Fiscal Year 2020-21
Proposed Budget
May 27, 2020
Key Numbers

• Total Budget: $305 million ($14 million increase from current FY)
• General Fund: $74.4 Million ($3.5 million decrease from current FY, $5.7 million decrease from last year projection.)
• Est. $27 million General Fund(s) Balance as of June 30, 2021
  • $17.9 million Reserve for Economic Uncertainty (25%)
  • $3.6 million Opportunity Reserve (5%)
  • $800k Future Reserve Target Support
  • $4.5 million Capital Reserve
  • $39k million Economic Development Incentive Fund
  • $43k Small Business Economic Incentive Fund
Where the Money Comes From

FISCAL YEAR 2020-21 GENERAL FUND REVENUES

- Sales Tax: 34%
- Property Tax: 19%
- Property Tax In Lieu VLF: 19%
- Other Taxes & Fees: 16%
- Other: 10%
- Operating: 3%

FISCAL YEAR 2020-21 GENERAL FUND REVENUES
<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>FY 2021 Projected</th>
<th>FY 2021 Budget</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax</td>
<td>$ 29,563,601</td>
<td>$ 24,855,446</td>
<td>$(4,708,155)</td>
<td>-16%</td>
</tr>
<tr>
<td>Property Tax</td>
<td>$ 14,816,479</td>
<td>$ 14,020,518</td>
<td>$(795,961)</td>
<td>-5%</td>
</tr>
<tr>
<td>Property Tax in Lieu of VLF</td>
<td>$ 14,625,000</td>
<td>$ 13,840,241</td>
<td>$(784,759)</td>
<td>-5%</td>
</tr>
<tr>
<td>Property Transfer Tax</td>
<td>$ 1,038,000</td>
<td>$ 986,000</td>
<td>$(52,000)</td>
<td>-5%</td>
</tr>
<tr>
<td>Utility Users Tax</td>
<td>$ 6,304,000</td>
<td>$ 6,343,000</td>
<td>$ 39,000</td>
<td>1%</td>
</tr>
<tr>
<td>Transient Occupancy Tax</td>
<td>$ 2,718,938</td>
<td>$ 1,713,939</td>
<td>$(1,004,999)</td>
<td>-37%</td>
</tr>
<tr>
<td>Franchise Fees</td>
<td>$ 2,429,086</td>
<td>$ 2,379,500</td>
<td>$(49,586)</td>
<td>-2%</td>
</tr>
<tr>
<td>Other</td>
<td>$ 7,680,539</td>
<td>$ 7,595,807</td>
<td>$(84,733)</td>
<td>-1%</td>
</tr>
<tr>
<td>Operating</td>
<td>$ 1,477,072</td>
<td>$ 1,847,234</td>
<td>$ 370,162</td>
<td>25%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 80,652,715</strong></td>
<td><strong>$ 73,581,685</strong></td>
<td><strong>$(7,071,030)</strong></td>
<td><strong>-9%</strong></td>
</tr>
</tbody>
</table>
Where the Money Goes

FISCAL YEAR 2020-21 GENERAL FUND EXPENDITURES BY CATEGORY

- Compensation: 68%
- Operating: 19%
- Internal Services: 8%
- Capital Outlay: 1%
- Transfers Out: 4%

Compensation: 68%
FY 2020-21 Projected vs Budgeted Expenditures

• $5.7 Million dollar reduction
• Major Reduction Areas:
  o Compensation: No new positions, 10 frozen positions ($1.6 M)
  o Operations: Prof. svcs, travel etc. reduced ($565k)
  o Eliminated accelerated PERS UAL payment ($900k)
  o Transfer of R&W franchise fee revenue ($1.2 M)
  o IT and machinery equipment (deferred) ($600k)
  o Transit Deficit Forgiveness ($835k)
# Unfunded Staff Positions

<table>
<thead>
<tr>
<th>Department</th>
<th>Position(s)</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Manager</td>
<td>Assistant City Manager</td>
<td>Various</td>
</tr>
<tr>
<td>Police</td>
<td>5 Sworn Police Officers</td>
<td>General Fund</td>
</tr>
<tr>
<td>Police</td>
<td>Dispatcher</td>
<td>General Fund</td>
</tr>
<tr>
<td>Police</td>
<td>Sr. Animal Services Officer</td>
<td>General Fund</td>
</tr>
<tr>
<td>Police</td>
<td>Animal Services Officer</td>
<td>General Fund</td>
</tr>
<tr>
<td>Police</td>
<td>Animal Care Assistant</td>
<td>General Fund</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>10 FTE</strong></td>
<td></td>
</tr>
</tbody>
</table>
General Fund - With Recommended Budget Reductions

Adopted Budget (revenues)  Revised Budget (revenues)  Proposed Budget (expenditures)  Adopted Fund Balance  Projected Fund Balance
<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>FY 2021 Projected</th>
<th>FY 2021 Budget</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation Funds</td>
<td>$ 13,061,686</td>
<td>$ 10,635,225</td>
<td>$(2,426,461)</td>
<td>-19%</td>
</tr>
<tr>
<td>Development Impact Fees Funds</td>
<td>$ 23,128,446</td>
<td>$ 16,919,503</td>
<td>$(6,208,943)</td>
<td>-27%</td>
</tr>
<tr>
<td>Development Services Fund</td>
<td>$ 9,603,729</td>
<td>$ 7,503,983</td>
<td>$(2,099,746)</td>
<td>-22%</td>
</tr>
</tbody>
</table>
FY 2020-21 Projected vs Budgeted Expenditures

• Transportation Funds spending reductions:
  o CIP projects (deferred)
  o Signal Controllers (deferred)
  o Street light pole painting (deferred)
  o Preventative Maint/Repairs (deferred)

• Development Impact Fee Funds spending reductions:
  o CIP projects (deferred)

• Development Services Fund
  o New residential/commercial planning project and permit processing –reduction in revenues and expenses (contract model)
Proposed Fiscal Year 2020-21 Budget Highlights

Enhanced Policing Efforts

• Unmanned Aircraft System (UAS)
• Real Time Information Center
• Capturing Crime through Video (CCTV)
Economic Development Incentive and Financing

- $200,000 transfer from General Fund to Economic Development Incentive Fund
- $100,000 transfer from General Fund to Small Business Incentive Fund
Proposed Fiscal Year 2020-21 Budget Highlights

Strategic Planning and Innovation

• Climate Action Plan Monitoring
• Resiliency Plan Implementation (grant funded)
• Smart City Action Plan
Proposed Fiscal Year 2020-21 Budget Highlights

**Infrastructure Maintenance**

- Computerized Maintenance Management System (CMMS) implementation
- Projected street maintenance est. annual funding gap reduced to $2.3 million, but unknowns due to COVID-19.
Continued strategy of addressing unfunded CalPERS liabilities

• Prepayments made annually since FY 2015-16- $8.36 million to date

• City plans are over 85% funded compared to statewide PERS funded at 68%
Recommendation

- Ask questions and receive public comment
- Draft Budget document will be available soon on the City’s website
- The more detailed budget will be presented at the June 10 Council meeting for consideration and possible adoption.