



CITY COUNCIL STAFF REPORT



November 1, 2022

ITEM TITLE

Financial Report and Appropriation: Accept the Quarterly Financial Report for the Quarter Ending June 30, 2022, and Appropriate Funds for that Purpose

Report Number: 22-0275

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 ended June 30, 2022 and adopt a resolution making various amendments to the Fiscal Year 2021/22 budget to adjust for variances and appropriating funds for that purpose. **(4/5 Vote Required)**

SUMMARY

The Finance Department, in collaboration with other City departments, prepares quarterly financial reports for the General Fund that reflect budget to actual comparisons, projected revenues and expenditures, and highlight major variances that may require additional action or changes. This report is as of June 30, 2022, and is in compliance with Section 504 (f) of the City Charter, which requires that quarterly financial reports be filed by the Director of Finance through the City Manager.

In preparing the quarterly financial projections, staff has identified various budget changes that are needed to accurately reflect actual revenues and expenditures or address changes in budgetary needs. For government entities, a budget creates a legal framework for spending during the fiscal year. After the budget is approved by the City Council, there are circumstances which arise that could require adjustments to the approved budget. Council Policy 220-02 "Financial Reporting and Transfer Authority" was established in January of 1996 and allows for budget transfers and adjustments to be completed. This report discusses budget adjustments that staff recommends in the General Fund as well as various other funds to address identified fiscal issues.

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

Not applicable

DISCUSSION

As part of the fiscal year 2021-2022 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 are needed to align the budget with anticipated year-end actuals.

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. 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 the budget with anticipated year-end actual expenditures where the actuals are expected to exceed the budget. A report on the full results of fiscal year 2021-2022, 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.

This report will provide summary information for the following areas:

- General Fund Revenues and Expenditures
- Adjustments to General Fund Expenditures
- Adjustments to non-General Fund funds

General Fund Overview

The General Fund began the year with an unassigned (available) fund balance of \$28.3 million. This balance was the combination of the Operating Reserve of \$25.9 million and \$2.4 million set aside for a contribution to the Pension Reserve Fund, per the City’s General Fund Reserves – Fiscal Health Policy. The \$2.4 million contribution was made during Fiscal Year 2021/22. The Operating Reserve is anticipated to increase by \$1.4M as of June 30, 2022. This increase will maintain the reserve at the target level of 15% of next fiscal year’s (fiscal year 2022/23) budgeted operating expenditures. Additionally, the Economic Contingency Reserve is expected to be fully funded at the 5.0% target and the Catastrophic Event Reserve is anticipated to be partially funded at 1.5% with a target of 3.0% of budgeted operating expenditures.

Fiscal Year 2021/22 General Fund Overview				
Table 1	in millions			
	Adopted Budget	Amended Budget	Year-end Projection	Variance
Revenue Source				
<i>Major Discretionary Revenues</i>				
Property Tax	\$ 40.7	\$ 42.5	\$ 44.2	\$ 1.6
Property Tax in lieu of VLF	24.8	25.9	25.9	-
Sales Tax	39.7	39.7	46.1	6.4
Measure P Sales Tax	23.0	23.0	27.6	4.6
Measure A Sales Tax	23.0	23.0	27.6	4.6
Franchise Fees	12.9	12.9	13.9	1.0
Transient Occupancy Tax	4.9	4.9	7.4	2.5
Utility User Tax	3.8	3.8	3.7	(0.1)
Major Discretionary Revenues Subtotal	172.9	175.8	196.4	20.5
<i>Other General Fund Revenues</i>				
American Rescue Plan Act	-	4.6	1.5	(3.2)
Other Revenues	45.1	49.1	50.3	1.2
Other General Fund Revenues Subtotal	45.1	53.7	51.8	(1.9)
Other General Fund Sources	-	6.2	6.2	-
Total Revenues/Sources	\$ 218.1	\$ 235.8	\$ 254.4	\$ 18.6
Expenditures				
Personnel Services	\$ 121.5	\$ 120.5	118.8	\$ 1.7
Supplies and Services	15.4	17.6	18.3	(0.7)
Other Expenses	1.6	10.8	18.9	(8.1)
Utilities	4.9	4.9	6.3	(1.4)
Other Expenditures	74.6	82.1	89.9	(7.8)
Total Expenditures	\$ 218.1	\$ 235.8	\$ 252.2	\$ (16.4)
Total General Fund Surplus/(Deficit)	\$ -	\$ -	\$ 2.2	\$ 2.2

General Fund Revenues

The City's General Fund revenues are projected to be \$18.6 million more than the Revised Budget amounts, largely as a result of increased projections for Sales Tax, Measure A, and Measure P revenues, and Transient Occupancy Taxes. Sales Tax related revenues rebounded from the decline experienced at the beginning of the pandemic, moved into a period of sustained consumer spending, and also increased due to the impact of inflation on taxable goods, most notably general consumer goods and higher gasoline prices. It is anticipated to decrease in future fiscal years because of global economic conditions including increased inflation, reduced, or eliminated federal funding that was distributed during the pandemic (i.e., federal stimulus payments to families, enhanced unemployment benefits, etc.), and the Federal reserve increasing interest rates.

Transient Occupancy Tax revenues are projected to exceed budget by \$2.5 million. This is due to higher occupancy rates and increase in travel and vacation activity that is tied to the removal of the Governor's Stay at Home order issued at the height of the pandemic. American Rescue Plan (ARPA) funds are below budget due to a reduced use of ARPA funds than anticipated. These funds will be repurposed and brought forward to Council with a revision to the ARPA spending plan. The revised plan will be presented with a future Quarterly Financial Report.

General Fund Expenditures

The City's General Fund expenditures are estimated to exceed budget by \$16.4 million, this is largely due to increased Measure P and Measure A Sales Tax revenues. An increase in the Sales Tax revenues for both of these measures results in an increase in expenditures (transfers out). Both Measure P and Measure A are expected to exceed budget by \$4.6 million each for a total increase of \$9.2 million.

The Other Expenses category is anticipated to exceed budget by \$7.2 million this is mainly due to two transactions. The first is the loan agreement that the City entered with the State of California for \$3.4 million (Resolution 2022-070), this resolution increased the appropriations in the Housing Authority fund, but it is more appropriately placed within the General Fund. These funds were received as a stopgap for the Emergency Rental Assistance Program (ERAP). It is expected that this loan will be repaid with future Federal Funding. The appropriation for this program is being carried forward into fiscal year 2022/23. The second is resulting from the bond issuance for the Bayfront project. The Chula Vista Bayfront Facilities Financing Authority issued bonds of \$325 million on May 26, 2022. In order to recognize the City's revenue contribution towards this project a prior period adjustment is being recorded in the General Fund, resulting in a city contribution expense of \$3.7 million. This is purely an accounting transaction, necessary to accurately reflect the City's total contribution towards the Bayfront project as a part of the bond issuance. Additionally, there were \$0.9 million in contributions to the Bayfront budgeted as transfers that will be reclassified to contribution expenditures to the Bayfront.

The Personnel category is anticipated to end the fiscal year with savings of \$1.7 million, this is largely due to vacancies throughout the City, with most vacancies occurring within the Police department. As a result of the vacancies, increased overtime expenditures have been incurred primarily in the public safety departments but are offset by salary savings and decrease in fringe costs.

The Utilities category is anticipated to exceed budget by \$1.4 million, this is largely due to increased energy costs and delayed savings from the solar and battery projects at various City sites.

Departmental Revenues and Expenditures

Fiscal Year 2021/22 General Fund Departmental Revenues			
Table 2			
Department	Amended Budget	Year-end Projection	Variance
City Council	\$ 6,000	\$ 20,000	333.3%
Boards & Commissions	-	-	0.0%
City Clerk	14,000	53,725	383.8%
City Attorney	805,177	460,322	57.2%
Administration	145,000	99,111	68.4%
Information Technology	280,561	206,361	73.6%
Human Resources	526,430	652,805	124.0%
Finance	1,897,648	1,741,447	91.8%
Non-Departmental	188,582,125	206,136,456	109.3%
Animal Care Facility	1,208,437	1,121,047	92.8%
Economic Development	990,432	763,074	77.0%
Development Services	2,186,068	5,782,649	264.5%
Engineering/Capital Project	9,456,866	7,983,324	84.4%
Police	6,266,367	5,818,922	92.9%
Fire	5,171,594	5,187,456	100.3%
Public Works	7,790,398	7,392,334	94.9%
Parks and Recreation	2,953,405	3,591,133	121.6%
Library	1,288,916	1,147,880	89.1%
Total Departmental Revenue	\$ 229,569,424	\$ 248,158,047	108.1%

The largest variances in Departmental Revenues are projected to be in Non-Departmental, Development Services and Engineering/Capital Project. The Non-Departmental positive variance of \$17.6 million is where the major revenues are recorded including Sales Tax, Measure A, Measure P, and Motor Vehicle License Fees. Development Services is where the ERAP loan proceeds from the State of California are recorded as previously mentioned. The largest negative variance of \$1.5 million is in the Engineering/Capital Projects department that reflects a decrease in interfund reimbursements that is due to a large number of personnel vacancies.

Fiscal Year 2021/22 General Fund Departmental Expenditures			
Table 3			
Department	Amended Budget	Year-end Projection	% Expended
City Council	1,693,398	1,388,345	82.0%
Boards & Commissions	162,485	153,942	0.0%
City Clerk	1,258,063	1,426,231	113.4%
City Attorney	3,139,081	2,712,596	86.4%
Administration	2,407,215	2,358,214	98.0%
Information Technology	3,747,738	3,596,047	96.0%
Human Resources	2,903,359	3,013,632	103.8%
Finance	3,925,784	3,674,900	93.6%
Non-Departmental	91,645,766	106,432,299	116.1%
Animal Care Facility	2,839,084	2,743,845	96.6%
Economic Development	2,183,345	1,506,836	69.0%
Development Services	2,618,546	5,859,598	223.8%
Engineering/Capital Project	9,222,899	9,492,681	102.9%
Police	48,853,790	48,524,747	99.3%
Fire	32,193,488	32,401,321	100.6%
Public Works	11,751,593	11,846,377	100.8%
Parks and Recreation	11,791,371	11,948,365	101.3%
Library	3,446,802	3,090,012	89.6%
Total Expenditure Budget	\$ 235,783,807	\$ 252,169,988	106.9%

The Departmental Expenditure variances that exceed budget are expected to be in various departments. The 13.4% variance in the City Clerk department is due to increased election costs. The 3.8% increase in the Human Resources department is due to increased recruitment cost due to a larger than normal number of recruitments over the past fiscal year. The increase in non-Departmental is due the increase in transfers out for both Measure P and A as well as the contribution to the Bayfront described earlier in this report. The increase in Development Services is related to the carry forward of appropriations for the ERAP loan from the State of California and is offset with the loan proceeds.

Fiscal Year 2021/2022 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 accurate year-end reporting. The recommended budget adjustments are shown in the table below. The overall net cost to the General Fund is an increase of \$3.2 million as a result of the proposed budget adjustments.

Fiscal Year 2021/2022 - 4th Quarter General Fund Budget Adjustments Summary											
Table 4											
DEPARTMENT	Footnote	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	OTHER CAPITAL	TRANSFERS OUT	UTILITIES	INTERNAL SERVICE	TOTAL EXPENSE	TOTAL REVENUE	NET COST
GENERAL FUND											
City Council	1	\$ (208,719)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (208,719)	\$ -	\$ (208,719)
City Clerk	1	25,741	149,987	-	-	-	-	-	175,728	-	175,728
City Attorney	1	(231,743)	(134,579)	-	-	-	-	-	(366,322)	(15,408)	(381,730)
Administration	1	69,395	(103,790)	-	-	-	-	-	(34,395)	-	(34,395)
Information Technology	1	(79,481)	79,306	-	-	-	146	29	-	-	-
Human Resources	1	155,833	(26,668)	-	-	-	-	-	129,165	-	129,165
Non-Departmental	1 - 6	-	-	4,744,912	-	9,838,664	13,005	-	14,596,581	(11,382,942)	3,213,639
Animal Care Facility	1	-	-	-	-	-	21,247	-	21,247	-	21,247
Development Services	1, 7	(124,875)	30,090	3,426,935	-	-	-	-	3,332,150	(3,426,935)	(94,785)
Engineering/Capital Projects	1	(77,553)	-	-	-	-	347,335	-	269,782	-	269,782
Police	1	(517,191)	-	-	-	-	358,215	(131,479)	(290,455)	-	(290,455)
Fire	1	336,041	(189,061)	-	-	-	15,917	131,479	294,376	-	294,376
Public Works	1	-	-	-	-	-	94,785	-	94,785	-	94,785
Parks and Recreation	1	(271,208)	(22,640)	-	(9,374)	-	530,979	(50,941)	176,816	-	176,816
Library	1	(147,224)	(17,596)	-	-	-	-	-	(164,820)	-	(164,820)
Total General Fund		\$ (1,070,984)	\$ (234,951)	\$ 8,171,847	\$ (9,374)	\$ 9,838,664	\$ 1,381,629	\$ (50,912)	\$ 18,025,919	\$ (14,825,285)	\$ 3,200,634

General Fund Amendment Footnotes

- 1 - Transfer budget of Personnel Services, Supplies & Services, Other Expenses, Other Capital, and Utilities to address budget shortfalls and overages.
- 2 - Increase expenditure appropriations by \$941,863 for transfer out to the Capital Improvement Fund, and increase the revenue budget by \$1,650,000 for the Veterans Wall insurance payment.
- 3 - Increase expenditure appropriations for Bayfront Project contributions from the General Fund by \$3,908,951.
- 4 - Increase expenditure and revenue appropriations by \$4,625,105 for Measure P Sales Tax revenues that will be transferred to the Measure P fund.
- 5 - Increase expenditure and revenue appropriations by \$4,590,294 for Measure A Sales Tax revenues that will be transferred to the Measure A fund.
- 6 - Increase expenditure and revenue appropriations by \$298,436 for Transfer-Out to the CV Elite Training Center Fund.
- 7 - Transfer expenditure and revenue appropriations by \$3,426,935 for loan proceeds from the Housing Authority Fund to the General Fund that was previously approved by the City Council on Resolution 2022-070.

While the net cost to the General Fund from the proposed budget adjustments is a decrease of \$3,200,634, there are several key items to note.

1. Various City Departments – Transfer budget of Personnel, Supplies and Services, Other Capital, and Utilities to address budget shortfalls and overages.
2. Non-Departmental - Increase both Transfers-Out expense and revenue appropriations by \$4,625,105 for FY2022 Measure P actuals that exceeded budget.
3. Non-Departmental - Increase both Transfers-Out expense and revenue appropriations by \$4,590,294 for FY2022 Measure A actuals that exceeded budget.
4. Non-Departmental - Increase Other Expense appropriations by \$3,683,951 for Chula Vista Bayfront commitment.
5. Development Services – Increase expenditure and revenue appropriations by \$3,426,935 as a correction for loan proceeds related to the ERAP Program.

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 \$8.8 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.

Fiscal Year 2021/2022 - 4th Quarter Other Funds Budget Adjustments Summary											
Table 5											
	Footnote	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	OTHER CAPITAL	CIP BUDGET	TRANSFERS OUT	UTILITIES	TOTAL EXPENSE	TOTAL REVENUE	NET COST
OTHER FUNDS											
Bayfront Lease Revenue	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (294,107)	\$ (294,107)
2016 Measure P Sales Tax	2	-	-	-	-	-	-	-	-	(4,625,105)	(4,625,105)
2018 Measure A Sales Tax	3	-	-	-	-	-	-	-	-	(4,590,294)	(4,590,294)
Utility Tax Settlement	4	-	-	22	-	-	-	-	22	(22)	-
OR V2 Pub Benefit Contribution	5	-	-	82	-	-	-	-	82	(82)	-
Parking Meter	6	-	-	-	-	-	-	5,649	5,649	(5,649)	-
Developer Contributions	7	-	-	93,025	-	-	-	-	93,025	(93,025)	-
Donations	8	-	-	160,934	-	-	-	-	160,934	(160,934)	-
Permanent Endowments	8	-	(160,934)	-	-	-	-	-	(160,934)	160,934	-
Federal Grants	9	-	-	-	-	50,000	-	-	50,000	-	50,000
State Grants	10	-	-	-	-	9,002,506	(9,002,506)	-	-	-	-
Chula Vista Housing Authority	24	-	-	(3,426,935)	-	-	-	-	(3,426,935)	3,426,935	-
RDA Successor Agency Fund	12	-	-	46,522	-	-	-	-	46,522	-	46,522
Section 115 Trust	13	-	36,278	-	-	-	-	-	36,278	-	36,278
Public Liability Trust	14	-	291,949	410,876	-	-	-	-	702,825	(79,806)	623,019
Bayfront Special Tax District	15	-	-	569,589	-	-	-	-	569,589	(408,624)	160,965
Central Garage Fund	16	-	208,955	-	-	-	-	-	208,955	(56,393)	152,562
Equipment Vehicle Replacement	17	-	-	240	-	-	-	-	240	(240)	-
Vehicle Replacement Fund	18	-	-	63,051	-	-	-	-	63,051	(63,051)	-
Bayfront Trolley Station	19	-	-	19	-	-	-	-	19	(19)	-
CV Elite Athlete Training Ctr	20	-	-	298,436	-	-	-	-	298,436	(298,436)	-
Transport Enterprise	21	-	652,353	-	609,755	-	-	-	1,262,108	(652,353)	609,755
Long Term Debt - City of CV	22	10,833,455	-	-	-	-	-	-	10,833,455	(10,833,455)	-
2017 CREBs LRBs	23	-	4,968	-	-	-	-	-	4,968	(4,968)	-
Capital Improvement Projects	10, 11	-	-	-	-	(9,002,506)	-	-	(9,002,506)	8,060,823	(941,683)
Total Other Funds		\$ 10,833,455	\$ 1,033,569	\$ (1,784,139)	\$ 609,755	\$ 50,000	\$ (9,002,506)	\$ 5,649	\$ 1,745,783	\$ (10,517,871)	\$ (8,772,088)

Other Fund Amendment Footnotes

- 1 - Increase revenue budget by \$294,107 in the Bayfront Lease Revenue Fund from the General Fund.
- 2 - Increase revenue budget by \$4,625,105 for Measure P Sales Tax revenues from the General Fund.
- 3 - Increase revenue budget by \$4,590,294 for Measure A Sales Tax revenues from the General Fund.
- 4 - Increase both revenue and expenditures appropriations by \$22 for Other Expenses category for bank charges.
- 5 - Increase expenditure appropriations by \$5,649 for utilities in the Parking Meter Fund.
- 6 - Increase expenditure appropriations by \$123,000 for Personnel Services for Wellness Incentives.
- 7 - Increase both revenue and expenditures appropriations by \$93,025 for a Developer Contribution from HomeFed Developer Agreement approved by the City Council on July 13, 2021.
- 8 - Transfer \$160,934 revenue and expenditure appropriations from the Permanent Endowments Fund to the Donations Funds.
- 9 - Increase expenditure appropriations by \$50,000 for CIP STL0436 (D Street Sidewalk Project).
- 10 - Transfer \$9,002,065 revenue and expenditure appropriations from the Capital Improvement Projects Fund to the State Grants Fund for CIP related to Eucalyptus Park approved by the City Council on Resolution No. 2022-100.
- 11 - Increase revenue appropriations by \$941,683 for the Veterans Wall insurance payment in the Capital Improvement Fund.
- 12 - Increase expenditure appropriations by \$46,522 for Other Expenditures in the RDA Successor Agency Fund.
- 13 - Increase expenditure appropriations by \$36,278 for Supplies and Services for contract services in the Section 115 Fund.
- 14 - Increase expenditure appropriations by \$702,825 for higher than budgeted legal costs, and increase revenue budget by \$79,806 in the Public Liability Trust Fund.
- 15 - Increase expenditure appropriations by \$569,589 Other Expenses, and increase revenue budget by \$408,624 in the Bayfront Special District Tax Fund.
- 16 - Increase expenditure appropriations by \$208,955 for Supplies and Services, and increase revenue budget by \$56,393 in the Central Garage Fund.
- 17 - Increase both revenue and expenditures appropriations by \$240 for Other Expenses category for bank charges.
- 18 - Increase both revenue and expenditures by \$63,051 in the Vehicle Replacement Fund.
- 19 - Increase both revenue and expenditures appropriations by \$19 for Other Expenses category for bank charges.
- 20 - Increase both revenue and expenditures appropriations by \$298,436 for the CV Elite Athlete Training Center.
- 21 - Increase expenditure appropriations by \$1,262,108 for equipment and other purchases, and increase revenue budget by \$652,353 in the Transport Fund.
- 22 - Increase expenditure appropriations by \$10,833,455 due to an accounting correction for Unfunded Liability costs related to the issuance of the Pension Obligation Bonds in the Long Term Debt
- 23 - Increase both revenue and expenditures appropriations by \$4,968 for Supplies and Services.
- 24 - Transfer expenditure and revenue appropriations by \$3,426,935 for loan proceeds from the Housing Authority Fund to the General Fund that was previously approved by the City Council on Resolution 2022-070.

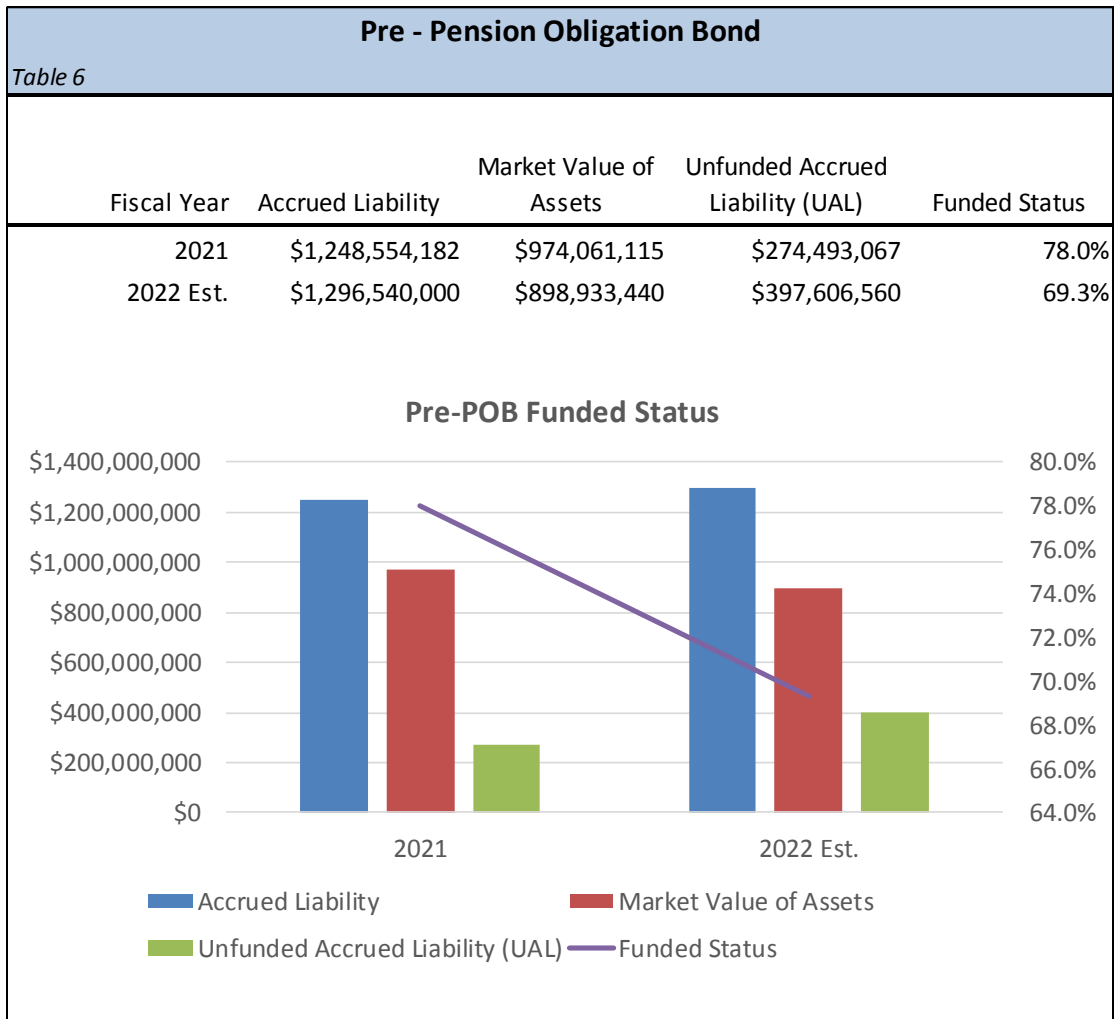
The Other Funds proposed budget adjustments resulting in a net decrease of \$8,772,088 primarily being derived by the following transactions:

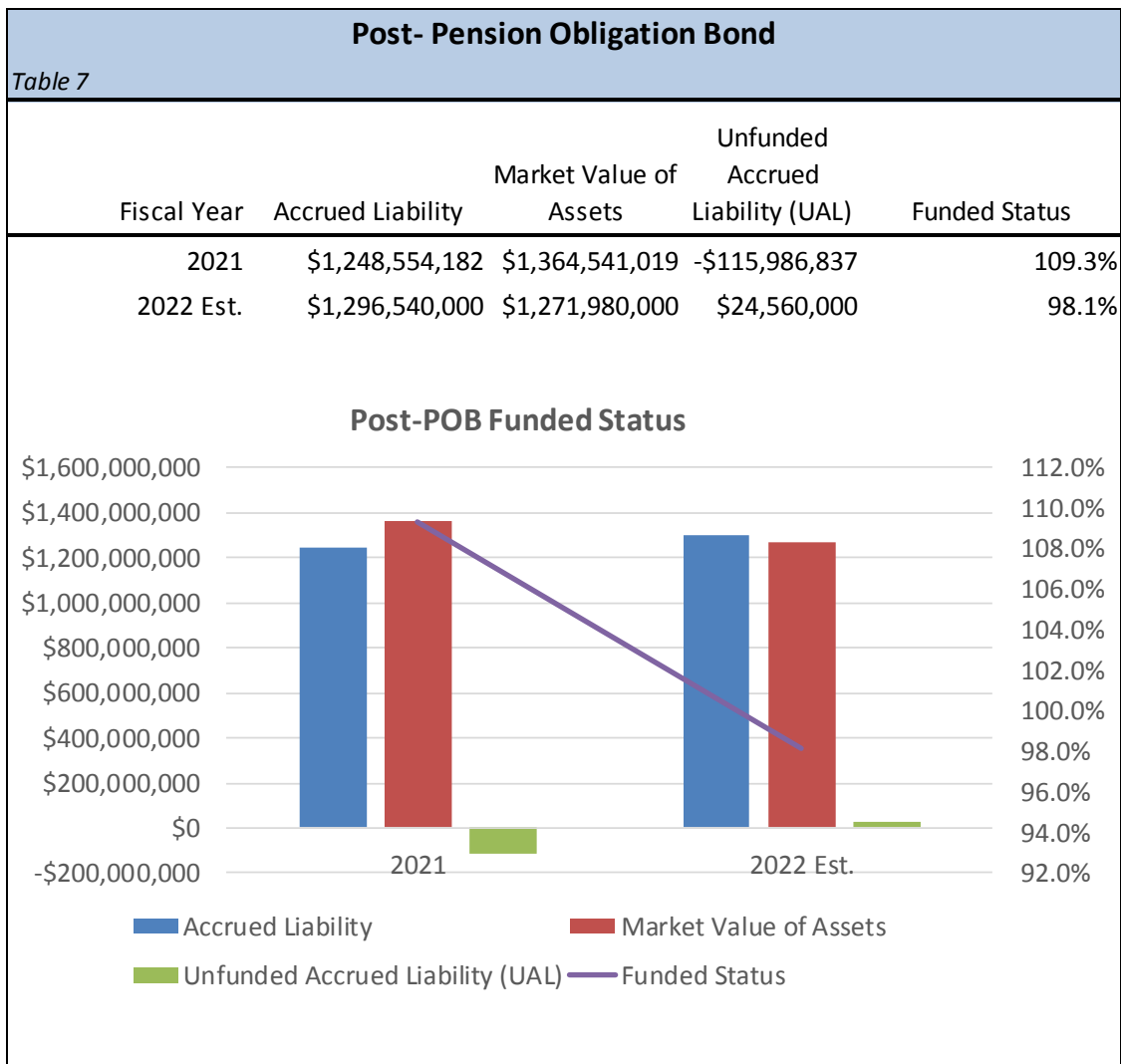
1. 2016 Measure P Sales Tax - Increase Transfer-In revenues from the General Fund by \$4,625,105 for actuals that exceeded budget.
2. 2018 Measure A Sales Tax - Increase Transfer-In revenues by \$4,590,294 for actuals that exceeded budget.
3. Public Liability Trust Fund – Increase expense appropriations by \$702,825 for higher than budgeted legal costs, and revenue appropriations by \$79,806 with difference funded by fund balance.
4. Transport Enterprise Fund - Increase expense appropriations by \$1,262,108 for capital purchases of vehicles & equipment, and revenue appropriations by \$652,353.

5. Capital Improvement Projects Fund – Increase revenue appropriations by \$941,683 for the Veterans Wall insurance payment, and transfer expenditure and revenues appropriations by \$9,002,506 for Eucalyptus Park (PRK0340) to the State Grants Fund.

Pension Obligation Bond

February of 2021 the City issued Pension Obligation Bonds (POBs) in the amount of \$350 million. These bonds allowed the City to pay off the Unfunded Accrued Liability (UAL) with CalPERS. The City also began to set aside 75% of the saving generated by the difference between the estimated UAL payment and the bond payment into a Section 115 Trust Fund. These monies are available to pay for any future UAL that may arise and to call a portion of the POB in 2031. The savings from the 2020/21 fiscal year allowed us to make an additional \$2.4 million contribution this fiscal year. The City's pension actuary consultant Govinvest prepared an analysis for the City that reflects the funding status of the City's CalPERS plans before the POB and after the POB. For the year ended June 30, 2021, the City's plans are 109.3% funded after the issuance of the POB. Prior to the POB the plan would have been funded at 78.0%. Based on the latest numbers from CalPERS it is anticipated for the year ended June 30, 2022, the City's plans will be 98.1% funded, this again is a significant improvement from the pre-issuance estimate of 69.3% funded had the POBs not been issued.





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 projected revenue and expenditure actuals as of October 14, 2022. Approval of the resolution amending the fiscal year 2021-2022 budget will result in the following impacts:

General Fund – The proposed adjustments have a net cost increase of \$3,200,634 that includes an increase of expenses by approximately \$18,025,919 and an increase of revenues by \$14,825,285.

Other Funds – The proposed adjustments have a net cost decrease of \$8,772,088 to various funds that includes a decrease of expenses by approximately \$1,745,783 and an increase of revenues by \$10,517,871.

ONGOING FISCAL IMPACT

Staff will review the impacted budgets to identify potential ongoing impacts and may recommend changes during fiscal year 2022-2023.

ATTACHMENTS

Attachment 1 – General Fund Budget Transfers

Attachment 2 – General Fund Budget Amendments

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