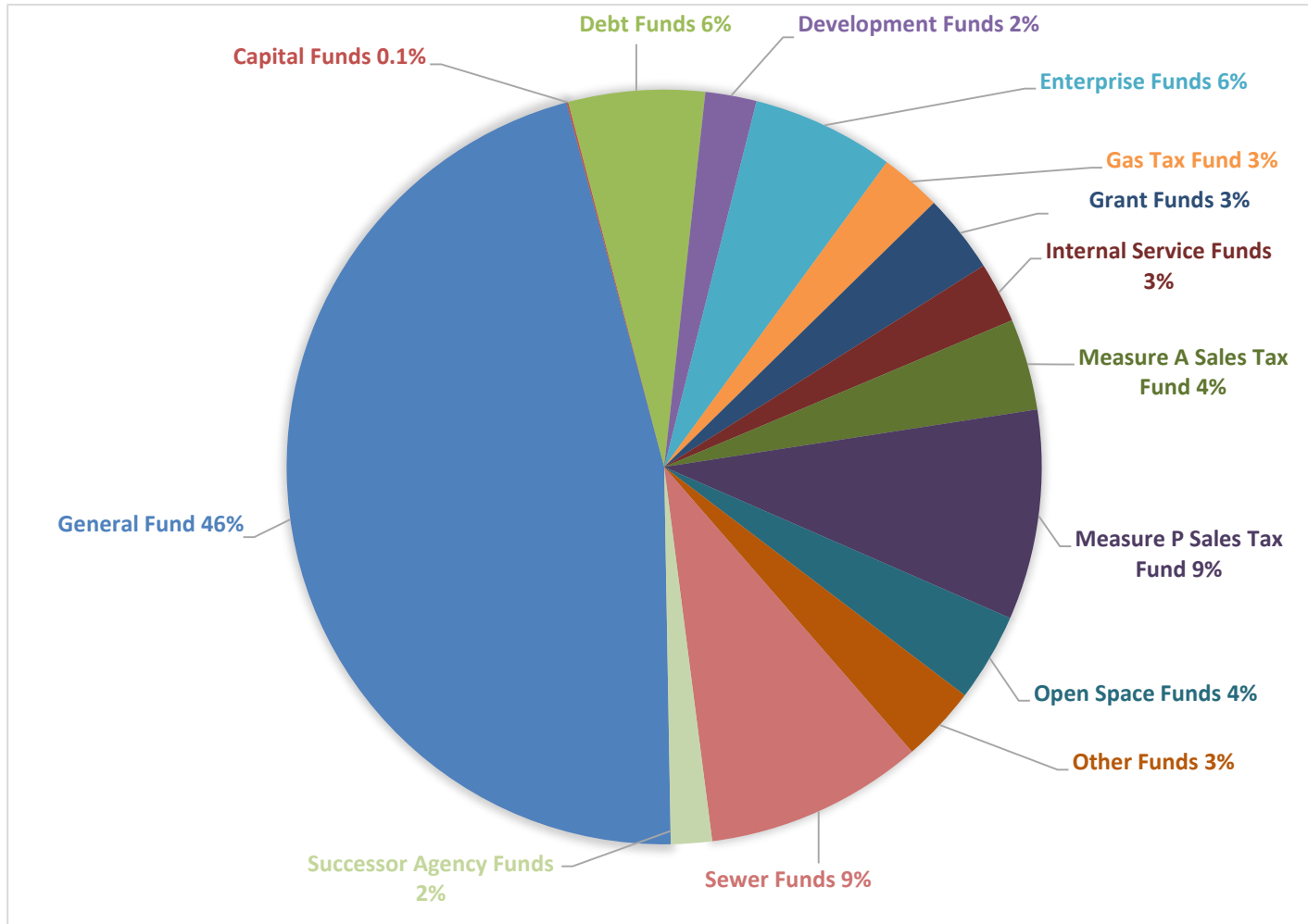
All Funds Revenue Graph

Revenues by Fund Type



All Funds Expense Graph

Expenses by Fund Type





All Funds Staffing Summary

17.0 FTEs Added FY 2021 Mid Year
7.5 FTE Net FY 2022 New Positions

Staffing by Fund	FY 2021 Adopted	FY 2022 Proposed	Change
General Fund	846.75	850.25	3.50
Federal Grants Fund	41.00	40.00	-1.00
Local Grants Fund	5.00	5.00	0.00
Advanced Life Support Fund	57.00	4.00	-53.00
Transportation Fund	0.00	52.00	52.00
Central Garage Fund / Fleet Maintenance	8.00	10.00	2.00
City Jail Enterprise Fund	15.00	15.00	0.00
CV Housing Authority	4.00	4.00	0.00
Development Services Fund	62.00	62.00	0.00
Environmental Services	7.00	8.00	1.00
Gas Tax Fund	2.00	2.00	0.00
Measure A Sales Tax Fund	66.00	86.00	20.00
Sewer	48.00	48.00	0.00
Total Citywide	1161.75	1186.25	24.5

FTE – Full Time Equivalent positions



All Funds Staffing Changes

- FY 2021 Mid-Year Budget Net Changes (17.00 FTE)
 - Measure A Sales Tax Fund (17.00 FTE)
- FY 2022 Proposed Budget Net Changes (7.5 FTE)
 - General Fund (3.5 FTE):
 - Administration Department (-1.0 FTE)
 - City Clerk Department (1.0 FTE)
 - Economic Development Department(-1.0 FTE) Finance (2.0 FTE) Department
 - Fire Department (1.0 FTE)



All Funds Staffing Changes

- FY 2022 Proposed Budget Net Changes (7.5 FTE)
 - General Fund (3.5 FTE):
 - Human Resources Department (0.5 FTE)
 - Information Technology Services Department (1.0 FTE)
 - Library Department (-1.0 FTE)
 - Parks & Recreation Department (1.0 FTE)
 - Measure A Fund (3.00 FTE)
 - Federal Grants Fund (-1.0 FTE)
 - Environmental Services (1.0 FTE)
 - Fleet Management (2.0 FTE)



All Funds Staffing Changes

- FY 2022 Proposed Budget Net Changes (7.5 FTE) (Continued)
 - Advanced Life Support (ALS) Fund (-53.00 FTE)
 - Transportation Fund (52.00 FTE) transfer from ALS



General Fund Summary

General Fund Revenues and Expenditures Summary (in millions)

Category	FY2021		FY2022		Change
	Adopted		Proposed		
Revenues	\$ 206.7		\$ 218.1		\$ (11.4)
Expenditures	206.7		218.1		11.4
Surplus/(Deficit)	\$ -		\$ -		\$ -



General Fund Revenues

(in thousands)

General Fund Revenues by Category

Category	FY2021 Adopted	FY2022 Proposed	Change
Major Revenues			
Property Taxes	\$ 37,556	\$ 39,434	\$ 1,878
Sales Tax	36,932	39,717	2,785
Sales Tax - Measure P	20,020	23,042	3,022
Sales Tax - Measure A	20,020	23,042	3,022
Franchise Fees	12,405	12,901	496
Utility Users Taxes	5,233	3,800	(1,433)
Transient Occupancy Taxes	4,927	4,942	15
Motor Vehicle License Fees	23,701	24,772	1,070
Major Revenues Total	160,794	171,650	10,855
Other General Fund Revenues	45,896	46,415	519
Total General Fund Revenues	206,690	218,065	11,375



General Fund Revenue Assumptions

- Major Revenue assumptions
 - Major revenues projected to increase by \$10.9 million or 6.8% over FY 2021 Adopted Budget
 - Primary drivers include:
 - \$6.0 million added for Measure A and Measure P revenues
 - \$2.9 million increase for both Property Tax and Motor Vehicle License Fees
 - \$2.8 million increase for Sales Tax revenues
 - \$1.4 million decrease for Utility Users Taxes



General Fund Expenditures

(in thousands)

General Fund Expenditures by Category

Category	FY2021 Adopted	FY2022 Proposed	Change
Personnel Services	\$ 93,907	\$ 97,022	\$ 3,114
Salary Savings	(3,404)	(1,596)	1,808
PERS	32,055	12,797	(19,258)
Health Insurance	12,192	13,324	1,132
Personnel total	\$ 134,751	\$ 121,547	\$ (13,203)
Supplies and Services	14,807	15,425	618
Other Expenses	781	1,584	803
Internal Service Charges	3,153	3,187	34
Capital	237	168	(69)
Transfers Out	48,083	71,250	23,167
Utilities	4,879	4,903	25
Total General Fund Budget	\$ 206,690	\$ 218,065	\$ 11,375



General Fund Expenditure Assumptions

- Personnel Services assumptions
 - Personnel expenses decrease of \$13.2 million
 - \$3.1 million Personnel Increase
 - \$1.8 million decrease of Salary Savings target
 - \$19.3 million decrease for Pension costs
 - UAL eliminated with issuance of Pension Obligation Bonds (POBs)
 - PERS Normal Cost increase of \$0.7 million
 - \$1.1 million increase for Flex/Insurance



General Fund Expenditure Assumptions (cont.)

- Transfers Out (\$23.2 million)
 - Measure A Sales Tax revenue transfer increase of \$2.8 million to the Measure A Fund
 - Measure P Sales Tax revenue transfer increase of \$2.8 million to the Measure P Fund
 - Pension Obligation Bonds debt service of \$11.7M
 - Section 115 Trust contribution of \$5.9M



Measure A Revenues and Expenditures

(in thousands)

Category	FY2021 Adopted	FY2022 Proposed	Change
EXPENSES			
Personnel Services	\$ 13,306	\$ 14,286	\$ 980
Supplies and Services	729	1,129	400
Other Expenses	751	857	107
Capital	189	165	(24)
Internal Service	69	69	1
Transfers Out	219	2,011	1,792
TOTAL EXPENSES	15,262	18,518	3,255
REVENUES			
Revenues from Other Agencies	-	(250)	(250)
Transfers In	(20,240)	(22,944)	(2,704)
TOTAL REVENUES	(20,240)	(23,194)	(2,954)
Total Measure A Funds	\$ (4,977)	\$ (4,676)	\$ 301



Measure P Revenues and Expenditures

(in thousands)

Category	FY2021 Adopted	FY2022 Proposed	Change
EXPENSES			
Supplies and Services	\$ 246	\$ 295	\$ 49
Other Capital	6,136	5,274	(862)
Other Expenses	9,034	9,428	394
Non-CIP Project Expenses	100	100	-
CIP Project Expenses	3,675	27,453	23,778
TOTAL EXPENSES	19,190	42,550	23,360
REVENUES			
Transfers In	(20,020)	(22,777)	(2,757)
TOTAL REVENUES	(20,020)	(22,777)	(2,757)
Total Measure P Funds	\$ (830)	\$ 19,773	\$ 20,603



**GENERAL FUND
LONG-TERM FINANCIAL PLAN (LTFP)
FISCAL YEAR 2022 TO 2031**



LTFP Forecast Summary (FY2022 – FY2031)

Long-Term Financial Plan FY 2022 - 2031

Description	Proposed FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026
Revenue Projections (millions)					
MAJOR DISCRETIONARY REVENUES	\$ 171.65	\$ 175.02	\$ 178.45	\$ 181.77	\$ 185.16
OTHER REVENUES	46.42	48.51	50.00	50.32	50.65
TOTAL REVENUES (in millions)	\$ 218.06	\$ 223.53	\$ 228.45	\$ 232.09	\$ 235.81
Expenditure Projections (in millions)					
PERSONNEL SERVICES EXPENDITURES	\$ 121.55	\$ 126.77	\$ 132.19	\$ 135.43	\$ 138.70
OTHER EXPENDITURES	96.52	98.74	101.50	104.08	106.18
NEW DEVELOPMENT EXPENDITURES	-	0.22	0.93	1.40	1.40
TOTAL EXPENDITURES (in millions)	\$ 218.06	\$ 225.73	\$ 234.63	\$ 240.92	\$ 246.27
TOTAL GF SURPLUS/(DEFICIT)	\$ -	\$ (2.20)	\$ (6.18)	\$ (8.83)	\$ (10.46)
Peace Officer Funding ¹	\$ -	\$ 0.53	\$ 1.07	\$ 1.65	\$ 2.25
TOTAL GF SURPLUS/(DEFICIT)	\$ -	\$ (2.73)	\$ (7.25)	\$ (10.48)	\$ (12.71)

(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.



LTFP Forecast Summary (FY2022 – FY2031)

Long-Term Financial Plan FY 2022 - 2031

Description	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	Forecast FY 2030	Forecast FY 2031
Revenue Projections (millions)					
MAJOR DISCRETIONARY REVENUES	\$ 188.63	\$ 185.84	\$ 170.20	\$ 173.67	\$ 177.23
OTHER REVENUES	50.99	51.32	51.66	52.01	52.36
TOTAL REVENUES (in millions)	\$ 239.62	\$ 237.17	\$ 221.87	\$ 225.68	\$ 229.59
Expenditure Projections (in millions)					
PERSONNEL SERVICES EXPENDITURES	\$ 142.12	\$ 145.67	\$ 149.69	\$ 153.86	\$ 158.19
OTHER EXPENDITURES	108.66	104.38	87.57	89.85	91.87
NEW DEVELOPMENT EXPENDITURES	1.44	1.49	1.53	1.58	1.62
TOTAL EXPENDITURES (in millions)	\$ 252.23	\$ 251.54	\$ 238.79	\$ 245.28	\$ 251.68
TOTAL GF SURPLUS/(DEFICIT)	\$ (12.61)	\$ (14.37)	\$ (16.92)	\$ (19.60)	\$ (22.09)
Peace Officer Funding ¹	\$ 2.87	\$ 3.52	\$ 4.20	\$ 4.90	\$ 5.64
TOTAL GF SURPLUS/(DEFICIT)	\$ (15.48)	\$ (17.89)	\$ (21.12)	\$ (24.50)	\$ (27.73)

(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.



LTFP Revenue Assumptions

- COVID-19
 - Impacts on General Fund assumed to wane by FY23, revenues at pre-COVID-19 levels starting in FY23.
- New Development
 - Transient Occupancy Tax (TOT) revenues from new hotels and short-term rentals.
- Cannabis (Local Tax Revenues)
 - Budget of \$2.8M in FY22 based on current trajectory of cannabis business openings; slower growth thereafter before stabilizing.
- Conservative growth rates were applied to other major revenues categories (0.5 - 3%).



LTFP Expenditure Assumptions

- Personnel costs
 - Assumes a conservative 2% increase each year; actual labor contracts will vary.
 - Inclusion of POBs budgetary impacts
- Bayfront Project
 - Bayfront Fire Station
 - Bayfront commitment
- Peace Officer costs
 - Addition of 3.0 FTE Peace Officer positions each year to address anticipated City population growth.

- LTFP projects expenditures to outpace revenues for every year throughout the term of the outlook.
 - **FY 2022:** Balanced
 - **FY 2023:** \$2.73 million deficit
 - **FY 2031:** \$27.73 million deficit
- Challenges
 - **Insurance, Health Care and Pension costs** remain the primary drivers of growing expenses.
 - **Any prolonged economic downturn(s)** will have negative impacts on the projections within the LTFP.

Economic Forecast

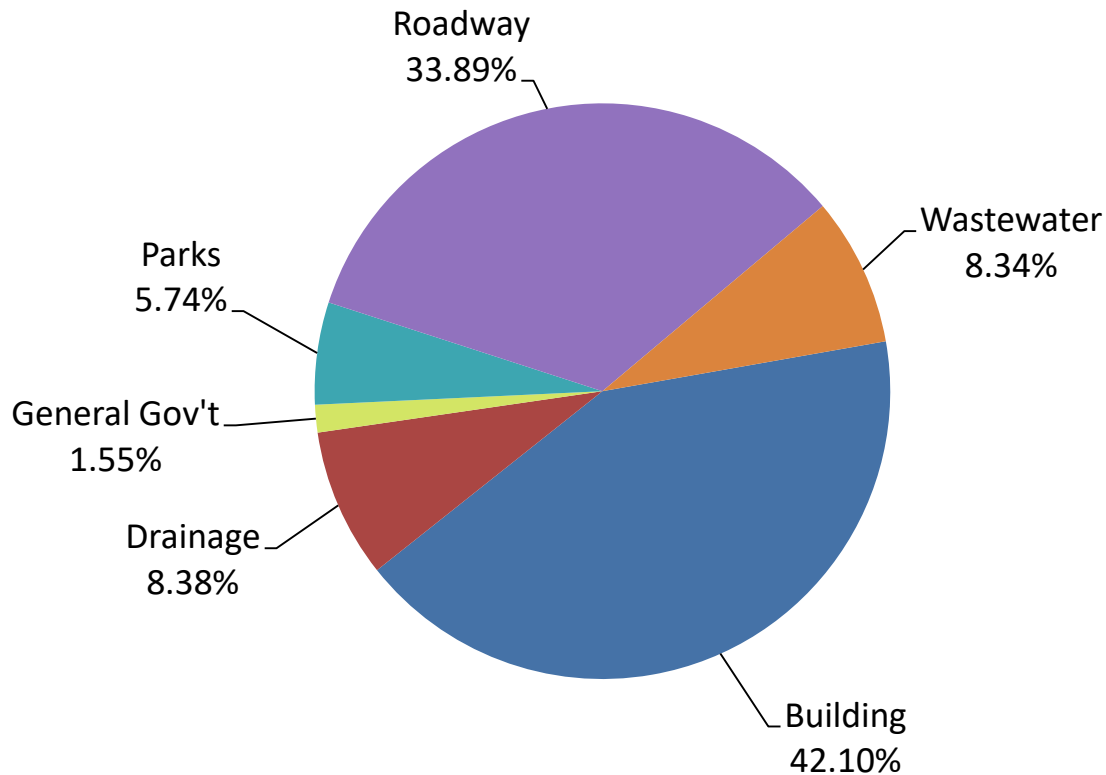
- Real Gross Domestic Product (GDP)
 - 6.3% growth in 2021, growing slightly faster than pre-COVID-19 levels through 2023. (UCLA Anderson)
- City Unemployment
 - 9.1%, down from 15.7% last year (US Bureau of Labor Statistics)
- City Housing Market
 - Median home value increased on average 13% from last year across City zip codes (Zillow)

- Federal Stimulus Uncertainty
- COVID-19 Fiscal Impacts
- Economic Reopening
- Stock Market Valuation

CAPITAL IMPROVEMENT PROGRAM SUMMARY

Capital Improvement Program - \$49.2M

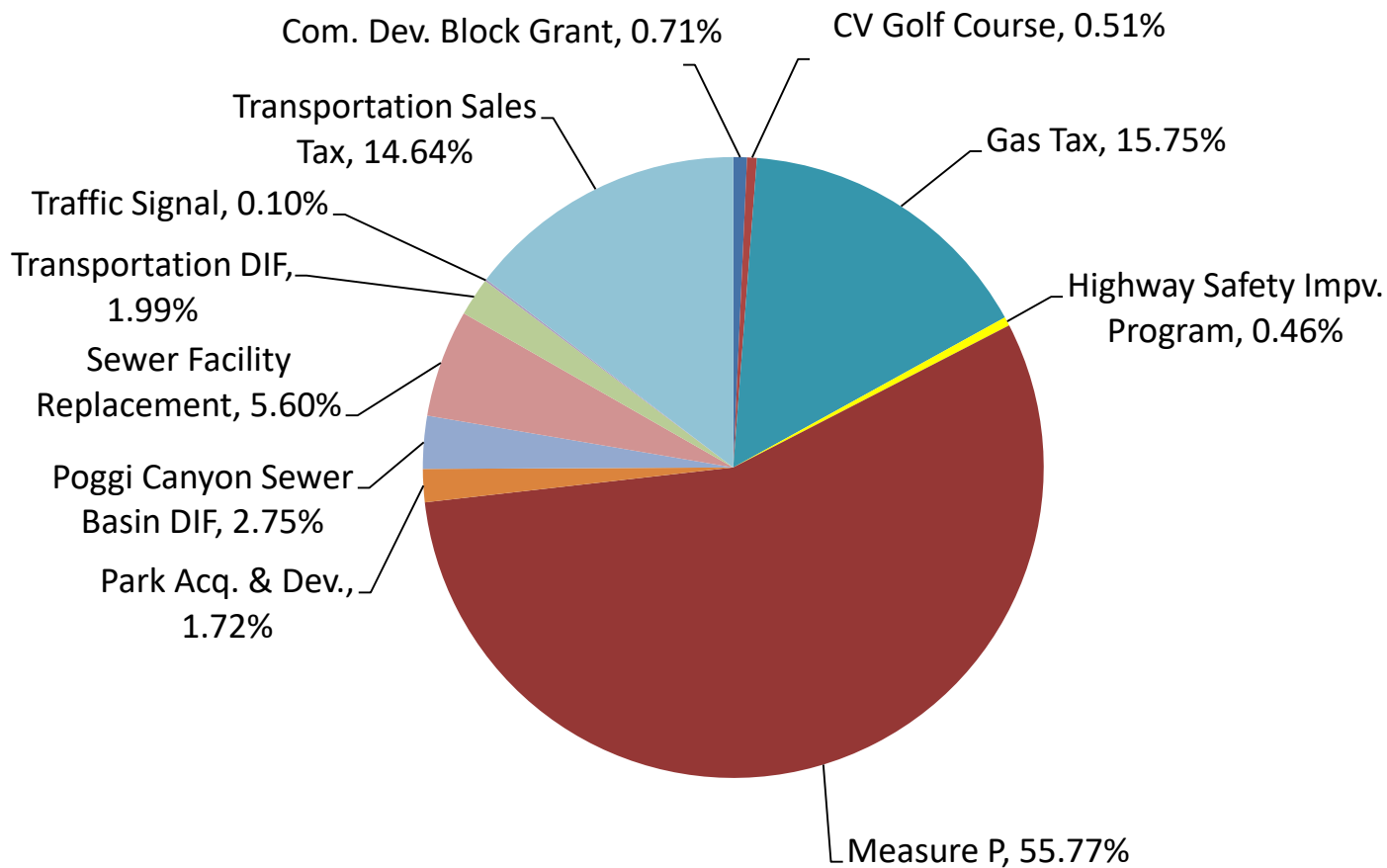
by Asset Management System





Capital Improvement Program - \$49.2M

by Funding Source



- Major Projects Planned



Street Pavement & Rehab Projects - \$10.5M



Drainage Projects - \$4.1M



Park Infrastructure, Courts & Fields - \$2.8M



Sewer Projects - \$4.1M

- **Building Projects Planned**

- Loma Verde Rec Center (\$15.1M)

- Built in 1974-75
 - Heavily used by the community
 - Demolition and re-construction
 - Design-Build Project
 - Funded by Measure P



Loma Verde Recreation Center

- Public Building Repairs (\$5.5M)

- Fire Stations
 - Police Facility
 - Civic Center Library
 - South Chula Vista Library
 - 1301 Oleander Ave (Boys & Girls Club)
 - Funded by Measure P



Other Public Building Repairs



CIP Highlights

- Street Pavement Projects (Completed)
 - 3 Pavement Maintenance & Rehabilitation Projects
 - Treated 157 roadway segments
 - Over 22 miles of roadways reconditioned
 - Total cost: \$20M



CIP Highlights

- Third Ave Streetscape Phase 3 (Completed)
 - From F Street to E Street
 - \$2.5M Smart Growth Incentive Program Grant
 - Project cost: \$4.8M



CIP Highlights

Fire Station 5

- Secured property, completed design and construction



CIP Highlights



Fire Station 3 (formerly 9)

- Secured property, completed design and construction



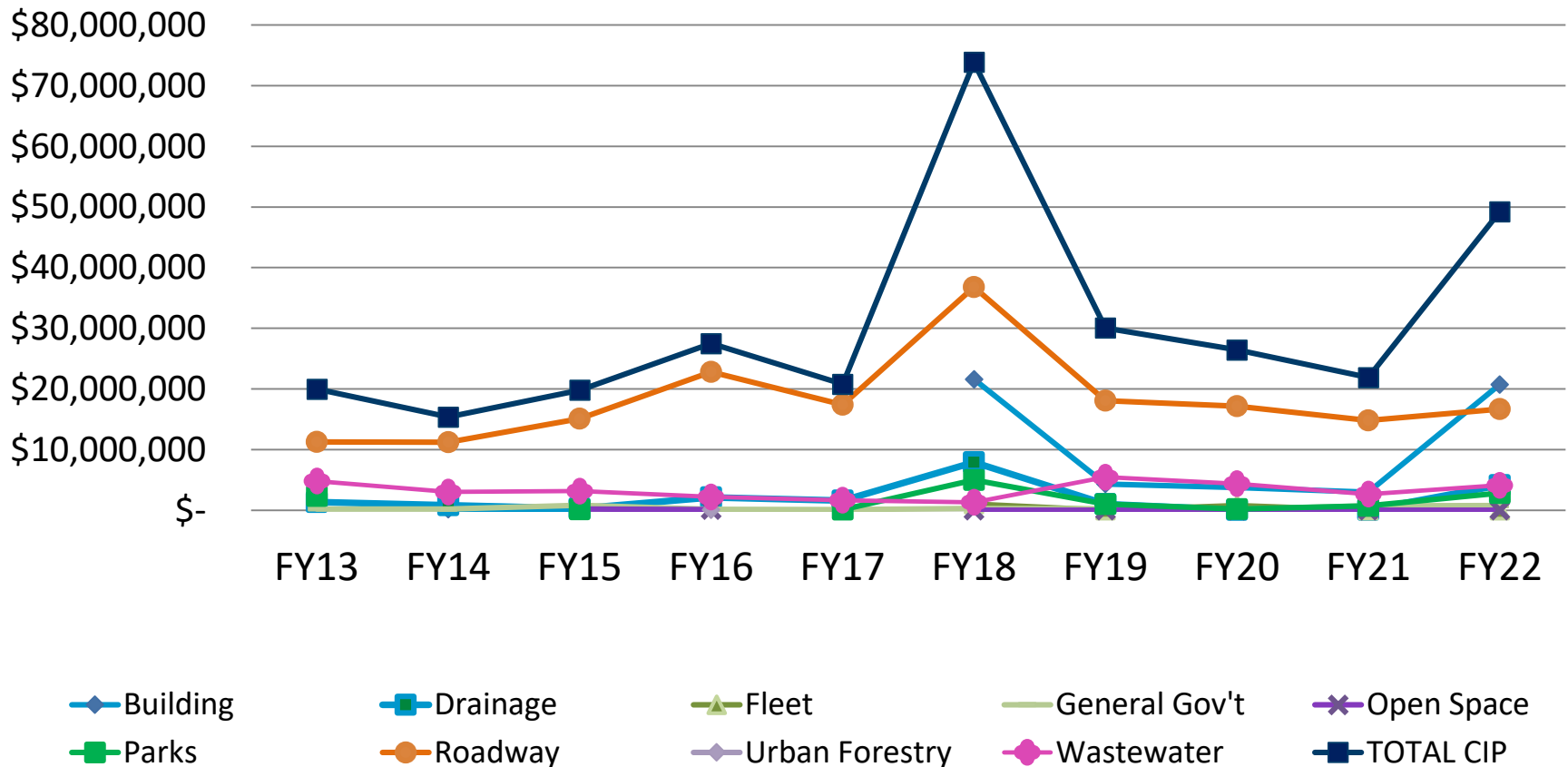
CIP Highlights

- Emergency Storm Drain Repair
 - 855 Energy Way
 - 35-foot excavation depth (tunneling)
 - 66 inch diameter pipe
 - Project cost: \$2M



Capital Improvement Program 10-Year Period

by Asset Management System



Next Steps

- City Council to accept City Manager's Proposed Budget as their own and set May 25, 2021, for a Public Hearing and adoption of the budget
- Additional public comments can be submitted on the City's website (www.chulavistaca.gov)

Resolution

“Resolution of the City Council / Successor Agency to the Redevelopment Agency / Housing Authority of the City of Chula Vista accepting the City Manager’s Proposed Operating and Capital Improvement Budgets for Fiscal Year 2021 – 2022 for each agency as their Proposed Budgets, respectively, and setting the time and place for a public hearing for final consideration and adoption of same”

Comments/Feedback