



1ST QUARTER BUDGET REPORT FISCAL YEAR 2019-2020



Fiscal Year 2019-20

Budget Highlights

- Adopted budget for Fiscal Year 2019-2020 is balanced with no impact to the General Fund reserves.
- Adopted budget includes expansion of Measure A services:
 - Fire Department: Second squad vehicle to begin service in late Fiscal Year 2019 - 2020
 - Police Department: Addition of twelve positions.
- Creation of new Neighborhood Protection Unit within the City Attorney's Department to enforce municipal code violations within the City.
- Addition of approximately \$0.5 million in personnel and operating expenses for agreement with Metropolitan Transit System for new South Bay Rapid bus line.



Fiscal Year 2019-20

Budgetary Notes

- Property tax revenue anticipated to increase by approximately \$1.1 million or 3.1 percent over Fiscal Year 2018-2019.
- Both Measure A and Measure P Sales Tax were originally budgeted at \$18.3 million and the revised revenue projection for each sales tax measure is \$19.0 million, which is an overall increase of \$1.5 million.
- Creation of new Jail Fund and transfer of twelve General Fund Police Department positions to Jail Fund personnel.
- Increase of approximately \$3.0 million over Fiscal Year 2018 – 2019 for retirement costs based on latest CalPER's Actuarial Valuation Report.



Fiscal Year 2019-20

First Quarter Monitoring Report

Fiscal Year 2019-2020 Adopted General Fund Budget

Description	Fiscal Year 2019 - 2020	
Revenues:		
MAJOR DISCRETIONARY REVENUES	\$	152.5
OTHER GENERAL FUND REVENUES		44.5
TOTAL REVENUES	\$	197.0
Expenditures:		
PERSONNEL SERVICES	\$	132.9
OTHER EXPENDITURES		64.1
TOTAL EXPENDITURES	\$	197.0
TOTAL GENERAL FUND SURPLUS/(DEFICIT)	\$	-

First Quarter Financial Monitoring Report

- Proposes minor inter- and intra- department transfers for net decrease of General Fund costs of approximately \$872,000.
- Staff will continue to monitor revenues and expenditures and provide any significant changes in future financial monitoring reports.



Fiscal Year 2020 Revenue Projections

Revenue Category	FY 2020 Revised Budget	FY 2020 Projected Budget	Variance
Property Taxes	\$ 36,361,038	\$ 36,361,038	\$ -
Sales Tax	35,127,600	35,127,600	-
Measure P Sales Tax	18,266,000	19,000,000	734,000
Measure A Sales Tax	18,266,000	19,000,000	734,000
PT in lieu of Motor Vehicle License Fee (VLF)	22,539,550	23,667,402	1,127,852
Franchise Fees	11,925,678	11,925,678	-
Utility Users Tax	5,633,423	5,633,423	-
Transient Occupancy Taxes	4,357,922	4,357,922	-
Development Revenue	1,482,480	1,482,480	-
License and Permits	1,451,436	1,451,436	-
Fines, Forfeitures, Penalties	1,267,439	1,267,439	-
Use of Money & Property	3,065,227	3,065,227	-
Other Local Taxes	2,598,193	2,598,193	-
Police Grants	819,940	819,940	-
Revenue from Other Agencies	1,254,825	1,254,825	-
Charges for Services	6,929,011	6,929,011	-
Interfund Reimbursements	10,658,302	10,658,302	-
Other Revenue	1,139,765	1,139,765	-
Transfers In	13,823,020	13,823,020	-
TOTAL REVENUES	\$ 196,966,849	\$ 199,562,701	\$ 2,595,852



Fiscal Year 2020 Expenditure Projections

Department	FY 2020 Revised Budget	FY 2020 Projected Budget	Variance
City Council	\$ 1,567,036	\$ 1,567,036	\$ -
Boards & Commissions	11,841	11,841	-
City Clerk	1,018,630	1,018,630	-
City Attorney	3,202,191	3,202,191	-
Administration	2,103,226	2,103,226	-
Information Technology	3,785,242	3,785,242	-
Human Resources	3,016,422	3,016,422	-
Finance	3,957,280	3,957,280	-
Non-Departmental	44,263,616	45,731,616	1,468,000
Animal Care Facility	2,806,628	2,806,628	-
Economic Development	2,149,583	2,149,583	-
Development Services	2,857,795	2,857,795	-
Engineering/Capital Project	9,109,222	9,109,222	-
Police	58,303,672	58,303,672	-
Fire	31,834,886	31,834,886	-
Public Works	11,772,456	11,772,456	-
Parks and Recreation	11,191,641	11,191,641	-
Library	4,098,702	4,098,702	-
TOTAL EXPENDITURE BUDGET	\$197,050,069	\$198,518,069	\$ 1,468,000



Fiscal Year 2019-20

First Quarter Adjustments

General Fund Significant Budget Adjustments

- Appropriate additional \$1.1 million for Property Tax in Lieu of Vehicle License Fee based on projections from the County of San Diego.
- Appropriate \$165,000 for the Street Sweeping Contract administered by Public Works
- Appropriate \$85,208 for Emergency and Unanticipated Facility Repairs within Public Works.
- Net increase of revenues to the General Fund of \$872,430.



Fiscal Year 2019-20

First Quarter Adjustments

Other Funds Significant Budget Adjustments

- Transportation Grants – Gas Tax Fund increase of \$124,000 from fund balance for the purchase of department vehicle.
- Other Grants Fund - Appropriation of \$177,863 in expenses and \$180,810 in revenue for various Animal Care Facility, Police, and Fire Department grants.
- Federal Grants – Appropriation of \$576,643 in expenses and \$571,886 in revenue for various Development Services, Police, and Fire Department grants.
- Various CFD & Open Space Districts – Appropriate \$282,371 in expenses for the purchase of vehicles and contract services for maintenance.
- Sewer Income Fund – Transfer \$390,000 from Sewer Income Fund to the new Bayfront RV LLC Sewer Improvements (SWR0317).
- Public Facilities DIF – Appropriate 180,000 for vehicle purchases and outfitting from available fund balance.
- Net increase of expenditures for the Other Funds of \$591,735.



LONG-TERM FINANCIAL PLAN (LTFP) FISCAL YEAR 2021 TO 2025



LTFP Forecast Summary (FY2021 – FY2025)

Description	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Revenue Projections (millions)					
MAJOR DISCRETIONARY REVENUES	\$ 155.68	\$ 158.86	\$ 161.78	\$ 164.78	\$ 167.85
OTHER REVENUES	46.22	46.48	48.77	49.07	49.37
NEW DEVELOPMENT REVENUES	2.76	3.00	3.26	3.49	3.71
TOTAL REVENUES	\$ 204.66	\$ 208.33	\$ 213.81	\$ 217.34	\$ 220.93
Year-over-Year Change		1.79%	2.63%	1.65%	1.65%
Expenditure Projections (millions)					
PERSONNEL SERVICES EXPENDITURES	\$ 138.54	\$ 143.92	\$ 149.04	\$ 153.48	\$ 158.25
OTHER EXPENDITURES	70.43	72.33	71.46	72.85	73.61
NEW DEVELOPMENT EXPENDITURES	1.88	1.96	2.03	2.79	2.89
TOTAL EXPENDITURES	\$ 210.85	\$ 218.21	\$ 222.54	\$ 229.11	\$ 234.75
Year-over-Year Change		3.49%	1.98%	2.96%	2.46%
TOTAL GENERAL FUND SURPLUS/(DEFICIT)	\$ (6.19)	\$ (9.87)	\$ (8.73)	\$ (11.78)	\$ (13.82)



Fiscal Year 2021- 2025 Outlook

- LTFP projects expenditures to outpace revenues for every year throughout the term of the outlook.
 - FY 2021: \$6.2 million deficit
 - FY 2025: \$13.8 million deficit
- Pension costs one of primary drivers of growing expenses
- Any economic downturn will have a negative impact on the projections within the LTFP

Next Steps

December	<ul style="list-style-type: none"> Measure A Intended Public Safety Expenditure Plan Update and amend the FY 2020 Budget
January – February	<ul style="list-style-type: none"> Mid-Year Fiscal Year 2020 Budget Review (Second Quarter Financial Projections) Develop Fiscal Year 2021 Baseline Budget; include changes from Mid-Year Budget Review
March	<ul style="list-style-type: none"> City Council Workshop: FY 2021 Budget Projection Discussion, Updated LTFP Discussion
April	<ul style="list-style-type: none"> Preliminary City Manager Proposed Budget Council Discussion Item Fiscal Year 2020 Third Quarter Financial Report
May	<ul style="list-style-type: none"> Hold two public workshops to provide overview of proposed budget City Manager Proposed Budget document submitted to Council City Council: Present Fiscal Year 2021 All Funds Budget and CIP Overview
June	<ul style="list-style-type: none"> Public Hearing and Recommend Council adoption of Proposed FY 2021 Budget (All Funds)



City Council

Comments/Feedback