

PROPOSED BUDGET
2015-16

FISCAL YEAR

**City of Chula
Vista**

Fiscal Year 2015-2016

**Proposed Budget
Overview**

May 26, 2015



California



Agenda

- Fiscal Year 2015-16 Proposed Budget
 - All Funds Summary
 - General Fund Summary
- Fiscal Year 2015-16 Capital Improvement Program
- Long Term Financial Plan

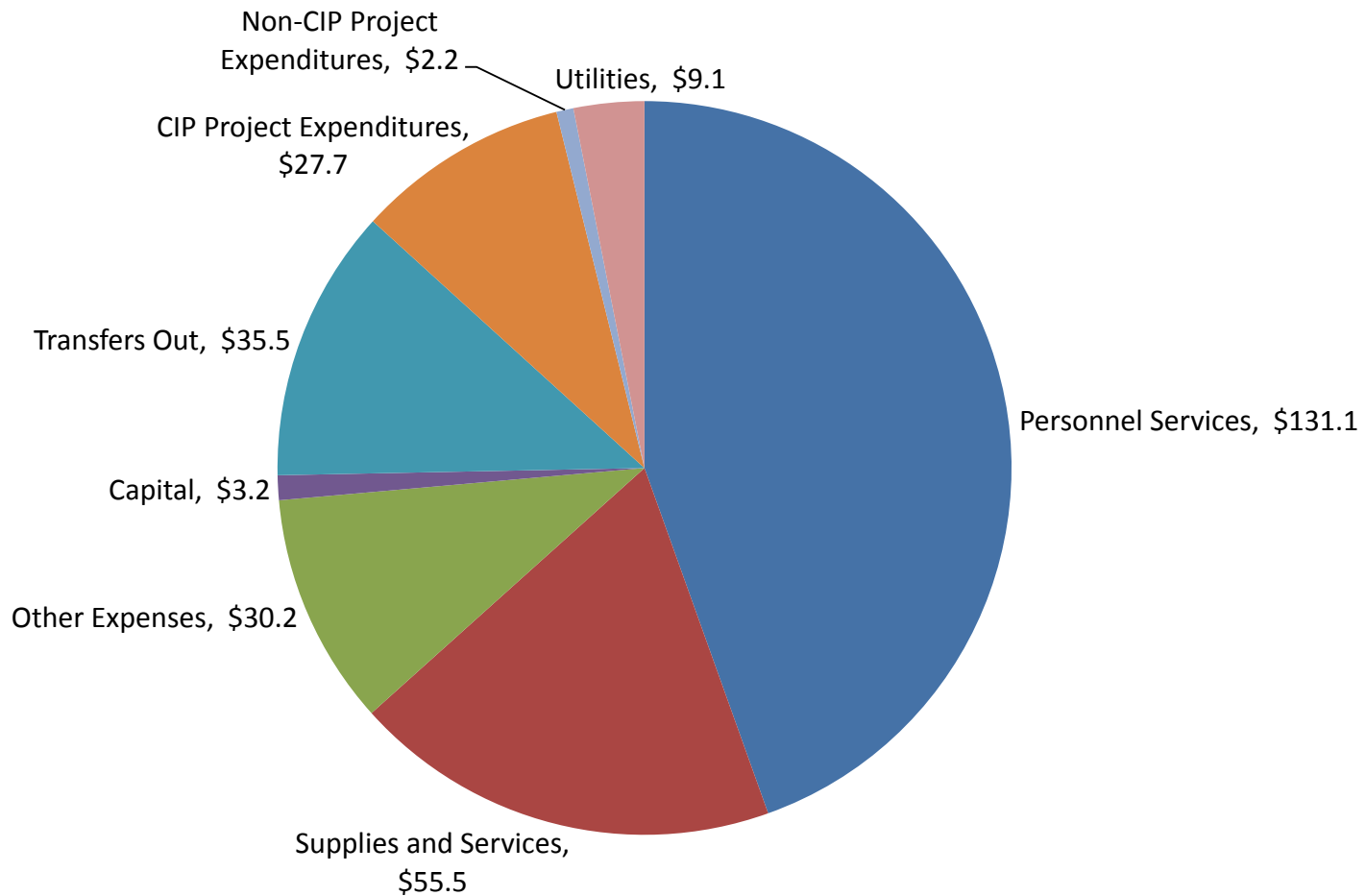


ALL FUNDS SUMMARY



All Funds Summary - \$294.5M

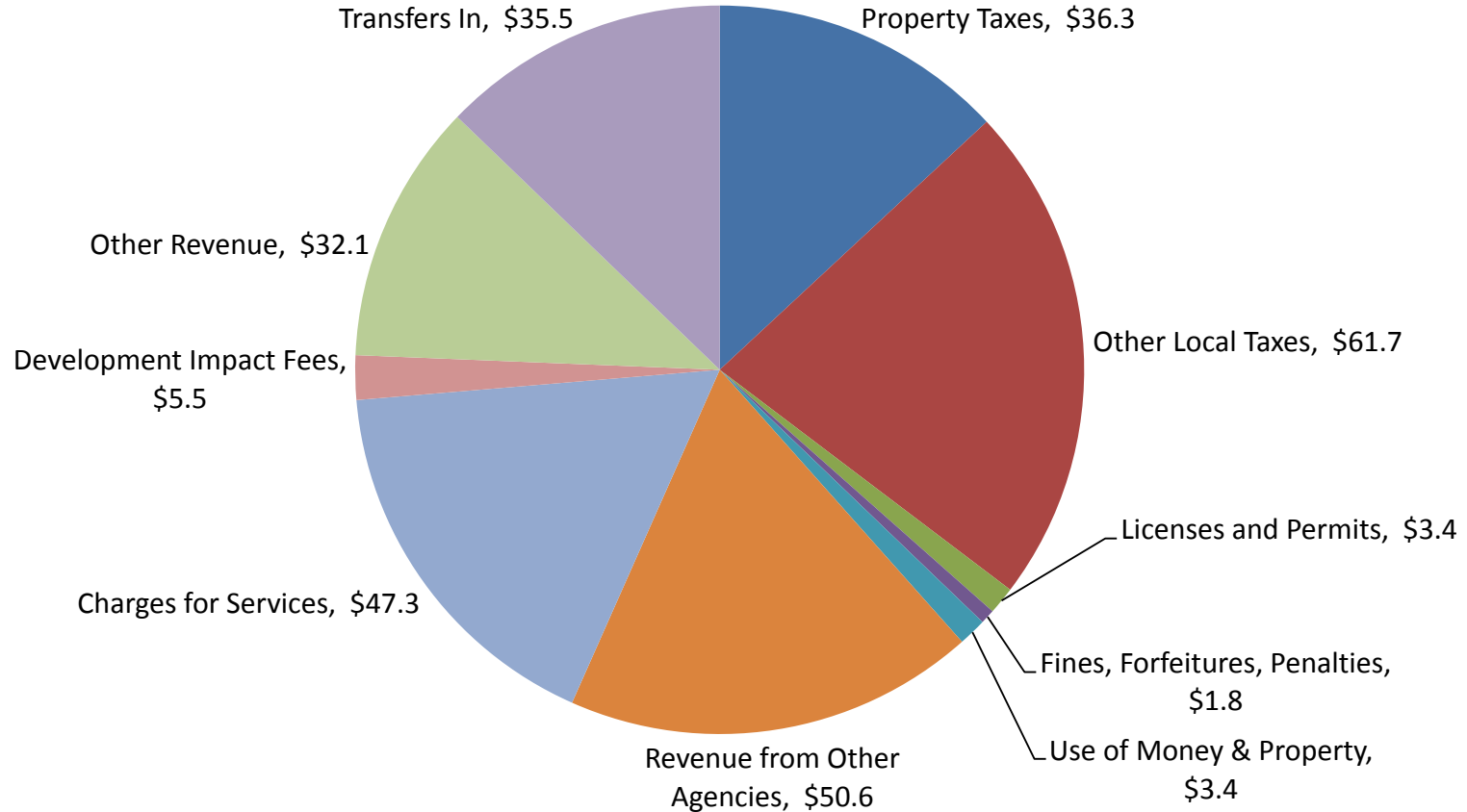
FY 2015-16 All Funds Projected Expenditures by Category





All Funds Summary - \$277.5M

FY 2015-16 All Funds Projected Revenue by Category





All Funds Summary

Description	FY 16 Proposed
Revenues	\$277.5
Expenditures	\$294.5
Surplus/(Deficit)	(\$17.0)
Reserves - Other Funds (Revenues collected in prior years)	\$17.0
Surplus/(Deficit)	\$ -



All Funds Staffing Summary

2.50 FTE Added Mid Year
2.75 FTE Net New Positions

Staffing by Fund	FY 2014-15 Council Adopted	FY 2015-16 Proposed	Change
General Fund	806.25	815.50	9.25
Police Grants/CBAG/Local Law Enforcement Block Grant	40.00	36.00	-4.00
Federal Grants Fund	2.00	3.00	1.00
Advanced Life Support Fund	1.00	1.00	-
Environmental Services	5.00	6.00	1.00
CV Housing Authority	4.00	4.00	-
Fleet Management	10.00	10.00	-
Development Services Fund	45.50	44.50	-1.00
Sewer	46.00	46.00	-
Transit	1.00	-	-1.00
Total Citywide	960.75	966.00	5.25



GENERAL FUND SUMMARY



General Fund Summary

Description	FY 15 Proposed
Revenues	\$139.7
Expenditures	\$139.7
Surplus/Deficit	\$ -



General Fund Revenues

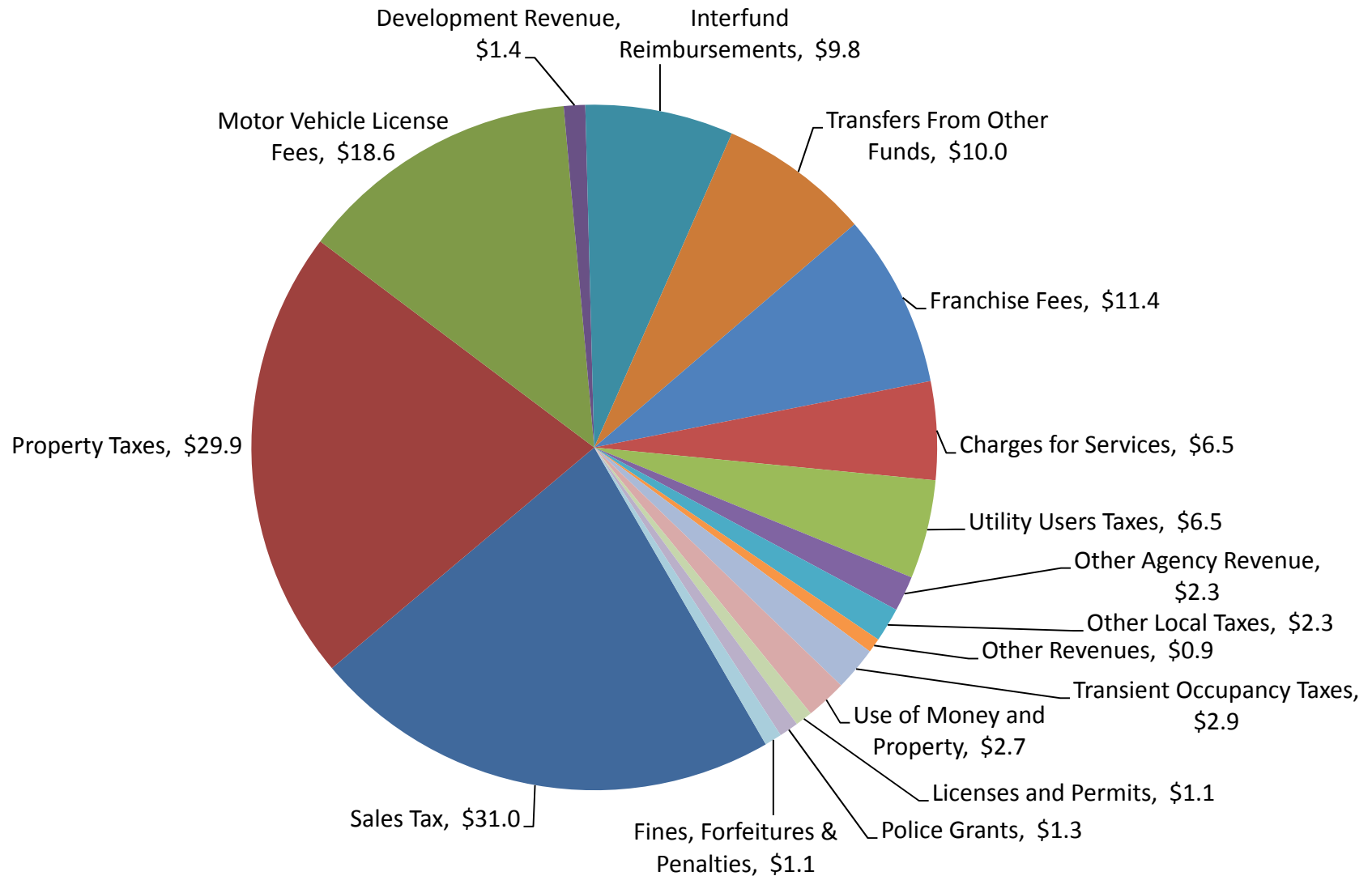
(in thousands)

Category	FY14 Actuals	FY15 Projected	FY16 Proposed	Change
Sales Tax	29,171	30,320	31,015	695
Property Taxes	27,451	28,930	29,897	967
Motor Vehicle License Fees	16,774	17,884	18,597	713
Transfers From Other Funds	10,097	10,584	9,988	(596)
Inter-fund Reimbursements	9,901	9,753	9,360	(393)
Franchise Fees	8,845	10,342	11,426	1,085
Utility Users Taxes	17,525	6,500	6,500	-
Charges for Services	6,476	6,281	6,476	195
Transient Occupancy Taxes	2,633	2,807	2,891	84
Use of Money and Property	2,523	2,583	2,677	94
Other Local Taxes	2,278	2,130	2,262	133
Other Agency Revenue	2,711	2,511	2,327	(184)
Police Grants	807	771	1,279	508
Development Revenue	1,619	1,223	1,399	177
Licenses and Permits	1,162	1,090	1,135	45
Fines, Forfeitures & Penalties	1,010	1,403	1,134	(270)
Other Revenues	1,077	881	941	60
Total Operating Budget	142,061	135,993	139,304	3,311
CIP Projects	298	1,809	400	(1,409)
GENERAL FUND TOTAL REVENUES	142,359	137,802	139,704	1,903

Note: FY14 Actuals includes an appropriation of \$8,017,453 to the TUT Common Fund as part of the TUT Settlement Agreement.



General Fund Revenues - \$139.7M





General Fund Expenditures

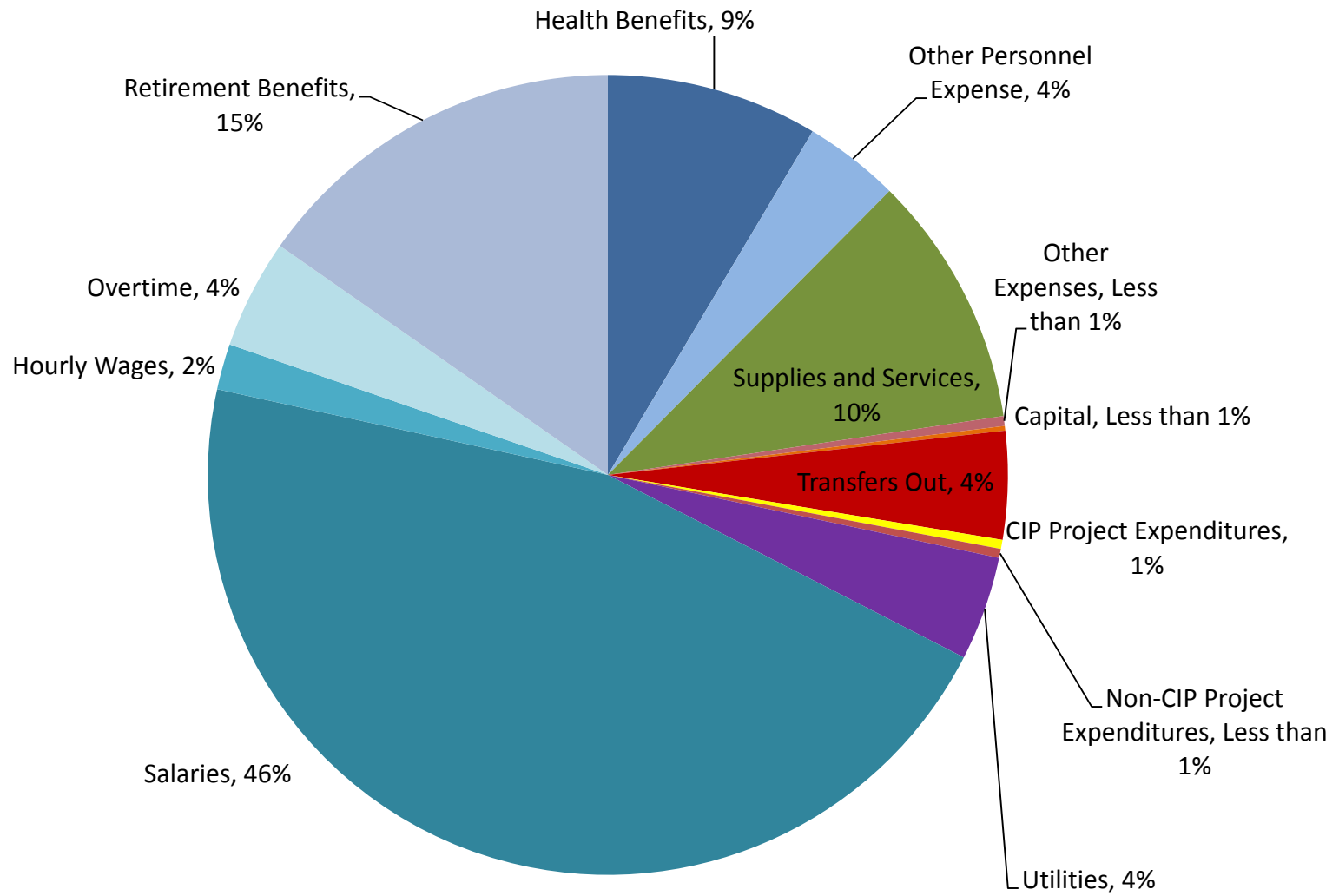
General Fund Expenditures by Category (in thousands)

Category	FY14 Actuals	FY15 Projected	FY16 Proposed	Change
Personnel Services	101,760	107,428	111,610	4,182
Supplies and Services	14,042	17,455	14,269	(3,186)
Other Expenses	506	929	551	(378)
Capital	604	638	266	(372)
Transfers Out	15,522	5,400	6,099	699
Non-CIP Project Expenditures	133	256	509	253
Utilities	4,957	5,423	5,889	467
Total Operating Budget	137,524	137,529	139,194	1,665
CIP Project Expenditures	849	5,519	510	(5,009)
TOTAL EXPENDITURES	138,373	143,048	139,704	(3,343)

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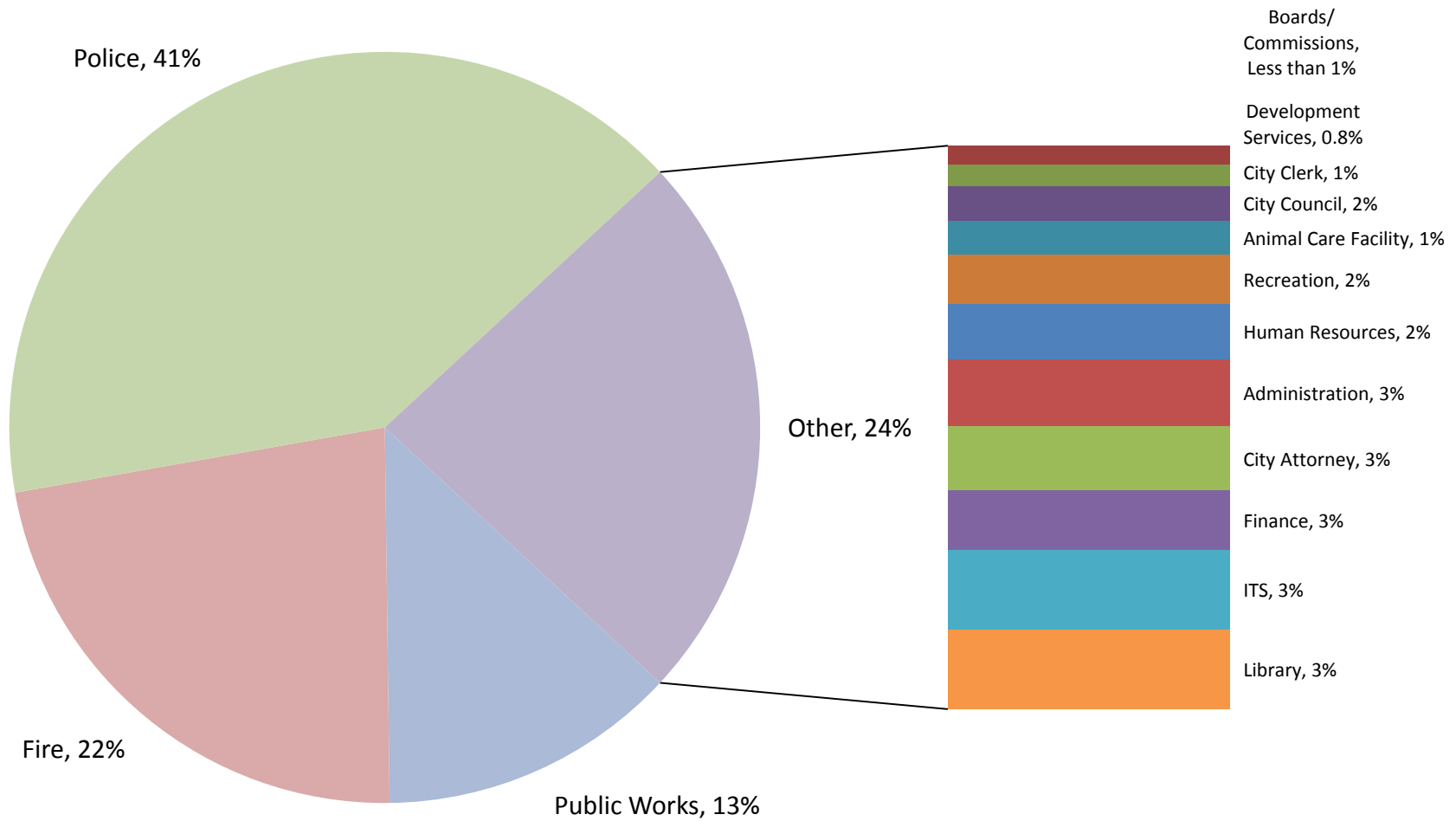
General Fund Expenditures - \$139.7M





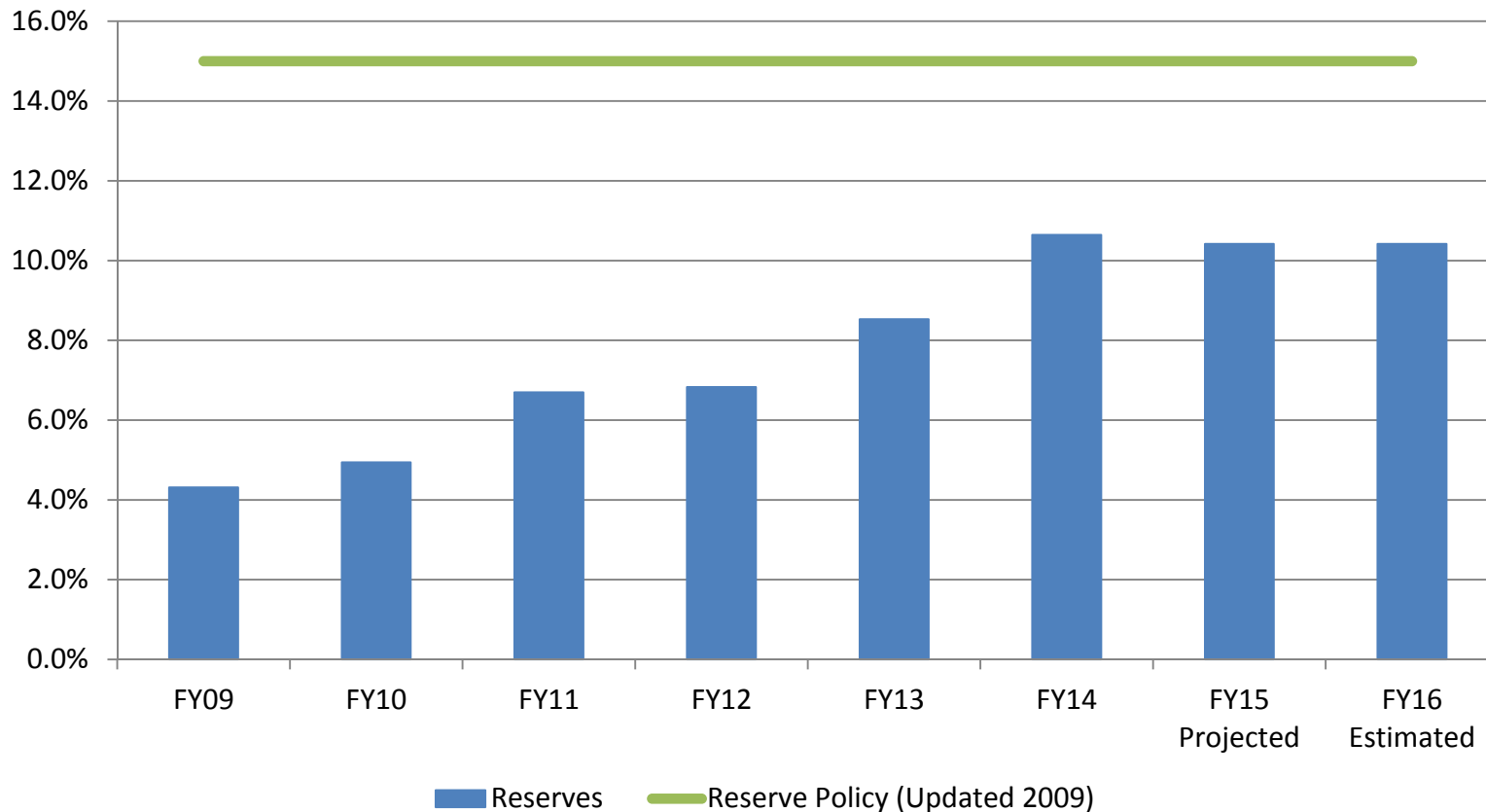
General Fund Net Cost

(Allocation of Discretionary Revenue)





General Fund Operating Reserves



Note: The preceding chart reflects only the General Fund Operating Reserves. It does not include the Economic Contingency Reserve, which has a balance of approximately \$3.6 million. Combined with the operating reserve, these two reserve funds total approximately 13% of the fiscal year 2015-16 General Fund budget.



Five-Year Forecast

Does not assume an economic downturn in this forecast period.

Description	Baseline FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020
Revenues:					
Property Taxes	\$ 29,896,924	\$ 31,025,057	\$ 32,197,474	\$ 33,437,151	\$ 34,725,755
Sales Tax	\$ 31,014,797	\$ 32,079,410	\$ 33,041,792	\$ 34,033,046	\$ 35,054,037
Franchise Fees	\$ 11,426,283	\$ 11,659,227	\$ 11,897,123	\$ 12,140,078	\$ 12,388,203
Utility Users Taxes	\$ 6,500,000	\$ 6,565,000	\$ 6,630,650	\$ 6,696,957	\$ 6,763,926
Transient Occupancy Taxes	\$ 2,890,853	\$ 2,977,579	\$ 3,066,906	\$ 3,158,913	\$ 3,253,681
Motor Vehicle License Fees	\$ 18,597,204	\$ 19,338,951	\$ 20,110,325	\$ 20,912,510	\$ 21,746,738
Other Revenues	\$ 39,378,298	\$ 38,154,056	\$ 38,249,996	\$ 38,522,209	\$ 38,758,446
TOTAL REVENUES	\$ 139,704,359	\$ 141,799,280	\$ 145,194,267	\$ 148,900,864	\$ 152,690,786
Expenditures:					
Personnel Services	\$ 80,112,440	\$ 82,436,571	\$ 82,777,087	\$ 82,777,087	\$ 82,777,087
Flex/Insurance	\$ 11,953,125	\$ 12,384,033	\$ 12,835,305	\$ 13,304,942	\$ 13,793,757
PERS	\$ 21,282,897	\$ 23,182,784	\$ 25,334,366	\$ 26,523,510	\$ 27,713,208
Pension Smoothing	\$ -	\$ (454,000)	\$ (454,000)	\$ (454,000)	\$ (454,000)
Salary Savings (On Going)	\$ (1,738,037)	\$ (1,772,296)	\$ (1,803,816)	\$ (1,826,990)	\$ (1,850,178)
Absorption of Police Grant Positions	\$ -	\$ 480,119	\$ 554,381	\$ 629,820	\$ 644,054
Workers Compensation GF Liability	\$ -	\$ 225,533	\$ 238,683	\$ 252,097	\$ 265,779
Other Expenditures	\$ 28,093,934	\$ 28,032,954	\$ 28,694,296	\$ 29,235,769	\$ 29,859,648
Total Expenditures	\$ 139,704,359	\$ 144,515,698	\$ 148,176,302	\$ 150,442,235	\$ 152,749,355
Subtotal Surplus/(Deficit)	\$ (0)	\$ (2,716,418)	\$ (2,982,035)	\$ (1,541,371)	\$ (58,569)



Five-Year Forecast

Does not assume an economic downturn in this forecast period.

Description	Baseline FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020
Capital and Maintenance:					
Regional Communication System (RCS Financing)	\$ -	\$ -	\$ 400,000	\$ 400,000	\$ 400,000
RCS Radios	\$ -	\$ 1,500,000	\$ -	\$ -	\$ -
Computer Aided Dispatch System (CAD) - PD	\$ -	\$ -	\$ 1,600,000	\$ -	\$ -
Breathing Apparatus - Fire Department		\$ 600,000	\$ -	\$ -	\$ -
Vehicle Replacement (Priority 1 Only)	\$ -	\$ 1,659,500	\$ 1,069,000	\$ 1,009,000	\$ 1,250,000
Total Other Items	\$ -	\$ 3,759,500	\$ 3,069,000	\$ 1,409,000	\$ 1,650,000
SURPLUS/(DEFICIT) WITH ADDITIONAL IMPACTS	\$ (0)	\$ (6,475,918)	\$ (6,051,035)	\$ (2,950,371)	\$ (1,708,569)

Notes:

1. Personnel Services: the City has reached agreement with POA and IAFF employee groups. The City is continuing to negotiate with CVEA, MM/PROF, and WCE; the current Personnel Services reflect a 2% miscellaneous wage increase. No new staff is assumed during the forecast period.
2. PERS cost reflect the estimated contribution rates as provided by CalPERS in the October 2014 Annual Valuation Report and assumes a 7.5% Return on Investment (ROI).
3. Assumes a 2% salary savings throughout the forecast.
4. The City is undertaking an asset management program/study to identify Citywide Infrastructure needs and develop a financing plan. The forecast does not include any funding recommendations from the asset management studies.
5. Does not include technology replacement needs as study is currently being conducted.



General Fund Staffing Summary

Department/Fund	Program	Position	FTE
City Council (1.00)	City Council Administration	Administrative Secretary	1.00
City Clerk (1.00)	City Clerk Operations	Deputy City Clerk I	1.00
Administration (0.75)	Economic Development	Senior Administrative Secretary	(1.00)
		Project Coordinator I	1.00
		Cultural Arts Program Manager	0.75
Human Resources (1.00)	HR Operations	Senior Fiscal Office Specialist	1.00
Police (0.50)	Fiscal Operations	Fiscal Office Specialist	0.50
Public Works (3.50)	Conservation and Environmental Services	Environmental Resource Specialist	(1.00)
		Conservation Specialist	2.00
	Traffic Engineering	Engineering Technician II	0.50
	Lift Station/Pool Maintenance	Pump Maintenance Technician	1.00
	Storm Drain Maintenance	Maintenance Worker I	1.00
Library (1.00)	Otay Ranch Library	Senior Librarian	1.00
		Total General Fund	8.75



Budget Highlights

- Otay Ranch Library and the Hub – Added 1.0 Senior Librarian to establish consistent hours of operation at the Otay Ranch Library and the Hub
- Cultural Arts Manager – Added 0.75 FTE to manage the City's cultural arts programs and take the lead in developing and implementing the City's Cultural Arts Master Plan
- Added 1.0 Maintenance Worker to provide staffing for the operation of the third storm drain vactor



Budget Highlights

- Equipment Replacement
 - \$330,000 for vehicle replacement
 - \$60,000 for the lease of 200 additional computers
 - \$80,000 to transition to cloud based email
 - \$160,000 to upgrade accounting system to newer version
- Civic Center Library Auditorium Remodel and Museum

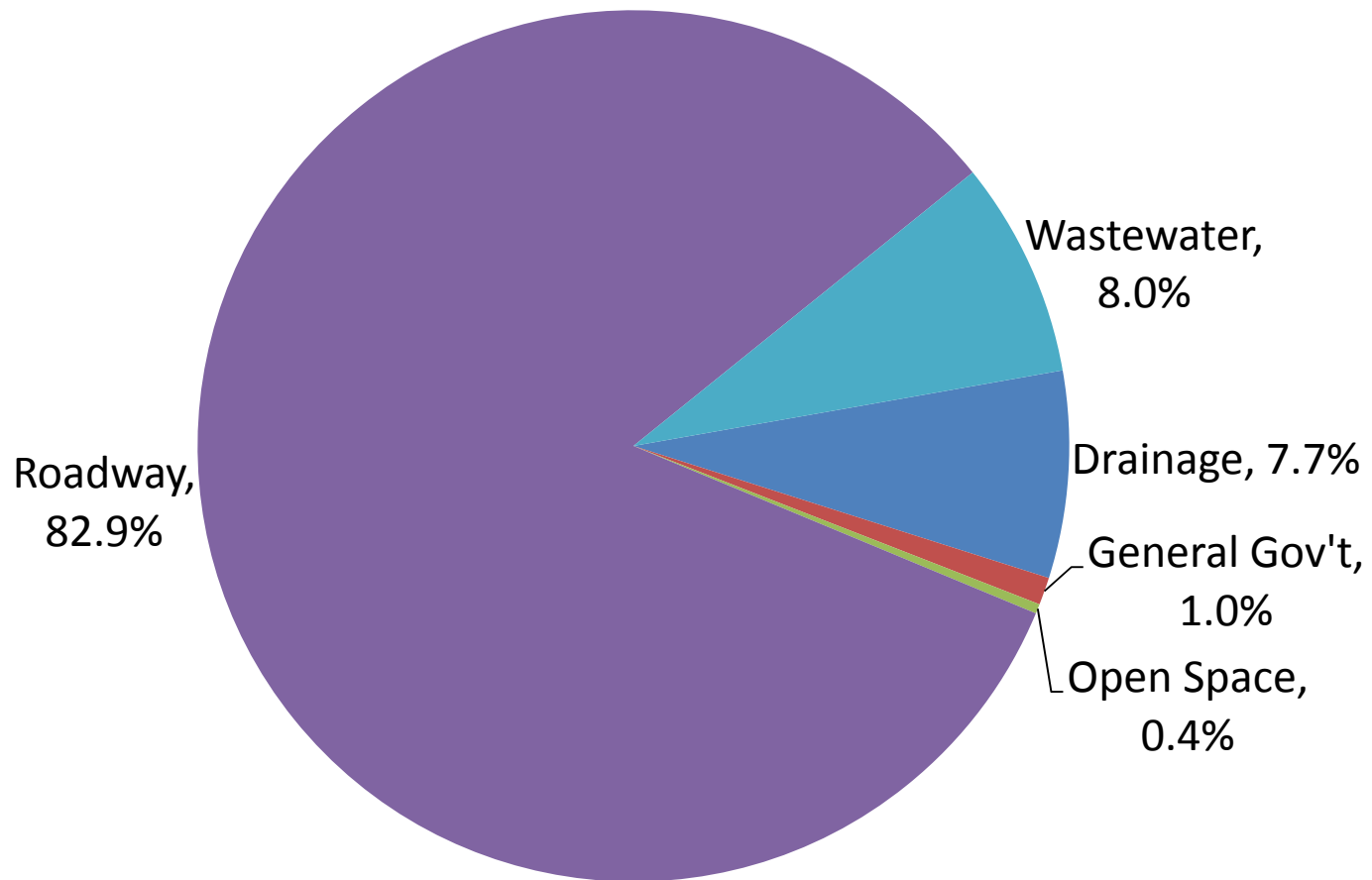


CAPITAL IMPROVEMENT PROGRAM SUMMARY



Capital Improvement Program - \$27.5M

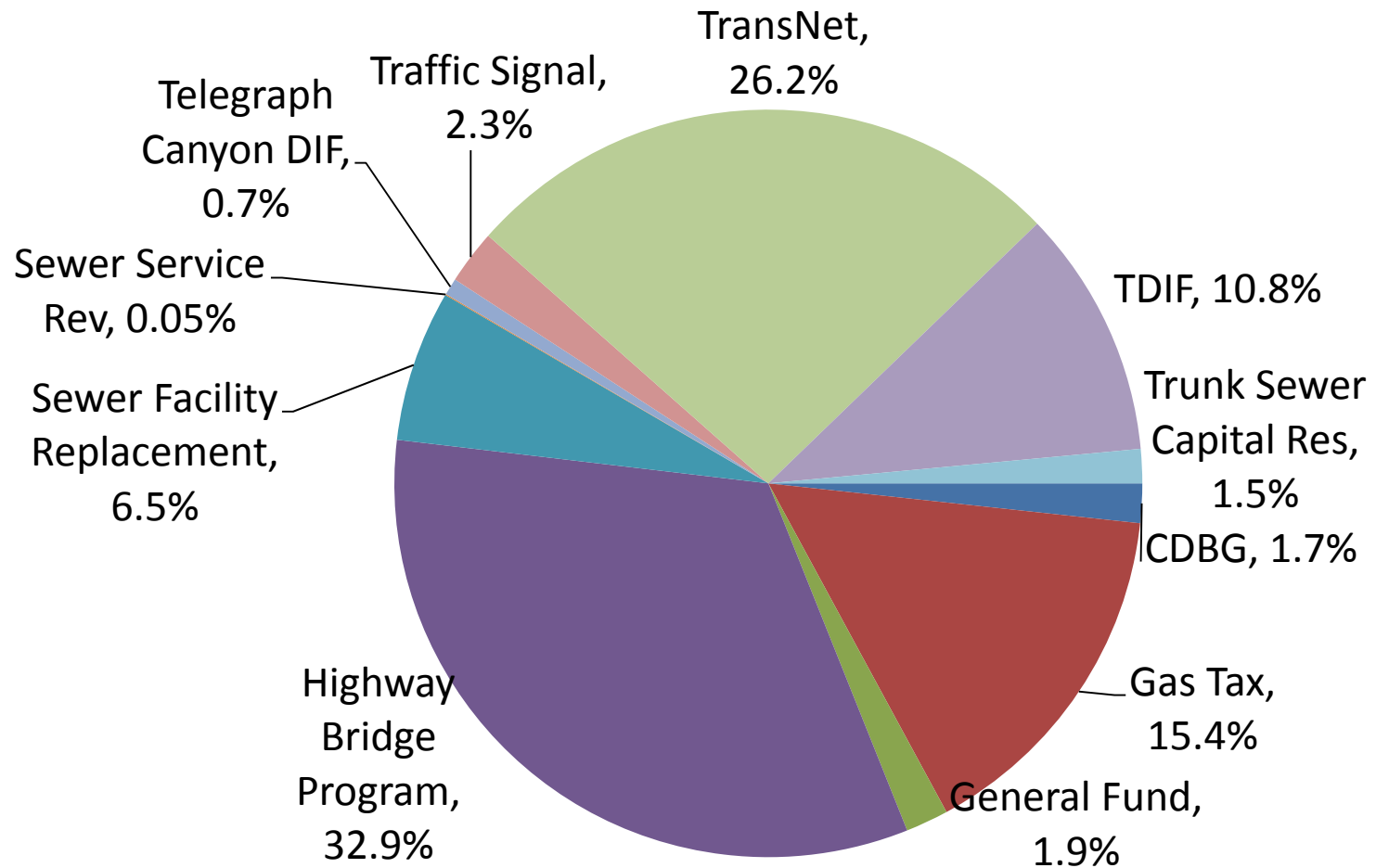
by Asset Management System





Capital Improvement Program - \$27.5M

by Funding Source





CIP Highlights (FY2015)

- Third Avenue Streetscape Project, Phase 2
 - SANDAG: Smart Growth Incentive Program (\$1.3M)
 - Bond Funds (\$1.3M)





CIP Highlights (FY2015)

- Orange Park (Completion Summer 2015)
 - Prop 84 Statewide Park Funding (\$2.8M)





CIP Highlights (FY2016)



Sewer Rehabilitation - \$2.2 million



Willow Street Bridge - \$7 million



Pavement Rehabilitation - \$6 million

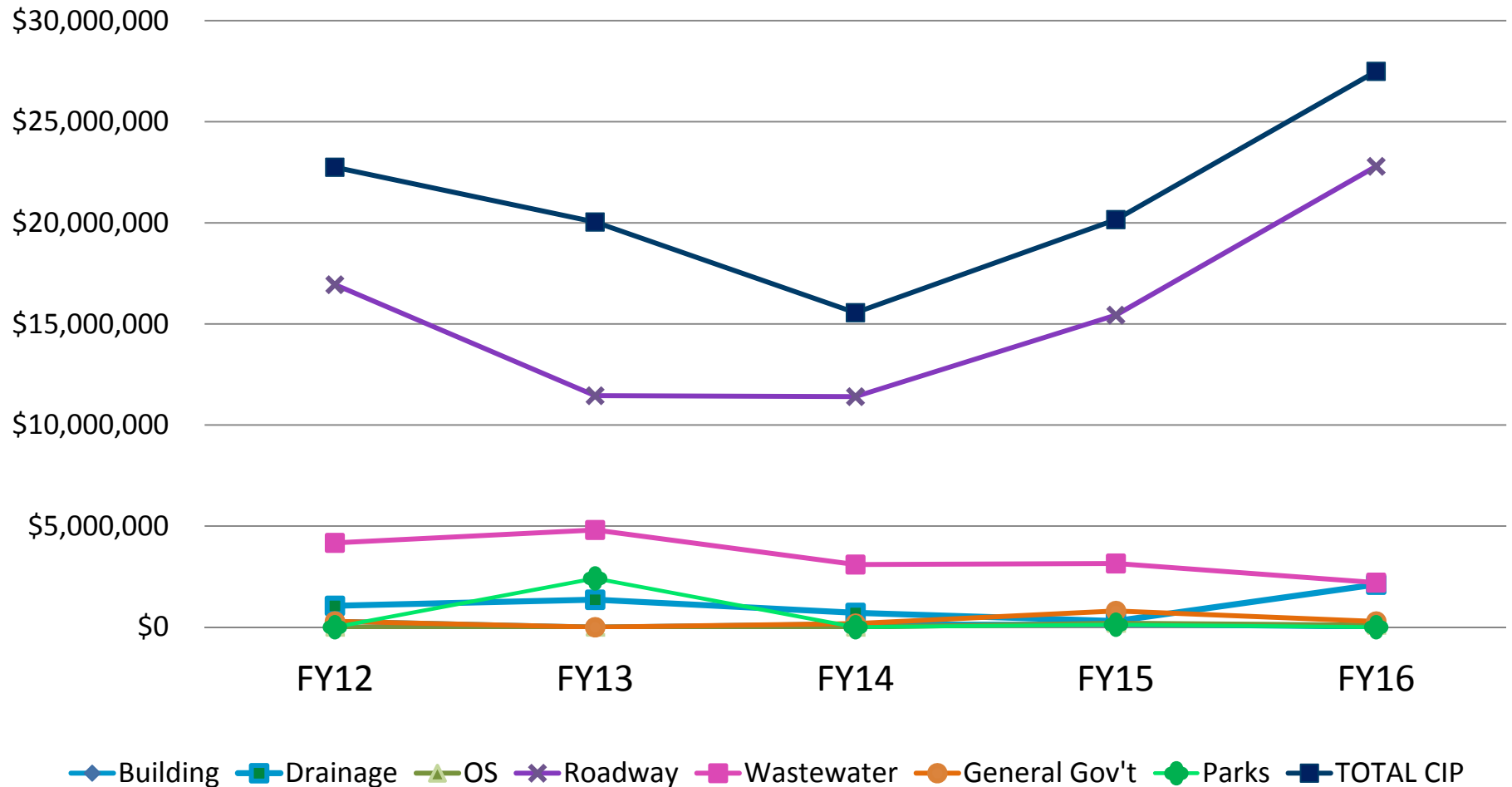


Storm Drain Repairs - \$1.6 million



Capital Improvement Program 5-Year Period

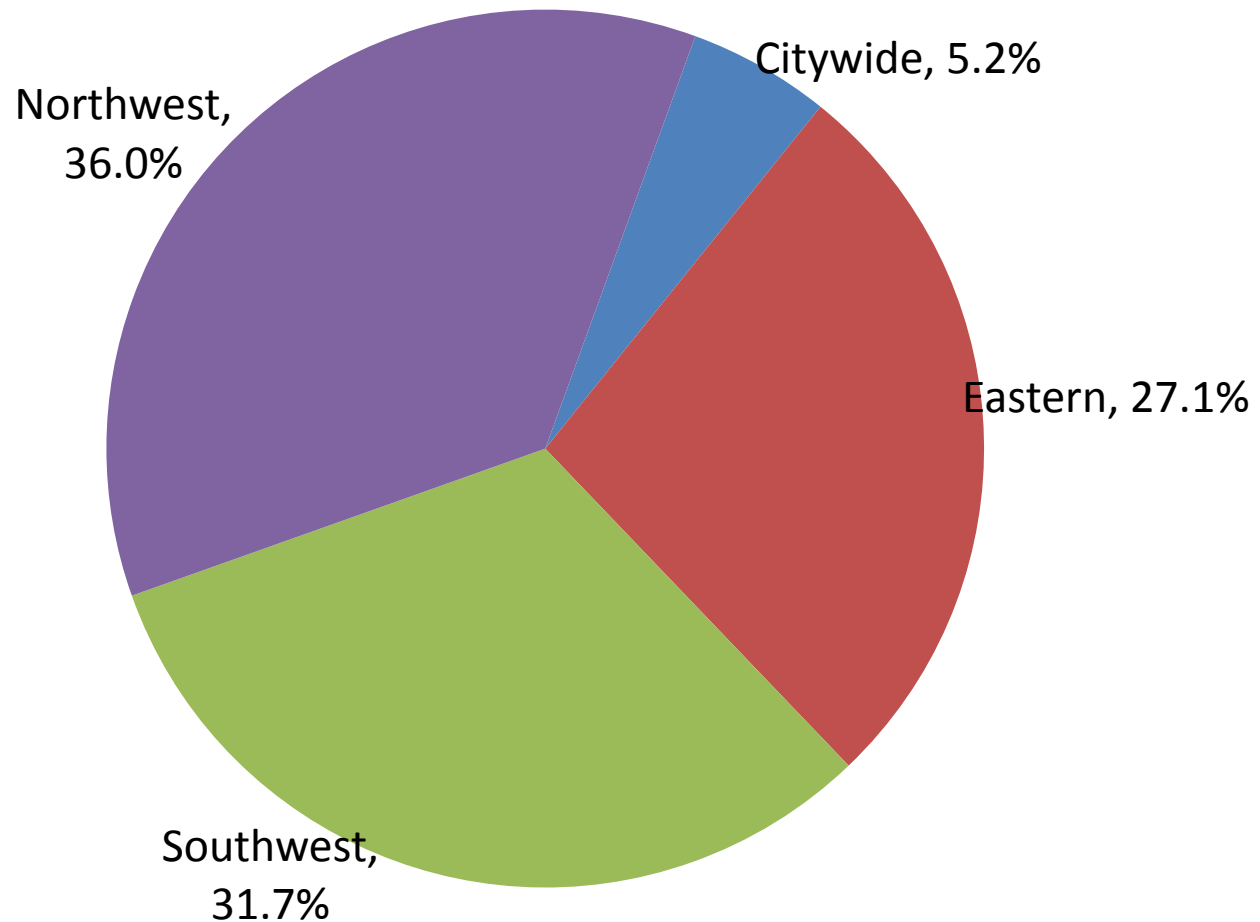
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CIP Funding by Location

5-Year Period (FY2012 – FY2016)





LONG-TERM FINANCIAL PLAN



LONG TERM FINANCIAL PLANNING (LTFP)

What is Long Term Financial Planning?





LTFP | BACKGROUND



Uses expenditure and revenue **forecasts**



Provides **insight** into the future financial **capacity** of our organization



Establishes the **groundwork** for **strategies** to be developed



LTFP | BACKGROUND



Helps achieve **long-term sustainability** and eventually financial **resiliency**



Integral part of the Strategic Plan and annual Budget Process



Shows the City's continued dedication to **transparency** and financial **accountability**



LTFP | GOALS

The Long Term Financial Plan will:

- Lookout for a minimum of 10 years
- Will focus on General Fund and include Other Funds that could potentially impact the General Fund
- Be updated regularly to provide direction during budget process



LTFP | OBJECTIVES

- Provide a focused plan to address identified high priority needs
- Continue to improve City's Financial Position
- Maintain or improve level of service standards
- Achieve full cost recovery, when possible, for services rendered.

LTFP PROCESS

MOBILIZATION PHASE

DATA ANALYSIS PHASE

DECISION MAKING PHASE

IMPLEMENTATION PHASE





LTFP PROCESS

- City's Comprehensive Plan
 - Will be integrated with FY 2017 annual budget process.
- LTFP not a stand alone planning process
- Combines other planning processes



Other Planning Processes

- Fiscal Recovery and Progress Plan
- Five year forecast
- Citywide Strategic Plan
- Citizen Survey
- Master Fee updates
- 5 year CIP Plan
- Asset Management Planning
- New Development Financing Plans



Five-Year Forecast

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LTFP PROCESS

MOBILIZATION PHASE

- Citywide Survey - Citizen Participation
- Citywide Strategic Plan - Council Input



DATA ANALYSIS

- Define Fiscal Environment
- Debt-Capacity Analysis
- Identify weaknesses and opportunities

DECISION MAKING

- Financial Strategy Development



IMPLEMENTATION

- Operationalize strategies in FY 2017 budget



Next Steps

- Update Five Year Forecast to Ten Year analysis
- Review Financial Policies and identify if new policies are needed
- Debt Capacity Review and Analysis
- Synthesize other planning processes and documents
- Report to City Council and Community



Resolution

Resolution of the City Council/Successor Agency to the Redevelopment Agency/Housing Authority of the City of Chula Vista Accepting the Operating and Capital Improvement Budgets for the City of Chula Vista for Fiscal Year 2015/2016 as their Proposed Budgets, Respectively, and Setting the Time and Place for a Public Hearing on the Budget and their Final Consideration and Budget Adoption