



CITY COUNCIL STAFF REPORT



May 24, 2022

ITEM TITLE

Annual Budget: Consideration of Adopting the Fiscal Year 2022/23 Operating and Capital Improvement Budgets, Revised Fiscal Year 2022/23 Compensation Schedule, Revised Fiscal Policy, and Measure A Reserve Policy

Report Number: 22-0161

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

Conduct the public hearing, adopt the resolutions, and place the ordinance on first reading.

SUMMARY

On May 10, 2022, the City Council was provided the City Manager's proposed operating and capital improvement budgets for the City, and the operating budgets for the Housing Authority and for the Successor Agency to the Redevelopment Agency for Fiscal Year 2022-23 (ending June 30, 2023). The budgets submitted at this time for formal adoption and appropriation represent the City Council's Fiscal Year 2022-23 Proposed Budget.

ENVIRONMENTAL REVIEW

The Director of Development Services 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

On April 14, 2022 the Measure A Citizens' Oversight Committee (COC) affirmed that the proposed budget for Measure A was in compliance with the City's approved Intended Public Safety Expenditure Plan.

On April 28, 2022 the Citizens' Oversight Committee (COC) for Measure P affirmed that the proposed budget for Measure P was in compliance with the City's approved infrastructure, facilities and equipment expenditure plan.

On May 5, 2022, as required by the City Charter, the Parks and Recreation Commission reviewed and approved the Fiscal Year 2022-23 proposed budget for the Parks and Recreation Department.

DISCUSSION

Staff submitted the Fiscal Year 2022-23 Proposed Budget document to the City Council on May 6, 2022. As required by the City Charter, the City Manager's proposed budget was submitted to the City Council at least thirty-five days before the beginning of the fiscal year. The City Council also set May 24, 2022, as the date for the adoption of the Fiscal Year 2022-23 budget. The budget presented for final adoption in this staff report is the Fiscal Year 2022-23 proposed budget accepted by the City Council on May 10, 2022.

In accordance with the City Charter, a copy of the City Council's proposed budget was made available on May 6, 2022, for public review by making a hard copy of the budget available at the City Clerk's Office and at the City's Libraries, as well as posting a copy of the budget on the City's website.

Attachment A, Recommended Expenditures by Department and Category, summarizes the City Council's proposed budget for Fiscal Year 2022-23. The All Funds expenditure budget submitted for Fiscal Year 2022-23 totals \$533.7 million. The General Fund budget totals \$248.9 million. The All Funds budget for Fiscal Year 2022-23 includes allocations for capital improvement projects totaling \$50.5 million. The remaining \$89.4 million represents the operating budgets for various funds including the Successor Agency to the Redevelopment Agency, Housing, Sewer, Development Services, Fleet, Debt Service, and other funds.

Estimated All Funds revenues total \$552.5 million, the Schedule of Revenues is included as Attachment B.

CITY COUNCIL FISCAL YEAR 2022-23 PROPOSED BUDGET (IN MILLIONS)

Category	FY2022 Adopted	FY2023 Proposed	Change
Revenues	\$ 462.8	\$ 552.5	\$ 89.7
Expenditures	472.9	533.7	60.8
Prior Year Fund Balance	10.1	-	(10.1)
Surplus/(Deficit)	\$ -	\$ 18.8	\$ 18.8

Fiscal Policy Update

The Governmental Accounting Standards Board (GASB) issued Statement No. 31 in 1997, which requires governmental entities to report fair market value of all investments in the balance sheet or other statements of financial position. This is a financial statement requirement, which the City is in compliance. However, this is not a budgetary transaction and should be excluded from the City's operating budget. Staff is recommending that the following statement be added to the City's fiscal policies: The City's operating budget shall exclude unrealized gains or losses resulting from the change in fair value of investments. The City will continue to include these transactions within the financial statements. A copy of the City's updated Fiscal Policies is included as Exhibit 3.

Measure A Fund Reserve Policy

In June 2018, the citizens of Chula Vista approved Measure A which enacted the ½ cent sales tax to support public safety staffing. The measure imposed a ½ cent transaction and use tax (sales tax) on retail sales within the City of Chula Vista and became effective October 1, 2018. Concurrent with the approval of placing the measure on the ballot, the City Council adopted an Intended Public Safety Expenditure Plan for the anticipated revenues generated from the measure. By doing so, the City Council expressed its intent to spend the sales tax revenues exclusively on the critical staffing needs of the City's Police and Fire departments, including necessary equipment and support provided by other City departments.

Consistent with best practices the City Manager requested that a reserve policy be established for the Measure A fund. The purpose of the reserve is to avoid impacts to the General Fund due to temporary sales tax revenue shortfalls and to establish the reserves necessary to meet known and unknown future obligations for the City's Police and Fire Departments.

On April 14, 2022, staff presented the proposed reserve policy to the Measure A Citizens Oversight Committee (COC). The proposed reserve policy established an Economic Contingency Reserve of no less than 90 days or 25% of the annual operating budget, to provide for unexpected financial impacts related to a significant economic downturn.

The members of the COC were amenable to establishing a reserve policy for the Measure A fund. It was proposed by the COC and staff accepted, to reduce the amount of the proposed reserve from 90 days of operations to 60 days of operation. A reserve amount of 60 days is also consistent with industry best practices.

The policy as it was originally drafted contained language that resulted in a lengthy discussion. The view of the COC members was that the original language regarding reserves over and above the minimum requirement was too restrictive. The original language had excess funds above the minimum reserve target "...available for one-time purchases (i.e., capital, consulting, software, etc.) supporting public safety." The COC members, in trying to address this concern, recommended a revision (Attachment E) that, in hindsight, staff believes limits the use of a reserve in excess of the policy minimum to only the case of an economic slowdown. Staff believes that the revised policy (Attachment D) provides a broader range of options for use of reserves in excess of the policy minimum that public safety departments may recommend for consideration by the COC and ultimately for approval by the City Council.

Staff recommends approval of the Measure A Reserve Policy provided in Attachment D. However, the alternative COC approved version of the Measure A Reserve Policy is also included as Attachment E for reference.

Compensation Summary for Unrepresented Employees

The current Compensation Summary for all unrepresented employees and elected officials expires on June 30, 2024. Approval of Resolution J would approve the Amended Compensation Summary for Executive Management, Senior Management, Unclassified Middle Management/Professional, Confidential Middle Management/Professional, Unclassified Confidential, Confidential Classified, Mayor, Council, City Attorney and Unclassified Hourly Employees to reflect the addition of Juneteenth (June 19th) as a hard holiday in the applicable sections and the following changes for Executive and Senior Managers:

- Fiscal Year 2022/23 – 3% salary adjustment
- Fiscal Year 2023/24 – 3% salary adjustment
- Vaccination Wellness Incentive or leave equivalent to MM/PR for employees that meet certain requirements

Fiscal Year 2022-2023 Compensation Schedule

California Code of Regulations (CCR), Title 2, Section 570.5 (CCR Section 570.5) requires that, for purposes of determining a retiring employee's pension allowance, the pay rate be limited to the amount listed on a pay schedule that meets all of the following requirements:

1. Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;
2. Identifies the position title for every employee position;
3. Shows the pay rate for each identified position, which may be stated as a single amount or as multiple amounts within a range;
4. Indicates the time base, including, but not limited to, whether the time base is hourly, daily, bi-weekly, monthly, bi-monthly, or annually;
5. Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;
6. Indicates an effective date and date of any revisions;
7. Is retained by the employer and available for public inspection for not less than five years; and
8. Does not reference another document in lieu of disclosing the pay rate.

This regulation applies to all employers reporting compensation to California Employees' Retirement System (CalPERS).

Staff is submitting a Fiscal Year 2022-2023 pay schedule (the "Compensation Schedule") that complies with these requirements to Council for approval. If approved, the duly approved and adopted Compensation Schedule will be immediately accessible and available for public review on the City's internet website in accordance with CCR Section 570.5. Failure to comply with this State-mandated approval requirement would delay computation of a retiring employee's pension allowance by CalPERS. Adoption of the 2022-23 Compensation schedule pertains to Resolution K.

The Compensation Schedule consists of step salary pay for all established positions at the City of Chula Vista, including hourly and bi-weekly time base. This schedule defines the payment to employees for services performed during normal working hours or for time during which the employee is excused from work because of holidays, sick leave, industrial disability, payments under Labor Code Section 4850, vacation, compensatory time-off or leave of absence. It is designed and administered to provide and maintain an equitable wage and salary system at the City that compensates all employees for their work efforts performed within specific job classifications and corresponding salary ranges, in order to attract and retain the most highly skilled employees possible.

The Compensation Schedule attached to the attendant Resolution K reflects the pay rate of all job titles effective July 1, 2022. Once approved, any changes to the adopted Compensation Schedule including, but not limited to, across-the-board increases, classification changes and salary adjustments approved subsequent to this date will be reflected in a revised Compensation Schedule which will be submitted to Council for approval.

Unclassified Ordinance

Chula Vista Municipal Code Section 2.05.010 requires updating to reflect the position changes impacting the unclassified positions. Chula Vista City Charter Section 500(a) requires that all unclassified positions not mentioned specifically in Charter Section 500(a) be adopted by ordinance. Adoption of the Ordinance will add the position title of Chief Information Security Officer and delete the position titles of Real Property Manager and Smart Technology Officer per Municipal Code section 2.05.010.

Position Summary

The City Council Proposed Budget for fiscal year 2022-23 includes 1,226.75 positions for all funds. This is a net increase of 39.50 positions when compared to the fiscal year 2021-22 adopted budget that included 1,187.25 authorized positions. During fiscal year 2021-22, the City Council approved 43.50 positions and a net reduction of 4.00 positions is reflected in the fiscal year 2022-23 proposed budget.

Fiscal year 2022-23 changes in the General Fund resulted in a net decrease of 3.00 FTEs and changes to other funds resulted in a net decrease of 1.00 FTE. The development of the Fiscal Year 2022-23 budget resulted in a net decrease of 4.00 recommended positions. In addition to these net changes, several reclassification studies were completed city-wide to reflect changes of duties performed by City personnel.

The staffing changes are summarized in the following tables and the Proposed Staffing by Department/Fund for Fiscal Year 2022-23 is included as Attachment C.

Summary of Fiscal Year 2021-22 Mid-Year Staffing Changes

Department/Fund	Program	Position	FTE
Administration (2.00)	Communications	Special Events Coordinator	(1.00)
		Communications/Special Events Coordinator	1.00
	Admin	Sr Management Analyst	1.00
		Executive Secretary	1.00

Department/Fund	Program	Position	FTE
Advanced Life Support (0.00)	Admin	Sr Management Analyst	(1.00)
		Principal Management Analyst	1.00
Animal Care Facility (5.00)	Animal Care Services	Animal Adoption Counselor	(1.00)
		Animal Services Specialist	1.00
		Management Analyst II	1.00
		Animal Control Officer	0.50
		Animal Care Supervisor	1.00
		Registered Veterinary Tech	1.00
		Office Specialist	1.50
Central Garage (1.00)	Operations	Equipment Mechanic	1.00
Chula Vista Housing Authority (3.00)	Admin	Management Analyst II	2.00
		Sr Planner	1.00
City Attorney (0.00)	Advisory	Deputy City Attorney II	(1.00)
		Deputy City Attorney III	1.00
		Legal Assistant	(1.00)
		Executive Secretary	1.00
City Jail (0.00)	Jail	Police Services Officer Supervisor	(2.00)
		Detentions Supervisor	2.00
		Police Services Officer	(12.00)
		Detentions Officer	12.00
Development Services GF (1.00)	Admin	Sr Management Analyst	(1.00)
		Principal Management Analyst	1.00
	Enforcement	Code Enforcement Officer II	1.00
Development Services Fund (-1.00)	Dev Planning	Sr Project Coordinator	(1.00)
Economic Development (-1.00)	Econ Development	Economic Development Spec I	(1.00)
Engineering and Cap Proj (4.00)	Traffic Eng	Engineering Tech II	(1.00)
	Construction Insp	Sr Civil Engineer	1.00
		Associate Engineer	2.00
		Sr Building Inspector	1.00
		Sr Engineering Tech	(1.00)
		Sr Fiscal Office Specialist	1.00
	Fiscal Sustainability	Associate Engineer	1.00
		Engineering Tech II - Frozen	(1.00)
		Management Analyst II	1.00
Finance (2.00)	Budget	Fiscal Management Analyst - Frozen	(1.00)
		Fiscal Management Analyst	1.00
		Sr Management Analyst	1.00
	Payroll	Accounting Tech	1.00
		Sr Accountant	(1.00)

Department/Fund	Program	Position	FTE
		Principal Accountant	1.00
Fire (0.00)	Admin	Principal Management Analyst	(1.00)
		Sr Management Analyst	1.00
Human Resources (2.00)	Operations	Sr Human Resources Analyst	1.00
		Human Resources Tech	1.00
Information Tech Svcs (1.00)	Admin	Chief Information Security Officer	1.00
Library (0.00)	CC Branch	Librarian III - Frozen	(1.00)
		Librarian III	1.00
Measure A (9.00)	Police	Police Captain	1.00
		Forensics Specialist	1.00
		Property & Evidence Specialist	3.00
		Property & Evidence Supervisor	1.00
		Sr Police Records Specialist	3.00
Police (0.50)	Support Services	Sr Records Specialist	1.00
		Police Records Specialist	0.50
	Forensic Svcs	Automated Fingerprint Tech	(1.00)
Public Works (4.00)	Project Mgmt	Building Project Manager	2.00
		Management Analyst II	1.00
		Building Services Manager	1.00
Transport Fund (11.00)	Transport	Emergency Medical Tech (Non-Safety)	(1.00)
		Paramedic (Non-Safety)	11.00
		Management Analyst II	1.00
CITYWIDE TOTAL			43.50

Fiscal Year 2022-23 Staffing Changes

Department/Fund	Program	Position	FTE
Administration (-1.00)	Communications	Sr Webmaster	(1.00)
Animal Care Facility (1.00)	Animal Care Services	Animal Care Facility Manager	1.00
		Animal Care Supervisor	(1.00)
		Animal Care Facility Supervisor	1.00
CV Housing Authority Fund (0.00)	Admin	Sr Management Analyst	(1.00)
		Principal Management Analyst	1.00
Development Services GF (-1.00)	Long-Range Planning	Planning Tech	(1.00)
Development Services Fund (3.00)	Development Planning	Assistant Planner	1.00
	Land Development	Associate Engineer	1.00
	Landscape Architecture	Landscape Inspector	1.00
Economic Development (-1.00)	Admin	Sr Fiscal Office Specialist - Frozen	1.00
	Real Property	Real Property Manager	(1.00)
		Principal Econ Dev Spec	1.00
Fire Grants (-1.00)	UASI	GIS Spec - Frozen	(1.00)

Department/Fund	Program	Position	FTE
Fleet Fund (0.00)	Central Garage Ops	Fire Apparatus Mechanic	(1.00)
		Equipment Mechanic	1.00
Information Tech Svcs (-1.00)	Micro-Computers	Info Technology Tech - Frozen	(1.00)
	Computer Operations	Telecommunications Spec - Frozen	(1.00)
	Admin	Sr Webmaster	1.00
Parks & Recreation (4.00)	Admin	Sr Management Analyst	1.00
	Park Maint	Parks Maint Worker II	2.00
		Sr Parks Maint Worker	1.00
Police (-1.00)	Special Investigations	Police Records Specialist	(1.00)
Police Grants (-3.00)	HIDTA	FA Analyst	(1.00)
		FA Network Admin II	(1.00)
		FA Sr Secretary	(1.00)
Public Works (-3.00)	Custodial	Custodian	(3.00)
TOTAL CITYWIDE			(4.00)

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council and has found that potential conflict exists; in that members have property holdings within 500 feet of the Open Space Districts and Community Facilities Districts listed below by City Council member. Consequently, pursuant to California Code of Regulations Title 2, sections 18700 and 18702.2(a)(7), this item presents a disqualifying real property-related financial conflict of interest under Political Reform Act (Cal. Gov't Code § 87100, *et seq.*) for the member identified below:

Mayor Salas: For Open Space District 9, Open Space District 10, Eastlake Maintenance District No.1 (ELMD#1) Zone E, and Towne Center Maintenance District which is the subject of Resolution B of this action.

Council Member McCann: For Open Space District 1 and Capital Improvement Projects GGV0245 and STM0407 which is the subject of Resolution C of this action.

Council Member Padilla: For Eastlake Maintenance District No. 1 (ELMD#1) Zone C, which is the subject of Resolution D of this action.

Mayor Salas and Council Member McCann: For Open Space District 20, Zone 7, which is the subject of Resolution E of this action.

Council Members McCann and Padilla: For Community Facilities District 07M, which is the subject of Resolution F of this action.

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

There is no fiscal impact in the current fiscal year as a result of the adoption of the budget.

ONGOING FISCAL IMPACT

Approval of the proposed budgets will result in the appropriation of \$533.7 million in funding for the fiscal year ending June 30, 2023. This amount includes a General Fund budget of \$248.9 million.

PROPOSED FISCAL YEAR 2022-23 APPROPRIATIONS BY FUND TYPE (IN THOUSANDS)

FUND	PROPOSED EXPENDITURES
General Fund	\$ 248,933
Capital Funds	12,178
Debt Funds	34,730
Development Funds	8,525
Enterprise Funds	28,295
Gas Tax Fund	14,701
Grant Funds	43,128
Internal Service Funds	13,489
Measure A Sales Tax Fund	19,342
Measure P Sales Tax Fund	22,555
Open Space Funds	19,225
Other Funds	19,277
Section 115 Trust Fund	-
Sewer Funds	41,016
Successor Agency Funds	8,317
Total All Funds	\$ 533,711

ATTACHMENTS

- A – Recommended Expenditures by Department and Category
- B – Schedule of Revenues
- C – Proposed Staffing by Department and Fund
- D – Staff Recommended Measure A Fund Reserve Policy
- E – Measure A Citizen’s Committee Recommended Measure A Fund Reserve Policy
- F – Compensation Summary for Unrepresented Employees and Elected Officials
- G – Fiscal Year 2022-2023 Compensation Schedule
- H – City’s Fiscal Policy (Updated)

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