



3RD QUARTER BUDGET REPORT

FISCAL YEAR 2017-2018

GENERAL FUND



Budget Highlights

- Included funding for five police officers.
- A fourth fire fighter was added using overtime to each shift at fire station one.
- Twelve new firefighter positions were added with the approval of the SAFER grant.
- Funding was carried forward from fiscal year 2016-17 to continue various projects including Smart Cities efforts, the University project, the Bayfront Project, Police CAD project, Accounting ERP, etc.



Updated Budget Projections

Revenues

- Overall revenues are projected to increase by \$5.5 million from the amended budget.
- Projections for property and sales taxes are projected to exceed the amended budget, but are partially offset by reduced projections for franchise fees, utility users taxes, and transient occupancy taxes.

Expenditures

- Overall, expenditures are projected to increase by \$5.2 million from the amended budget.
- Largest contributors to increase in expenditures include increased transfers out for Measure P fund and capital funds, lease expense for fire vehicle, and additional fire department expenditures.

FY 2017-18 Projection

General Fund Revenues and Expenditures Summary (in millions)

Category	FY18 Amended*	FY18 Projected	Change
Revenues	\$ 168.7	\$ 174.2	\$ 5.5
Expenditures	175.2	180.4	5.2
Sub-total	(6.5)	(6.2)	0.3

* Adopted Budget plus budget amendments & capital project appropriations carried forward from previous fiscal year.



General Fund Revenue Projections (By Revenue Category)

Revenue Category	Amended Budget*	Projection	Variance
Property Taxes	\$ 33,620,932	\$ 34,514,592	\$ 893,660
Sales Tax	32,935,356	32,977,000	41,644
Measure P Sales Tax	16,320,000	17,859,000	1,539,000
Franchise Fees	11,968,648	11,580,293	(388,355)
Utility Users Tax	5,860,328	5,602,595	(257,733)
Transient Occupancy Taxes	4,316,267	4,022,351	(293,916)
PT in lieu of Motor Vehicle License Fee (VLF) ¹	20,844,039	21,200,962	356,923
Development Revenue	1,205,153	1,267,127	61,974
License and Permits	1,364,143	1,438,532	74,389
Fines, Forfeitures, Penalties	1,075,423	1,157,033	81,610
Use of Money & Property	2,921,115	3,125,582	204,467
Other Local Taxes	2,598,193	2,598,193	-
Police Grants	757,701	759,767	2,066
Other Agency Revenue	2,075,449	2,231,312	155,863
Charges for Services	7,310,591	7,744,254	433,663
Interfund Reimbursements	10,764,171	12,268,652	1,504,481
Other Revenues	1,037,073	2,395,852	1,358,779
Transfers From Other Funds	11,750,177	11,500,177	(250,000)
TOTAL REVENUES	\$ 168,724,759	\$ 174,243,274	\$ 5,518,515

* Adopted Budget plus budget amendments & capital project appropriations carried forward from previous fiscal year.



General Fund Expenditures Projections (By Department)

Department	Amended Budget*	Projection	Variance
City Council	\$ 1,612,138	\$ 1,643,260	\$ 31,122
Boards & Commissions	21,732	16,682	\$ (5,050)
City Clerk	1,025,170	993,808	\$ (31,362)
City Attorney	3,054,919	2,885,601	\$ (169,318)
Administration	2,061,997	2,128,611	\$ 66,614
Information Technology	3,875,379	3,683,391	\$ (191,988)
Human Resources	2,816,013	2,594,921	\$ (221,092)
Finance	3,876,820	3,873,755	\$ (3,065)
Non-Departmental	28,856,604	32,759,795	\$ 3,903,191
Animal Care Facility	3,013,262	3,023,047	\$ 9,785
Economic Development	2,206,800	2,108,569	\$ (98,231)
Planning & Building	2,708,065	2,744,425	\$ 36,360
Engineering/Capital Project	8,756,724	8,401,262	\$ (355,462)
Police	54,126,344	54,320,472	\$ 194,128
Fire	30,742,905	31,807,978	\$ 1,065,073
Public Works	18,109,276	18,876,406	\$ 767,130
Recreation	4,493,631	4,533,161	\$ 39,530
Library	3,857,973	4,005,799	\$ 147,826
TOTAL EXPENDITURE BUDGET	\$ 175,215,752	\$ 180,400,943	\$ 5,185,191

* Adopted Budget plus budget amendments & capital project appropriations carried forward from previous fiscal year.



Fiscal Year 2017-18

3rd Quarter Budget Transfers

DEPARTMENT/FUND	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	CIP BUDGET	NON-CIP BUDGET	TRANSFERS OUT	TOTAL EXPENSE	TOTAL REVENUE	NET COST
GENERAL FUND									
Non-Departmental		32,384	99,413	(1,171,797)	(230,752)	1,404,429	\$ 133,677	\$ -	\$ 133,677
Public Works Department	(27,000)	36,867	-	-	-	40,133	50,000	50,000	-
Finance Department	40,000	(40,000)	-	-	-	-	-	-	-
Engineering/Capital Projects		(1,881)	-	-	-	-	(1,881)	-	(1,881)
Recreation Department	(48,484)	48,484	(131,796)	-	-	-	(131,796)	-	(131,796)
TOTAL OTHER FUNDS	\$ (35,484)	\$ 75,854	\$ (32,383)	\$ (1,171,797)	\$ (230,752)	\$ 1,444,562	\$ 50,000	\$ 50,000	\$ -



Fiscal Year 2017-18

3rd Quarter Budget Transfers

MAJOR BUDGET TRANSFERS

Transfer Capital Budgets from the General Fund to the Capital Fund

- Non-Departmental - Transfer Out	1,402,549
- Capital Improvement Projects Expenses	(1,171,797)
- Non-CIP Projects Expenses	(230,752)

Transfer Budget for the Otay Valley Regional Park JEPA Agreement

- Recreation Department – Other Expenses	(131,796)
- Non-Departmental – Other Expenses	131,796

Public Works Department – Project Management Costs

- Transfer-In Revenue	(50,000)
- Salary Savings	(27,000)
- Supplies & Services	77,000



Fiscal Year 2017-2018 Year-End Items

Potential items to be addressed in year-end adjustments (4th Quarter)

- Adjustment/monitoring of revenues
- Adjustments for utility costs
- Adjustments for healthcare costs
- Year-End Encumbrance/Rollovers into FY 2019

OTHER FUNDS



Fiscal Year 2017-18

Budget Amendments

FUND	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	OTHER CAPITAL	CIP BUDGET	NON-CIP BUDGET	TRANSFERS OUT	TOTAL EXPENSE	TOTAL REVENUE	NET COST
OTHER FUNDS										
2016 Measure P Sales Tax		19,213	-	491,569				\$ 510,782	\$ -	\$ 510,782
Transportation Grants-Gas Tax								\$ -	\$ 1,832,557	\$ (1,832,557)
Utility Tax Settlement		89,824						\$ 89,824		\$ 89,824
Legislative Counsel Fund		(5,000)					5,000	\$ -	\$ -	\$ -
Asset Seizure		(124,952)						\$ (124,952)	\$ (30,000)	\$ (94,952)
Other Grants		(330,500)	333,000	(2,500)				\$ -		\$ -
Local Grants		124,952						\$ 124,952	\$ 30,000	\$ 94,952
Federal Grants		5,000	(5,000)					\$ -	(3,432)	\$ 3,432
State Grants	10,376							\$ 10,376	\$ 10,376	\$ -
CFD 14M-A-EUC Millenia		(2,990)					69,200	\$ 66,210		\$ 66,210
CFD 14M-B-EUC Millenia		26,940	14,800					\$ 41,740	\$ 69,200	\$ (27,460)
CV Elite Athlete Training Ctr		1,000	(1,000)					\$ -		\$ -
Public Facilities DIF		5,500		55,765				\$ 61,265		\$ 61,265
Transportation DIFs								\$ -	\$ 28,110	\$ (28,110)
Capital Improvement Projects					1,171,797	230,751		\$ 1,402,548	\$ 1,402,548	\$ -
Other Transportation Program							28,110	\$ 28,110	\$ (1,881)	\$ 29,991
TOTAL OTHER FUNDS	\$ 10,376	\$(191,013)	\$ 341,800	\$ 544,834	\$ 1,171,797	\$ 230,751	\$ 102,310	\$ 2,210,855	\$ 3,337,478	\$ (1,126,623)



UPDATED FINANCIAL FORECAST FISCAL YEAR 2018-19 TO 2022-23

General Fund

LTFP Forecast Summary

Description	Proposed FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023
Revenue Projections (millions)					
MAJOR DISCRETIONARY REVENUES	\$ 130.37	\$ 132.95	\$ 135.58	\$ 138.28	\$ 141.05
OTHER REVENUES	\$ 41.20	\$ 42.28	\$ 42.54	\$ 42.37	\$ 42.65
NEW DEVELOPMENT REVENUES	\$ -	\$ 2.97	\$ 4.08	\$ 5.07	\$ 6.05
TOTAL REVENUES	\$ 171.58	\$ 178.19	\$ 182.21	\$ 185.72	\$ 189.74
Expenditure Projections (millions)					
PERSONNEL SERVICES EXPENDITURES	\$ 129.13	\$ 138.54	\$ 144.25	\$ 149.91	\$ 155.32
OTHER EXPENDITURES	\$ 45.43	\$ 47.87	\$ 49.36	\$ 50.86	\$ 51.80
NEW DEVELOPMENT EXPENDITURES	\$ -	\$ 3.08	\$ 4.64	\$ 6.86	\$ 8.13
TOTAL EXPENDITURES	\$ 174.56	\$ 189.49	\$ 198.26	\$ 207.62	\$ 215.24
TOTAL GENERAL FUND SURPLUS/(DEFICIT)	\$ (2.98)	\$ (11.30)	\$ (16.05)	\$ (21.90)	\$ (25.50)
SURPLUS/(DEFICIT) AS % OF BUDGET	-2%	-6%	-8%	-11%	-12%
TOTAL FY 2018 Post-Budget Adoption Changes	\$ 2.98	\$ 1.43	\$ 2.25	\$ 2.19	\$ 4.24
SURPLUS/(DEFICIT) WITH ADMINISTRATIVE ACTIONS	\$ (0.00)	\$ (9.87)	\$ (13.80)	\$ (19.71)	\$ (21.26)

Fiscal Year 2018-19 Forecast

- Includes funding for five additional police officers.
- PERS costs are anticipated to increase by approximately \$3.1 million from fiscal year 2017-18.
- New MOU costs have been incorporated into the Long Term Financial Plan.

Fiscal Year 2018-19 Outlook

- No current deficit projected for FY 2018-19 due to several administrative actions
 - Projected savings funded through renewable solar bonds
 - Increased salary savings
 - Projected higher interest earnings revenue
 - Increased Development Fee revenues
 - Use of one-time revenue from PFDIF loan repayment

Fiscal Year 2018-19 Outlook

- Will continue to identify potential actions to address projected budgetary deficit in 2019-20.
- Other Budget Balancing Items being considered for FY 2019-20:
 - Departmental Reorganizations/Consolidations
 - New/Updated Program Fees
 - Anticipate additional retirements
 - Potential one-time revenues

Budget Sustainability

- In addition, departments (except public safety sworn) asked to target personnel budget savings of 2% each year.
- Without Legislative action the CalPERS issue will get significantly worse. CalPERS Amortization change status update.
- Departments have many legal and statutory requirements/mandates that will be difficult to achieve with additional budget cuts.

Long-Term Financial Plan Potential Solutions

- Technology & Efficiency projects aimed at reducing operating costs.
- One-time funds policy
- Public/private partnerships
- Service delivery options
- Service level changes
- Fees/Cost Recovery increases
- Municipal Code/Charter Updates

Legislative Updates

- Statewide Sales Tax Update
- “California Rule” update
- SB1 Potential Ballot Measure
- Measure A Update

Next Steps

July - TBD	<ul style="list-style-type: none">• Presentation and update to LTFP
September - TBD	<ul style="list-style-type: none">• Year-end (4th Quarter) FY 2018 Financial Report

Comments/Feedback