



CITY COUNCIL STAFF REPORT



October 26, 2021

ITEM TITLE

City Budget: Various Amendments to the Fiscal Year 2020/21 Year-End Budget to Adjust for Variances and Appropriating Funds for that Purpose

Report Number: 21-0173

Location: No specific geographic location

Department: Finance

Environmental Notice: The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

Recommended Action

Accept the Quarterly Financial Report for the quarter ending June 30, 2021; and adopt a resolution making various amendments to the Fiscal Year 2020/21 budget to adjust for variances and appropriating funds for that purpose. (4/5 vote required)

SUMMARY

This financial report provides an overview of the City's General Fund financial position through the fourth quarter of Fiscal Year 2020-2021. As part of the Fiscal Year 2020-2021 year-end closing process, staff has reviewed budget to actual reports to identify and remedy potential budget overages at either the category or fund level. Various budget changes (amendments) are needed to align the Fiscal Year 2021 budget with year-end actuals.

ENVIRONMENTAL REVIEW

The Development Services Director has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because the proposed activity consists of a governmental fiscal/administrative activity which does not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

The Finance Department's Budget & Analysis division produces quarterly budget monitoring reports. As part of the fiscal year 2020-2021 fourth quarter year-end process, staff has reviewed budget to actual reports to identify potential budget overages at either the category or fund level. Various budget changes (amendments) are needed to align the budget with year-end actuals as of the date of this report.

For government entities, a budget creates a legal framework for spending during the fiscal year. After the budget is approved, circumstances arise that may require adjustments to the approved budget. The City Council Policy No. 220-02 "Financial Reporting and Transfer Authority" permits budget transfers to be completed. Transfers that exceed \$15,000 require City Council approval. The City Council may amend the budget at any meeting after the adoption of the budget with a 4/5ths vote. Staff is seeking approval for recommended adjustments in the General Fund and various other funds to align budget with year-end actual revenues and expenditures where the actuals have exceeded budget. Actual amounts may vary based on additional year-end closing adjustments. A report on the full results of fiscal year 2020-2021, including audited actual revenues and expenditures, will be provided following the completion of the annual audit and with the presentation of the Annual Comprehensive Financial Report (ACFR) projected for December 2021.

Fiscal Year 2020/2021 Budget Adjustments

Staff is recommending various adjustments, appropriations, and transfers to City Departmental and Fund budgets that require City Council authorization.

General Fund Adjustments

In the General Fund, some of the transfers are between expense categories within the same Department and some transfers are between Departments. There are also proposed budget adjustments reflecting increased revenue where needed to address unanticipated expenditure category overages and ensure correct accurate year-end reporting. The recommended budget adjustments are shown in the table below. The overall net cost to the General Fund is a decrease of \$0.5 million as a result of the proposed budget adjustments.

General Fund Budget Adjustments Summary - 4th Quarter Fiscal Year 2020/2021

DEPARTMENT	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	OTHER CAPITAL	TRANSFERS OUT	UTILITIES	INTERNAL SERVICE	TOTAL EXPENSE	TOTAL REVENUE	NET COST
GENERAL FUND										
City Council	-	(15,090)	-	(3,190)	-	(763)	-	(19,043)	-	(19,043)
Boards & Commissions	-	(432)	-	-	-	-	-	(432)	-	(432)
City Clerk	-	7,375	1,160	-	-	(24)	-	8,511	-	8,511
City Attorney	-	(118,183)	-	(3,480)	-	(264)	-	(121,927)	-	(121,927)
Administration	-	(145,475)	-	-	-	(263)	-	(145,738)	-	(145,738)
Information Technology	-	(262,603)	-	(28,212)	-	1,027	-	(289,788)	-	(289,788)
Human Resources	-	(42,286)	-	(1,689)	-	124	-	(43,851)	-	(43,851)
Finance	-	(127,139)	-	959	-	(1,175)	-	(127,355)	-	(127,355)
Non-Departmental	708,000	1,120,819	29,288	-	4,619,353	222,132	-	6,699,591	(7,282,558)	(582,967)
Animal Care Facility	-	(34,461)	(1,205)	(6,282)	-	8,092	(17,341)	(51,197)	-	(51,197)
Economic Development	-	(53,482)	(35,923)	-	-	(2,760)	-	(92,165)	-	(92,165)
Development Services	-	(7,783)	(50)	-	-	(694)	(11,900)	(20,427)	-	(20,427)
Engineering/Capital Projects	-	(87,836)	(40,660)	(5,000)	-	28,911	(43,238)	(147,823)	-	(147,823)
Police	-	(130,711)	(34,664)	(20,829)	-	277,394	(186,759)	(95,569)	-	(95,569)
Fire	1,148,632	(54,933)	-	10,902	-	13,326	(62,992)	1,054,935	-	1,054,935
Public Works	-	146,440	21,240	26,705	-	46,650	7,604	248,639	-	248,639
Parks and Recreation	-	(101,450)	(4,684)	(24,323)	-	163,116	(58,812)	(26,153)	-	(26,153)
Library	-	17,945	(39)	-	-	(65,429)	(1,356)	(48,879)	(14,000)	(62,879)
TOTAL GENERAL FUND	1,856,632	110,715	(65,537)	(54,439)	4,619,353	689,400	(374,794)	6,781,330	(7,296,558)	(515,229)

While the net cost to the General Fund from the proposed budget adjustments is a decrease of \$515,229, there are several key items to note.

1. Various City Departments – Transfer budget of Supplies & Services, Other Expenses, Other Capital, and Utilities to address budget shortfalls and overages.
2. Non-Departmental - Increase expense appropriations by \$708,000 for Personnel Services, \$1,120,819 for Supplies & Services for Contract Services, and increase revenue appropriations by \$7,282,558 for Measure A Sales Tax (\$2.2 million), Measure P Sales Tax (\$2.2 million), and Property Tax (\$2.7 million) actuals that exceeded budget.
3. Non-Departmental - Increase Transfers-Out expense appropriations by \$2,192,145 for Measure P actuals that exceeded budget to the Measure P Sales Tax Fund.
4. Non-Departmental - Increase Transfers-Out expense appropriations by \$2,192,704 for Measure A actuals that exceeded budget to the Measure A Sales Tax Fund.
5. Non-Departmental - Increase Transfers-Out appropriations by \$81,530 to the Chula Vista Bayfront commitment due to higher than budgeted revenues collected for the RV Park in FY2021.

Other Fund Adjustments

The following recommended adjustments are for funds outside of the General Fund. The proposed adjustments, displayed in the table, have a net cost decrease of approximately \$5.2 million to the various identified funds. The proposed adjustments are to impact the fund balances or current year available revenues of the respective noted funds.

Other Fund Budget Adjustments Summary - 4th Quarter Fiscal Year 2020/2021

	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	OTHER CAPITAL	CIP BUDGET	INTERNAL SERVICE	TRANSFERS OUT	UTILITIES	TOTAL EXPENSE	TOTAL REVENUE	NET COST
OTHER FUNDS											
2016 Measure P Sales Tax	-	-	-	-	596	-	-	-	596	(2,266,399)	(2,265,803)
Transportation Grants-Gas Tax	-	-	-	-	(1,354,266)	-	-	-	(1,354,266)	-	(1,354,266)
2018 Measure A Sales Tax	-	-	-	-	-	-	-	-	-	(2,247,296)	(2,247,296)
Advanced Life Support Program	-	-	-	-	-	-	-	-	-	1,485,909	1,485,909
American Rescue Plan Act 2021	-	-	30,357	-	-	-	-	-	30,357	(53,470)	(23,113)
Federal Grants	170,000	(31,000)	-	31,000	-	-	-	-	170,000	(170,000)	-
State Grants	7,133	-	-	-	-	-	-	-	7,133	(7,133)	-
Chula Vista Housing Authority	79,996	(79,996)	-	-	-	-	-	-	-	-	-
Public Liability Trust	-	49,137	-	-	-	-	-	-	49,137	-	49,137
Bayfront Special Tax District	-	39,420	-	-	-	-	-	-	39,420	-	39,420
Central Garage Fund	-	26,000	-	-	-	-	-	-	26,000	-	26,000
Living Coast Discovery Center	-	-	-	-	-	-	-	24,323	24,323	(20,504)	3,819
CV Elite Athlete Training Ctr	-	-	249,016	-	-	-	-	-	249,016	(53,870)	195,145
Transport Enterprise	(18,397)	344,594	479,104	4,463,024	-	12,709	(22,997)	-	5,258,038	(6,649,889)	(1,391,851)
Long Term Debt - City of CV	348,230,708	-	1,787,082	-	-	-	-	-	350,017,790	(350,025,000)	(7,210)
2017 CREBs LRBs	-	59,474	-	-	-	-	-	-	59,474	(58,812)	663
East H St. AD 87-1 Improvement	-	-	17,600	-	-	-	-	-	17,600	-	17,600
OV Rd Fee Recovery District	-	-	885	-	-	-	-	-	885	-	885
Public Facilities DIF	-	-	-	535	-	-	-	-	535	-	535
CV Bayfront Finance Authority	-	81,530	-	-	-	-	233,628	-	315,158	(81,530)	233,628
Capital Improvement Projects	-	-	-	-	260,111	-	-	-	260,111	(260,111)	-
Residential Construction Tax	-	-	-	-	-	-	14	-	14	-	14
TOTAL OTHER FUNDS	\$ 348,469,440	\$ 489,159	\$2,564,044	\$4,494,559	\$ (1,093,560)	\$ 12,709	\$210,645	\$24,323	\$355,171,320	\$ (360,408,104)	\$ (5,236,784)

The Other Funds proposed budget adjustments resulting in a net decrease of \$5,236,784 are primarily being derived by the following transactions:

1. 2016 Measure P Sales Tax - Increase Transfer-In revenues from the General Fund and grant funding by \$2,265,803 for Measure P actuals that exceeded budget.
2. 2018 Measure A Sales Tax - Increase Transfer-In revenues from the General Fund and grant funding by \$2,247,296 for Measure A actuals that exceeded budget.
3. Transportation Grants-Gas Tax Fund - Decrease \$1,354,266 in appropriations for the following CIP's: \$846,735 expense decrease for Pavement Maintenance Program FY22 (STL0455) project; and, \$507,531 decrease to RMRA Major Pavement Rehab FY21 (STM0401) project.
4. Advanced Life Support Fund - Decrease revenue appropriations by \$1,485,909 due to termination of the service contract with AMR.
5. Transport Enterprise Fund - Increase revenue appropriations by \$6,649,889 for revenues collected in FY2021, and increase expense appropriations by \$4,463,024 for capital purchases of vehicles & equipment.
6. Long-Term Debt – City of Chula Vista Fund - Increase revenue appropriations by \$350,025,000 and increases expense appropriations by \$350,017,790 for issuance costs of the 2021 Taxable Pension Obligation Bonds and payment of the FY2021 Unfunded Liability balance with CalPERS.
7. CV Bayfront Finance Authority Fund - Increase revenue appropriations by \$81,530 for excess revenues collected and transferred from the General Fund for the RV Park, increase expense appropriations by \$315,158 for transfers out to the Capital Improvement Fund and expense appropriations by \$81,530 the Supplies & Services budget.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

The Fourth Quarter Monitoring Report presents revised revenue and expenditure projections as of September 30, 2021. Approval of the resolution amending the fiscal year 2020-2021 budget will result in the following impacts:

General Fund – The proposed adjustments have a net cost decrease of \$515,229 that includes an increase of expenses by approximately \$6,781,330 and an increase of revenues by \$7,296,558.

Other Funds – The proposed adjustments have a net cost decrease of \$5,236,784 to various funds that includes an increase of expenses by approximately \$355,171,320 and an increase of revenues by \$360,408,104.

ONGOING FISCAL IMPACT

Staff will review the impacted budgets to identify potential ongoing impacts and may recommend changes during fiscal year 2021-2022.

ATTACHMENTS

1. None.

Staff Contact: Sarah Schoen, Director of Finance, and Ed Prendell, Budget and Analysis Manager