



MID-YEAR FY2019-20 FINANCIAL PROJECTION

CITY COUNCIL MEETING

Keith DeMartini, Finance Director

February 25, 2020

Objective



- Receive Mid-Year Financial Update Report as of December 31, 2019 (No Action)
- Adopt Resolution Amending FY2019-20 Operating and Capital Improvement Budget by Approving Budget Balancing Strategies and Budget Amendments (Action Required)

Agenda



1. General Fund Budget Overview
2. Mid-Year FY2019-20 Financial Projection
 - General Fund
 - Revenues & Expenditures
 - Budget Balancing Strategies
 - Enterprise Funds
 - Internal Service Funds
3. Additional Budget Amendments
4. City Council Discussion and Direction

Fiscal Operating Year



- The City's FY2019-20 fiscal year begins on July 1, 2019 and ends on June 30, 2020.

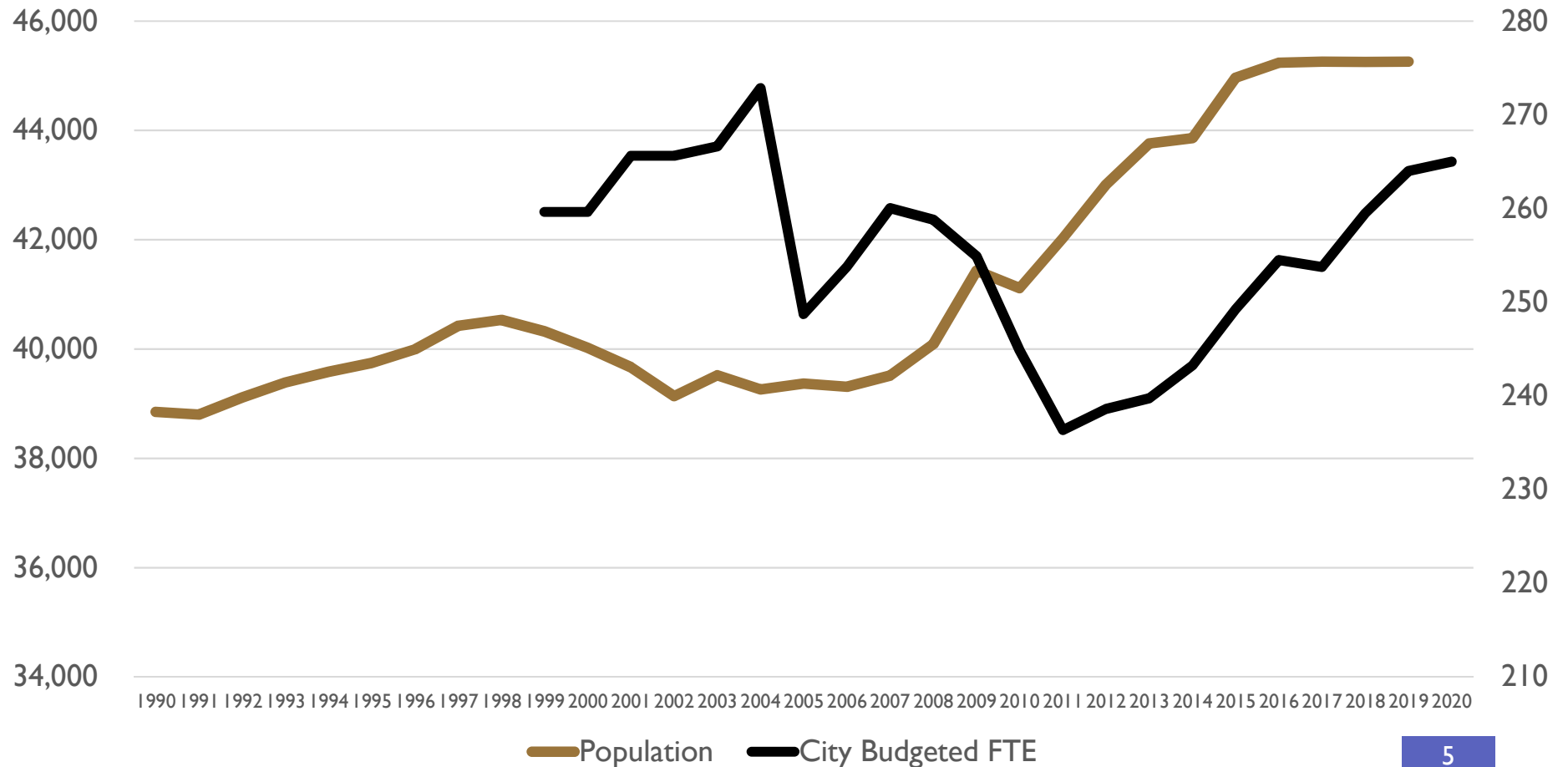
Fiscal Quarter	Months
Q1	July 2019 – September 2019
Q2	October 2019 – December 2019
Q3	January 2020 – March 2020
Q4	April 2020 – June 2020



Population & FTE Trend



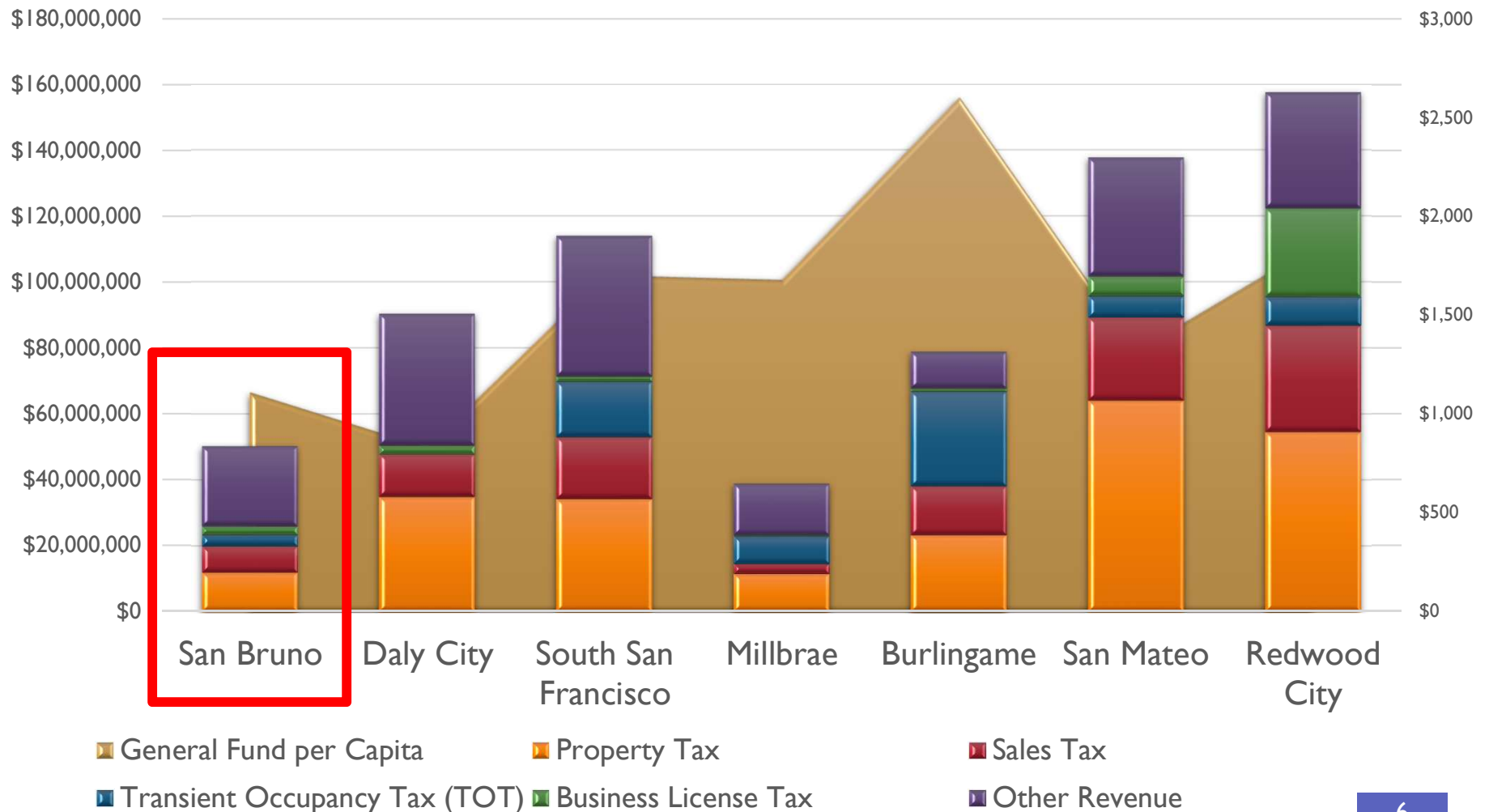
San Bruno Population compared to
City Budget Full-Time Equivalent (FTE) Count
Population Growth from 1999 to 2017 (7.4%)
City Budgeted FTE Growth from 1999 to 2020 (2.1%)



General Fund Comparison



General Fund Budget & GF per Capita Comparison



FY2019-20 General Fund Adopted Budget Overview

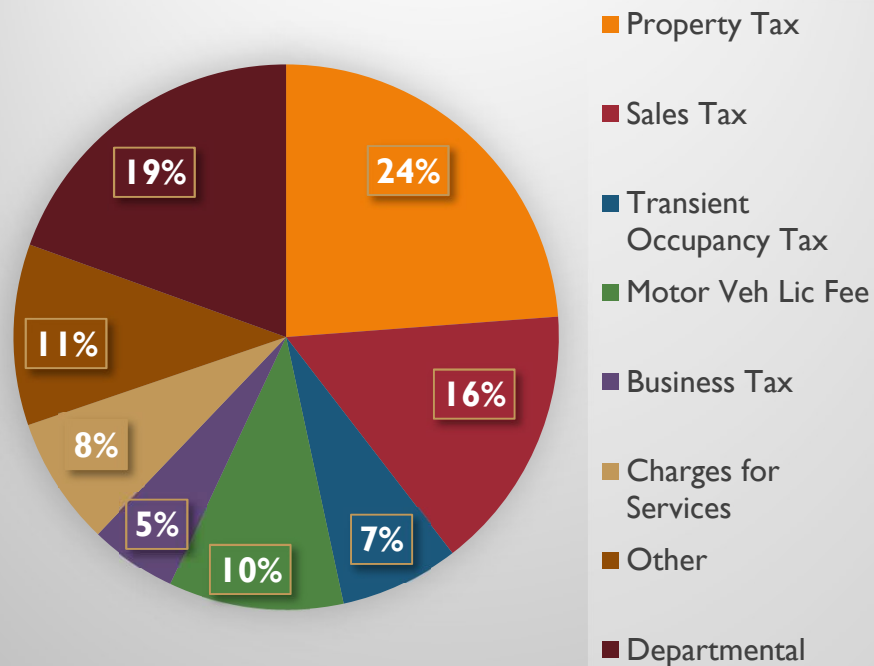


Item	FY2019-20 Adopted Budget	FY2018-19 Adopted Budget
Revenues	\$50,111,247	\$46,110,332
<u>Expenditures</u>	<u>50,436,351</u>	<u>\$47,041,436</u>
Deficit	(325,103)	(\$931,103)
<u>Use of Fund Balance</u>	<u>325,103</u>	<u>\$931,103</u>
Balanced Budget	\$0	\$0

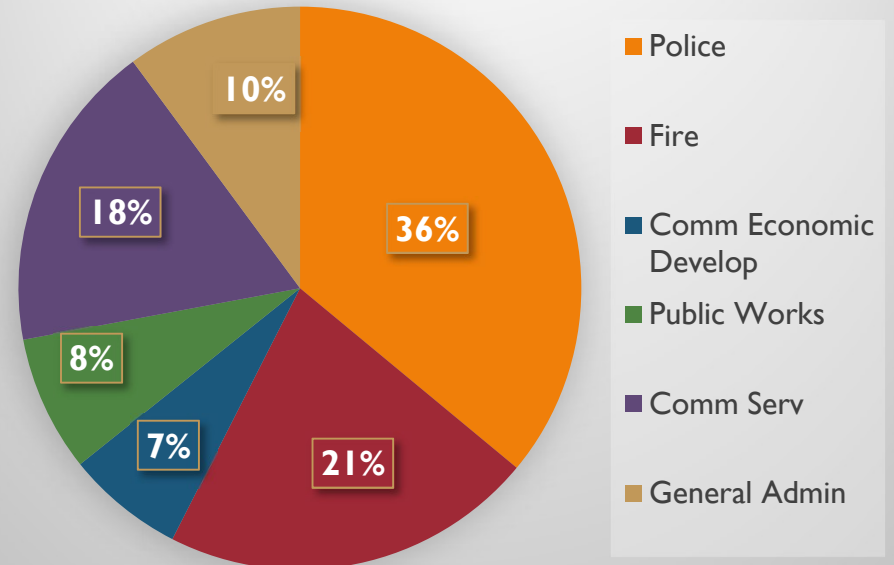
FY2019-20 General Fund Adopted Budget Overview



Revenues



Expenditures



FY2019-20 Financial Projection

General Fund Revenues



Revenue	FY2019-20			FY2018-19	
	Adopted Budget	YTD as of 12/31/19	% of Budget	YTD as of 12/31/18	% of Budget
Property Tax	\$11,908,360	\$5,035,744	42%	\$4,148,394	39%
Sales Tax	7,892,000	2,646,512	34%	3,041,130	39%
Hotel/Motel Occupancy Tax (TOT)	3,540,275	1,612,262	46%	1,638,866	47%
Motor Vehicle License Fee	5,202,000	2,072,364	40%	2,443,587	50%
Regulatory (Card Room) Tax	1,960,147	987,490	50%	952,256	50%
Business Taxes	2,577,020	1,873,208	73%	1,942,428	76%
Franchise Fees	1,903,000	678,608	36%	675,643	36%
Use of Money and Property	889,399	819,238	92%	882,925	74%
Charges for Services	3,826,636	1,913,312	50%	1,712,736	50%
Recoveries & One-time	645,292	60,270	9%	90,327	12%
Departmental Revenues	9,767,119	3,224,233	33%	3,346,255	43%
Total General Fund Revenues	\$50,111,248	\$20,923,240	42%	\$20,874,547	45%

Revenue Shortfall



Item	Revenue Category	Projected Revenue Shortfall (\$ Millions)
1	Sales Tax	(\$0.3)
2	Motor Vehicle License Fee	(1.1)
3	Business License Tax	(0.7)
4	Building Permit Revenue	(2.0)
5	Other	(0.3)
	Total	(\$4.2)

Sales Tax



- Budgeted at \$7.9 Million in FY2019-20
- Historically volatile revenue source in prior years
- Conservative forecast methodology
- Sears closure in February 2020
- Projected revenue reduction of \$250,000

Motor Vehicle License Fee



- Budgeted at \$5.2 Million in FY2019-20
- School District – minimum funding requirement
- Non-basic aid vs. basic aid school districts
- 2 districts reclassified to basic aid resulting in a reduction of vehicle license fees
- An appropriation request has been made to the State to backfill this loss of revenue
- Projected revenue reduction of \$1.1 Million

Business License Tax



- Budgeted at \$2.6 Million in FY2019-20
- Recent audit and compliance activities likely to result in minor revenue increases
- SkyPark
 - Announced closure in January 2020
 - Airport Parking Facility Tax – 8% of gross receipts
 - City Council authorized legal action to pursue tax collection
- Projected revenue reduction of \$700,000

Building Permit Revenue



- Budgeted at \$3.7 Million in FY2019-20
- Large development project delays
 - YouTube Phase 1 Office Project
 - Recreation and Aquatic Center
 - 271 El Camino Real – 24 units
 - 111 San Bruno Avenue – mixed use development
 - 160 El Camino Real – hotel project
- Delays resulting from
 - Limited City staff capacity to review projects
 - Extensive CEQA, historical and utility studies
 - Zoning Code not updated to be consistent with General Plan (2009) and Transit Corridors Plan (2013)
- Projected revenue reduction of \$2 Million

FY2019-20 Financial Projection

General Fund Expenditures



Expenditures	FY2019-20			FY2018-19	
	Adopted Budget	YTD as of 12/31/19	% of Budget	YTD as of 12/31/18	% of Budget
Police	\$19,763,183	\$10,458,003	53%	\$9,374,933	50%
Fire	11,773,692	6,102,286	52%	5,817,459	52%
General Administration	5,715,583	2,812,967	49%	2,608,229	51%
Parks	3,380,201	1,443,251	43%	1,410,322	46%
Public Works	4,291,013	2,322,163	54%	1,818,141	50%
Library	2,520,467	1,311,471	52%	1,244,056	52%
Recreation	2,569,166	1,280,327	50%	1,201,951	51%
Community & Economic Dev	3,720,386	1,938,524	53%	1,949,642	53%
Senior Services	1,330,703	651,403	49%	617,524	51%
Non-Departmental	(3,726,046)	(1,912,553)	51%	(1,541,146)	53%
Total General Fund Expenditures	\$51,338,349	\$26,407,842	51%	\$24,501,107	51%

General Fund Budget Balancing Strategies



Item	Budget Balancing Strategy	Amount
A	Delay Capital Projects	\$2,755,083
B	Delay Filling Vacant Positions	80,268
C	Operating Expense Reduction	232,520
D	Reduce Equipment Reserve Allocation	340,600
E	Use General Fund – Unappropriated Fund Balance	300,000
F	Utilize Measure G Funds	500,000
	Grand Total	\$4,208,471

Delay Capital Projects



Project	Amount
Agenda Preparation and Document Management Solution	\$30,415
Bicycle Pedestrian Improvement Program – Bicycle Rack Install	\$12,785
City Facilities Security Improvement Project	\$216,969
Commodore Dog Park Improvements Project	\$20,000
Fire Station 52 Replacement Project	\$650,000
Library Generator	\$30,000
Library HVAC	\$359,000

Project	Amount
Streetlight Pole Replacement Program	\$130,271
Traffic Signal Rehabilitation Program – Traffic Signal Priority	\$168,117
Trash Capture Device Design & Installation	\$50,000
Parks Corporation Yard Facility Improvements	\$125,000
Police HVAC and Roof Improvements	\$394,200
Savings from Public Parking Log Rehabilitation Project	\$71,959
Utilize Unappropriated Fund Balance in the General Fund Capital Reserve	\$343,377

Delay Filling Vacant Positions



- Police Department – 69.00 budgeted full-time equivalent positions in FY2019-20
- Police Sergeant and Police Office vacant positions
 - Positions have been vacant this fiscal year
 - Continuing to delay hiring will result in approximately \$80,000 of salary savings

Operating Expense Reductions



- Parks Department vehicle purchase
- Operating expenses
 - Municipal financial advisor
 - Investment professional services
 - Temporary staff support of utility billing and business license functions
 - Fire academy training
 - Reduce fuel, communications, tools and equipment
 - Reduce Community Day budget
 - Street light and traffic signal replacements

Reduce Equipment Reserve Allocation



- Equipment reserve allocation of \$340,600 in FY2019-20
- Current fund balance of \$4.5 Million
- Used to fund vehicle and equipment purchases and replacements
- Adequate funds to proceed with most planned purchases in FY2019-20
- Re-evaluate allocation for FY2020-21

General Fund – Unappropriated Fund Balance



- \$2.1 Million unappropriated General Fund ending balance in the FY2019-20 budget
- \$1.5 Million Reserve Policy requirement
- \$1.8 Million current General Fund balance after actions taken during the year
- \$300,000 available to be used as a budget balancing strategy and still meet the reserve requirement

Utilize Measure G Funds



- ½ cent sales tax district measure
- Passed by 61.6% of voters
- New tax rate takes effect on April 1, 2020
- Ballot measure
 - Neighborhood police patrols
 - Fire prevention services
 - Urban wildfire protection
 - Crime suppression and investigation
 - Pothole and street repair
 - Increasing parking supply
 - Upgrading parks and other city services and facilities
 - Expanding services supporting local businesses

FY2019-20 Financial Projection

Enterprise Funds



	FY2019-20 Adopted Budget	FY2019-20 YTD as of 12/31/19	FY2019-20 % of Budget	FY2018-19 YTD as of 12/31/18	FY2018-19 % of Budget
Water Enterprise					
Revenue	\$16,583,260	\$7,782,005	47%	\$7,491,804	48%
Expenditure	10,140,746	4,656,870	46%	4,266,576	46%
Wastewater Enterprise					
Revenue	\$18,621,632	\$8,006,074	43%	\$7,700,330	44%
Expenditure	9,145,696	4,467,315	49%	3,597,883	44%
Cable Television Enterprise					
Revenue	\$9,907,120	\$4,610,132	47%	\$4,816,300	44%
Expenditure	9,455,756	4,389,392	46%	4,874,361	44%
Stormwater Enterprise					
Revenue	\$679,000	\$340,090	50%	\$290,884	42%
Expenditure	1,229,045	563,368	46%	522,788	39%

FY2019-20 Financial Projection

Internal Service Funds



	FY2019-20 Adopted Budget	FY2019-20 YTD as of 12/31/19	FY2019-20 % of Budget	FY2018-19 YTD as of 12/31/18	FY2018-19 % of Budget
Central Garage					
Revenue	\$883,497	\$405,018	46%	\$293,508	50%
Expenditure	711,437	315,877	44%	351,589	54%
Building & Facilities Maintenance					
Revenue	\$1,805,676	\$757,271	42%	\$650,136	50%
Expenditure	1,512,032	711,871	47%	681,191	54%
Self Insurance					
Revenue	\$2,246,554	\$1,123,284	50%	\$1,123,284	54%
Expenditure	2,445,368	2,159,017	88%	1,969,679	88%
Technology					
Revenue	\$1,012,889	\$416,496	41%	\$355,348	50%
Expenditure	986,868	465,000	47%	370,975	46%

FY2019-20 Budget Amendments

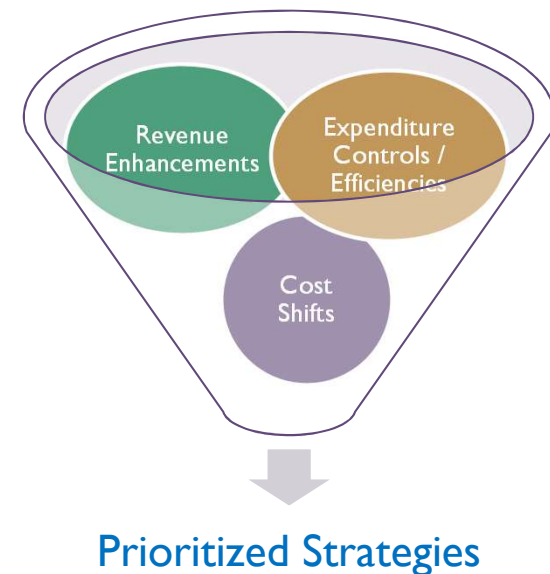


Item	Program	Fund	Revenue Increase / (Decrease)	Expense Increase / (Decrease)
A	SB 2 Planning Grant	Federal/State Grant	\$160,000	
B	Medical Supplies	Restricted Revenue		\$103,200

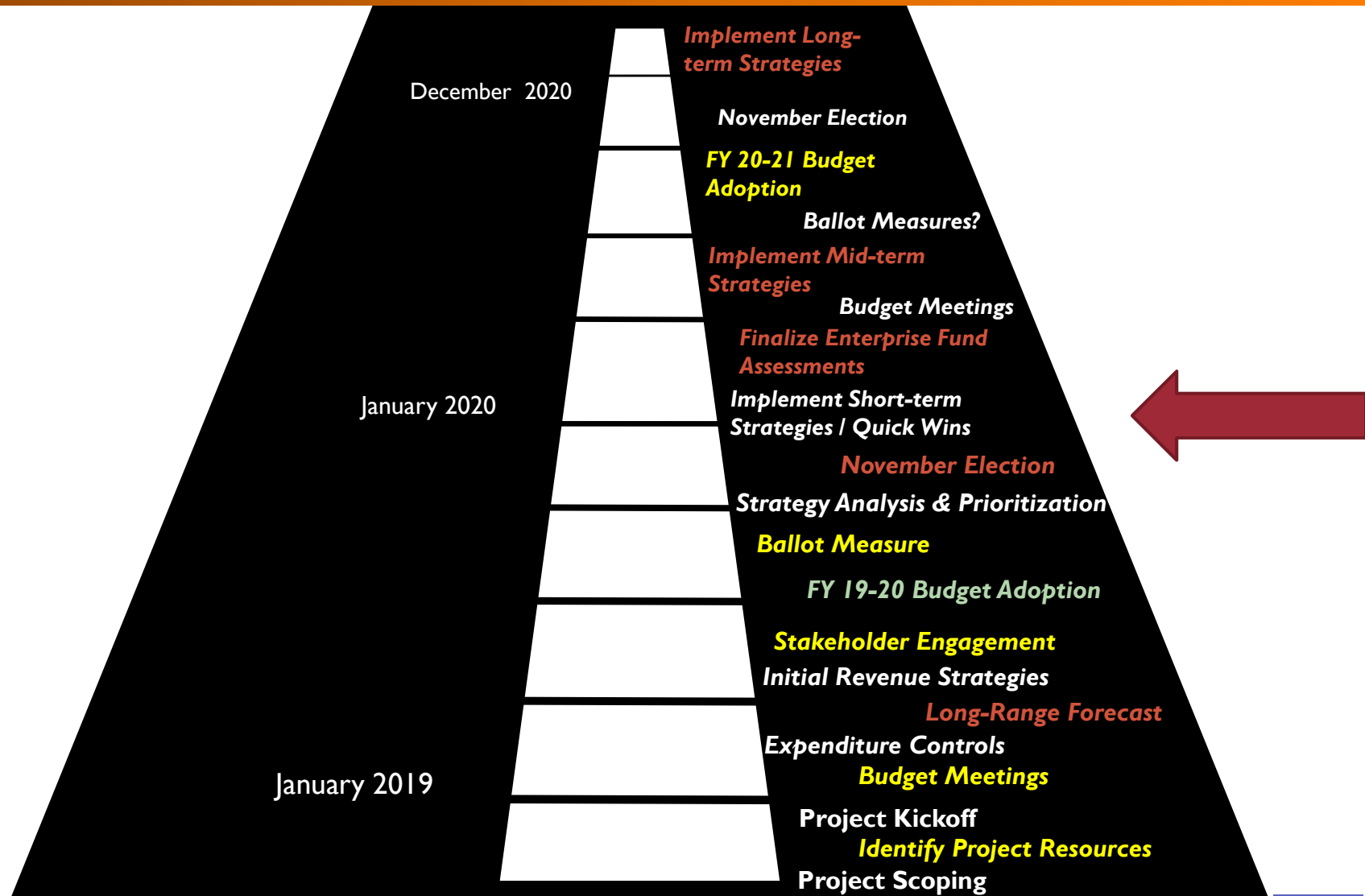
Comprehensive Fiscal Sustainability Project



- Develop a comprehensive understanding of the financial pressures and constraints on the City's General Fund, today and into the foreseeable future.
- 3 goals
 - Understand Our Fiscal Challenge
 - Articulate Our Fiscal Challenge
 - Develop & Implement Strategies



Comprehensive Fiscal Sustainability Project



Takeaways



- **General Fund**
 - Sluggish sales tax revenue
 - Business license tax revenue decline
 - Vehicle license fee reduction
 - Permit fee revenue decline from development delays
 - Expenditure run-rates are within normal, expected range
- **Budget strategies to be implemented in order to balance the budget**
 - Chosen strategies limit service level impacts
- Enterprise & Internal Service Funds
 - Normal, expected activity

City Council Discussion & Direction



- Receive Mid-Year Financial Update Report as of December 31, 2019 (No Action)
- Adopt Resolution Amending FY2019-20 Operating and Capital Improvement Budget by Approving Budget Balancing Strategies and Budget Amendments (Action Required)

Questions

