

Recommended Modifications to the FY 2019 Budget

Item 202 – Approval of the FY 2019 Budget

June 11, 2018



Independent Budget Analyst





Overview of the FY 2019 May Revise – General Fund

The May Revise increased General Fund expenditures to \$1.46 billion, a \$9.7 million or 0.7% increase over the Proposed Budget

Resources for May Revise Expenditures	
Use of Excess Equity	\$ 8,584,180
Department Revenue	1,259,818
User Fee Revenue	391,667
Major General Fund Revenue ¹	(527,772)
Total Resources	\$ 9,707,893

¹ Significant decreases include a \$1.8 million decrease in Property Tax revenue which is being allocated to the Otay Mesa Enhanced Infrastructure District and a \$1.9M decrease in Employee Offset Savings revenue (to align with fringe expenditures that support such revenue). The largest offsetting increases include an increase of \$2.6M in residual RPTTF distributions and an increase of \$465,000 in TOT revenue.

Overview of the FY 2019 May Revise – Non-General Fund

Two Key Non-General Fund Adjustments

- \$423,000 increase in Transient Occupancy Tax (TOT) Fund revenue based on updated FY 2018 receipts
- \$17.8 million in additional non-personnel expenditures for low-income housing loans to support projects within the Low and Moderate Income Housing Asset Fund

Significant May Revise Additions

- Fire Overtime - \$6.8M
- 5.00 FTE City Attorney Positions - \$790,000
- Animal Services Contract - \$451,000
- Police Captain for Recruitment & Onboarding - \$317,000
- Community Plan Updates - \$202,000
- Safe Parking Program - \$103,000
- Companion Unit Fee Waiver Pilot - \$300,000
- Lifeguard Academy - \$238,000

Recommended Budget Modifications - \$5.7M

IBA recommendations are based on multiple sources

- Our analyses of the FY 2019 Proposed Budget, FY 2019 May Revise, the FY 2018 Third Quarter Report
- Review of Councilmember budget priority memoranda submitted to our Office on May 21
 - **All majority-support items were included in IBA scenario**
- Feedback from the public, City staff, and City Council during the Budget Review Committee hearings



Recommended Budget Modifications *cont'd*

Ongoing Operating Expenditure Items	Amount
Tree Trimming	\$ 882,000
Library Programming	100,000
Council Administration - 1.00 FTE Council Representative I	66,000
Code Compliance Positions - 5.00 FTEs	400,000
Lifeguard Division - 1.00 FTE Clerical Assistant II	53,000
<i>Total Ongoing Operating Expenditures</i>	\$ 1,501,000
Ongoing Operating Resources	Amount
Ongoing Excess Equity	\$ 751,000
Ongoing Fire Vacancy Savings (portion)	750,000
<i>Total Ongoing Operating Resources</i>	\$ 1,501,000
Balance of Ongoing Operating Expenses/Resources	\$ -



Recommended Budget Modifications *cont'd*

One-time Operating Expenditure Items	Amount
Graffiti Abatement	\$ 300,000
Library Security	288,000
Brush Management	555,000
<i>Total One-Time Operating Expenditures</i>	\$ 1,143,000
One-time Operating Resources	Amount
One-Time RPTTF	\$ 855,000
Remaining Excess Equity	200,000
Ongoing Fire Vacancy Savings (portion)	88,000
<i>Total One-Time Operating Resources</i>	\$ 1,143,000
Balance of One-Time Operating Expenses/Resources	\$ -



Recommended Budget Modifications *cont'd*

Capital Expenditure Items	Amount
Streetlights	\$ 3,035,000
<i>Total Capital Expenditures</i>	\$ 3,035,000
Capital Resources	Amount
Remaining Land Sales	\$ 2,300,000
Infrastructure Fund	735,000
<i>Total Capital Resources</i>	\$ 3,035,000
Balance of Capital Expenses/Resources	\$ -

<i>Grand Total of All Expenditures</i>	\$ 5,679,000
<i>Grand Total of All Resources</i>	\$ 5,679,000
Final Balance of All Expenditures/Resources	\$ -

Final Budget Recommendations

City Council is being asked to approve the following two actions:

1. Approve the Mayor's FY 2019 Proposed Budget, as modified by the Mayor's May Revision
2. Approve the IBA's recommended final budget modifications included in IBA Report 18-13, or as modified by the City Council

Final Steps in the Budget Process

City Charter requires that the Budget be adopted by June 15, and the Appropriation Ordinance adopted by June 30

- **Monday, June 11:** City Council FY 2019 budget decisions and final budget adoption
- **Tuesday, June 12:** City Clerk to transmit resolution to Mayor within 48 hours of passage
- **Wednesday, June 13:** Mayor's veto period begins (5 business days)

Final Steps in the Budget Process *cont'd*

- **Tuesday, June 19:** Mayor's veto period ends; Council has five days to override Mayor's veto if necessary
- **Wednesday, June 20:** Budget & Government Efficiency Committee review of Appropriation Ordinance
- **Tuesday, June 26:** City Council adoption of FY 2019 Appropriation Ordinance