



BUDGET WORKSHOP

MARCH 26, 2019



FY 2019 BUDGET



FY 2019 Projected Budget

Fiscal Year 2018-2019 Projected General Fund Budget¹ (millions)

Revenues:	
Adopted Budget	\$174.7
<i>Significant Adjustments</i>	
Increase to Sales Tax Revenue	1.0
Increase to Measure P Sales Tax Revenue	1.2
Measure A Sales Tax Revenue	13.4
Meausre A Support Services Reimbursement	0.5
Increase in MVLF	0.4
Fire Striketeam Reimbursement ²	1.6
Other Adjustments	0.7
Projected Revenues	\$193.5
Expenditures:	
Adopted Budget	\$174.7
<i>Significant Adjustments</i>	
Transfer of Measure P funding	1.2
Transfer of Measure A funding	13.4
Expenses related to Fire Staff Deployment	1.4
Other Adjustments	0.3
Projected Expenditures	\$191.0
SURPLUS/(DEFICIT)	\$2.5

¹ Information from Munis Year-to-Date Report as of 3/18/19.

² Projected reimbursements for Fire Department staff deployment.



FY 2020 GENERAL FUND BASELINE



FY 2020 Summary

General Fund Revenues and Expenditures Summary (in millions)

Category	FY19 Adopted	FY20 Baseline	Change
Revenues*	\$ 188.1	\$ 196.7	\$ 8.6
Expenditures*	188.1	203.2	15.1
Surplus/Deficit	\$ -	\$ (6.5)	\$ (6.5)

* \$13.4 million for Measure A Sales Tax added as Mid-Year item in FY 2019.



FY 2020 Revenues

General Fund Revenues Summary (in millions)

Category	FY19 Adopted	FY20 Baseline	Change
Property Taxes	\$ 35.3	\$ 36.4	\$ 1.1
Sales Tax	33.7	34.0	0.3
Measure P Sales Tax	18.1	19.0	0.9
Measure A Sales Tax*	13.4	19.0	5.6
Franchise Fees	11.7	11.9	0.2
Utility Users Taxes	5.6	5.6	-
Transient Occupancy Taxes	4.1	4.3	0.2
Motor Vehicle License Fees	21.8	22.4	0.6
Other Revenues	44.4	44.1	(0.3)
Total Revenues	\$ 188.1	\$ 196.7	\$ 8.6

* \$13.4 million for Measure A Sales Tax added as Mid-Year item in FY 2019.



FY 2020 Revenue Assumptions

- Major Revenue assumptions
 - Overall revenues projected to increase by \$8.6 million or 4.6% over FY 2019 Adopted Budget and Measure A Mid-Year addition
 - Primary drivers include:
 - \$13.4 million added for Measure A revenues in FY 2019 Mid-Year, and \$19.0 million budget is first full year
 - \$1.1 million increase in Property Tax
 - \$0.9 million increase for Measure P revenues
- Conservative growth rates applied to major revenues



FY 2020 Revenue Assumptions (continued)

- Other Revenues assumptions
 - (\$1.5) million reduction in Transfers-In
 - Removal of PFDIF Loan Repayment in FY 2019
 - \$1.2 million increase in Charges for Services category
 - \$0.7 million for Staff Time Reimbursements
 - \$0.3 million for passport fee services



FY 2020 Expenditures

Category	FY19 Adopted	FY20 Baseline	Change
Personnel Services	\$ 100.7	\$ 103.9	\$ 3.2
Pension	27.5	30.7	3.2
Supplies and Services	13.7	15.6	1.9
Other Expenses	0.7	0.8	0.1
Capital	0.2	0.2	0.0
Internal Service	3.0	3.0	0.0
Transfers Out*	37.5	43.9	6.4
Utilities	4.8	5.1	0.3
Total Expenditures	\$ 188.1	\$ 203.2	\$ 15.1

* \$13.4 million for Measure A Sales Tax added as Mid-Year item in FY 2019.



FY 2020 Expenditure Assumptions

- Personnel Services assumptions
 - PERS increase \$3.2 million
 - UAL increase \$2.7 million
 - PERS Normal Cost increase \$0.4 million
 - Personnel increase \$3.2 million
 - Approved MOU salary increases
 - Reduction of FY 2019 One-Time Salary Savings target
 - 5.0 new Peace Officers goal not included in Baseline
- Supplies and Services assumptions
 - Bayfront Commitment increase \$0.2 million
 - Fire Dept. Dispatch/equip cost increase \$0.8 million



FY2020 Expenditure Assumptions (continued)

- Transfers Out
 - Measure A Sales Tax revenue transfer to the Measure A Fund of \$19.0 million, and the FY19 transfer was \$13.4 million added Mid-Year
 - Measure P Sales Tax revenue transfer increase of \$0.9 million to the Measure P Fund
- Utilities
 - Increase of \$0.3 million in electricity costs and water costs



Potential One-Time Solutions

- Use of One-Time Funds (in millions)

PFDIF Loan Repayment (due FY 2019)	\$	1.5
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RDA Loan Repayment (due FY 2019)		1.0
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FY19 Carry-Forwards		2.5
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Est. Use of One-Time Funds:	\$	5.0
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FY20 Est. Projected Deficit Balance:		(6.5)
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FY20 Updated Projected Balance:	\$	(1.5)
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- FY 2021 Deficit Range: \$8.4 – \$10.2 million



Potential Structural Deficit Solutions

- Restructuring
 - Establish new Internal Service Funds
 - Establish new Enterprise Funds
- Contract Services
- Fees/Cost Recovery
- Policy Decisions
 - Evaluation and update to Reserve Policies
- Cannabis Sales Tax Measure
 - Implementation of approved cannabis businesses
- Service Levels



Potential Future Budget Impacts

- Completion of Millenia Fire Station
 - Future staffing and operation costs
- Bayfront Project Commitment
 - Variable component of commitment
- Change in Economic Environment
 - Slowing/downturn in growth projections



Fiscal Updates

- Statewide Sales Tax Update
- “California Rule” update
- Economic Update

Next Steps

April – May	<ul style="list-style-type: none"> Staff will continue to refine the budget numbers.
April 16	<ul style="list-style-type: none"> City Council Workshop: Update to FY 2020 - 2029 Long-Term Financial Plan
May – TBD	<ul style="list-style-type: none"> Hold two public workshops to provide overview of proposed budget
May 7	<ul style="list-style-type: none"> 3rd Quarter FY 2019 Financial Report
May 28	<ul style="list-style-type: none"> City Council: Present City Manager’s Proposed Fiscal Year 2019-20 All Funds Budget and CIP Overview
June 11	<ul style="list-style-type: none"> Public Hearing and Recommend Council adoption of Proposed FY 2019-20 Budget (All Funds)

QUESTIONS?