

Fiscal Year 2015-16 Budget Summary



CITY MANAGER'S MESSAGE

It is my pleasure to present the Fiscal Year 2015-16 Budget Summary for the City of Chula Vista. This Budget Summary provides an overview of the fiscal year 2015-16 budget adopted by the City Council on June 16, 2015. The budget was carefully developed in order to be responsive to community needs while continuing to fund core services important to our community.

The City's financial outlook is more stable than it has been in recent years. Positive revenue growth, implementation of efficiency measures, the cooperation of City labor groups, and strong Council leadership have helped stabilize the City's financial base. The City continues to seek new ways to maximize limited resources to deliver high quality services to our community. In preparing the General Fund budget for fiscal year 2015-16, staff focused on the following budget development goals:

- Develop a balanced budget using fiscally responsible financial practices
- Maintain service levels adopted in the Council's 2014-15 budget
- Fund the highest level of municipal services possible based on available resources
- Make significant progress on key programs and projects in support of the City's Strategic Plan
- Continue growing Chula Vista's financial base
- Continue to improve efficiency and effectiveness of government services through the implementation of Continuous Improvement principles

The City's General Fund reflects positive growth in most major revenue sources. This modest growth in projected revenues allowed for a limited number of funding enhancements. It is important to note that departments identified millions of dollars in funding requests in order to improve service demands and only a small portion of those requests were improved for inclusion in the fiscal year 2015-16 Adopted Budget.

The fiscal year 2015-16 Adopted Budget represents the continued commitment of the City Council, the Executive Leadership Team, and all City employees to maintain and enhance the services offered by the City of Chula Vista. This budget continues the City's efforts to respond to current economic conditions and still provide high quality public services to our citizens, business community, and visitors. Through the on-going efforts of the City Council and City staff to make responsible decisions regarding the allocation of limited resources and the dedication of the City's employees to providing high quality services, Chula Vista will continue to be a leader in effective municipal governance.

Respectfully,

A handwritten signature in black ink that reads "Gary Halbert".

Gary Halbert
City Manager



BUDGET HIGHLIGHTS

The budget continues the practice of conservative revenue estimates. Overall it anticipates modest increases in revenues. This modest revenue growth allowed for a few funding enhancements, which are described below. Although City departments continue to identify and track millions of dollars in funding requests to meet the needs of our community, there are limited discretionary opportunities available to address these needs.

The fiscal year 2015-16 Adopted Budget enhancements are described below and help support the City's Strategic Plan Goals.

- Connected Community
 - Otay Ranch Library and the Hub – Added 1.0 Senior Librarian to ensure stable and enhanced hours of operation at the Otay Ranch Library and the Hub.
 - Civic Center Library/Museum – Added \$75,000 in funding to match the Mayor's and the Library Department's fund raising efforts toward renovations at the Civic Center Library auditorium.
 - Cultural Arts Manager – This new position will manage the City's cultural arts programs and take the lead in developing and implementing the City's Cultural Arts Master Plan.
- Economic Vitality
 - Special Events – Included \$40,000 in funding to support three Citywide special events including the Starlight Parade and HarborFest.
 - Economic Development – Converted hourly staffing to a new Project Coordinator position to support Economic Development's efforts to assist our local business community and attract investment and jobs.
- Healthy Community
 - Storm Drain Maintenance – Added a 1.0 Maintenance Worker to provide staffing for the operation of the third storm drain vector. This will help address new NPDES regulations that increased inspections and cleaning requirements of storm drain pipes and catch basins to reduce pollutants to the bay.
- Strong and Secure Neighborhoods
 - Equipment Replacement – Added \$330,000 for the replacement of the highest priority vehicles; includes two vehicles for Fire, one vehicle for Police, and one vehicle for Public Works.

- Tree Trimming – Increased funding for tree trimming by \$100,000 for the removal of dead and dying trees as identified in the Asset Management program. This funding will also allow the City to address some high risk tree trimming requests.
- Operational Excellence
 - Training and Continuous Improvement – Added approximately \$70,000 in new funding for Citywide Leadership training and the Continuous Improvement Academy.
 - Computer Replacement – The budget includes a \$60,000 increase for the lease of an additional 200 computers in year two of a four year plan to modernize and standardize the City's aging computers.
 - IFAS Upgrade – Includes approximately \$160,000 in funding to transition the City's accounting system to a newer version that will improve efficiency and user interface.



OVERVIEW OF FISCAL YEAR 2015-16 ADOPTED BUDGET

The fiscal year 2015-16 Adopted Budget totals \$293.4 million. This figure includes an operating budget of \$265.9 million and capital appropriations of \$27.5 million. The General Fund operating budget totals \$139.3 million.

A comparative summary of appropriations and Full-Time Equivalent (FTEs) positions are reflected in the following tables.

Total Appropriations	FY 2015 Council Adopted	FY 2016 Council Adopted
All Funds (includes the General Fund)	\$294.3 million	\$293.4 million
General Fund	\$139.2 million	\$139.8 million

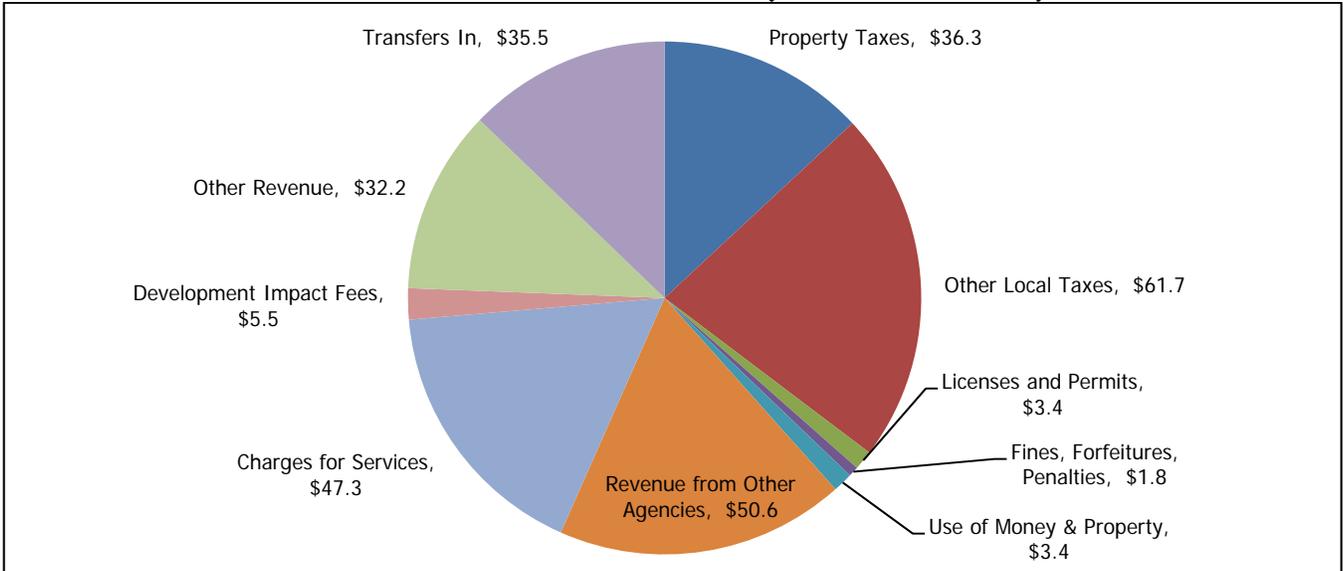
Full-Time Equivalent Positions	FY 2015	FY 2016
All Funds (includes the General Fund)	960.75	965.25
General Fund	806.25	814.75

ALL FUNDS REVENUE SUMMARY

The combined revenue budget for all City funds totals \$277.7 million; \$35.5 million represents inter-fund transfers. Projected revenues for all funds are anticipated to decrease by \$4.8 million when compared to the fiscal year 2014-15 projected year-end total of \$282.5 million.

The following chart summarizes fiscal year 2015-16 City revenues by category. The largest category is Other Local Taxes, which includes revenues such as Sales Tax, Utility Users' Tax, Franchise Fees, and Transient Occupancy Taxes.

Total Revenues Fiscal Year 2015-16 (All Funds Combined)

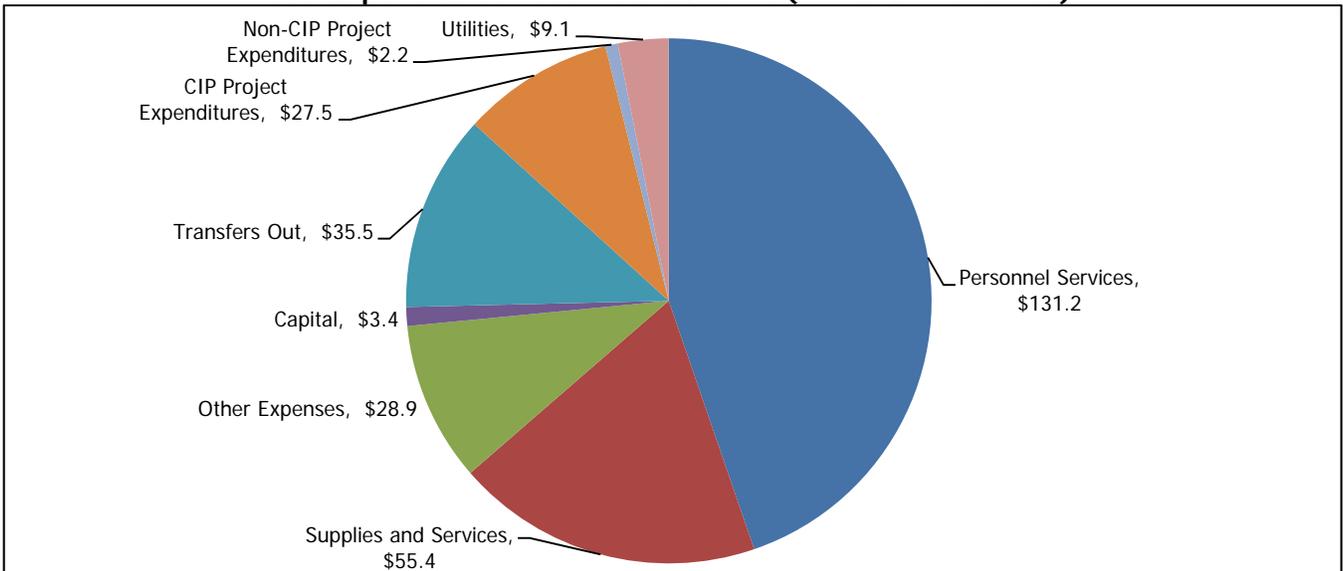


ALL FUNDS EXPENDITURES SUMMARY

The fiscal year 2015-16 All Funds expenditure budget totals \$293.4 million. When compared to the prior year adopted budget, the fiscal year 2015-16 Adopted Budget reflects a decrease of \$0.9 million.

The largest change in expenditures is reflected in Supplies and Services expense category. This category reflects a decrease of \$11.8 million when compared to the prior fiscal year. Half of this reduction (\$5.9 million) reflects the elimination of the Transit Fund budget as a result of the City's divestment of public transportation services and transition to the operation of these services by Metropolitan Transit System (MTS). This category also includes a \$3.2 million decrease in the General Fund, mainly due to the elimination of prior year encumbrances from the adopted budget and one-time appropriations approved by the City Council mid-year. The Energy Conservation Fund and TUT Common Fund reflect \$1.1 million and \$0.8 million decreases respectively as these funds reflect anticipated expenditures for fiscal year 2015-16. The remaining changes in this category are a combination of increases and decreases across various funds. The chart below summarizes fiscal year 2015-16 All Funds expenditures by category.

Total Expenditures Fiscal Year 2015-16 (All Funds Combined)

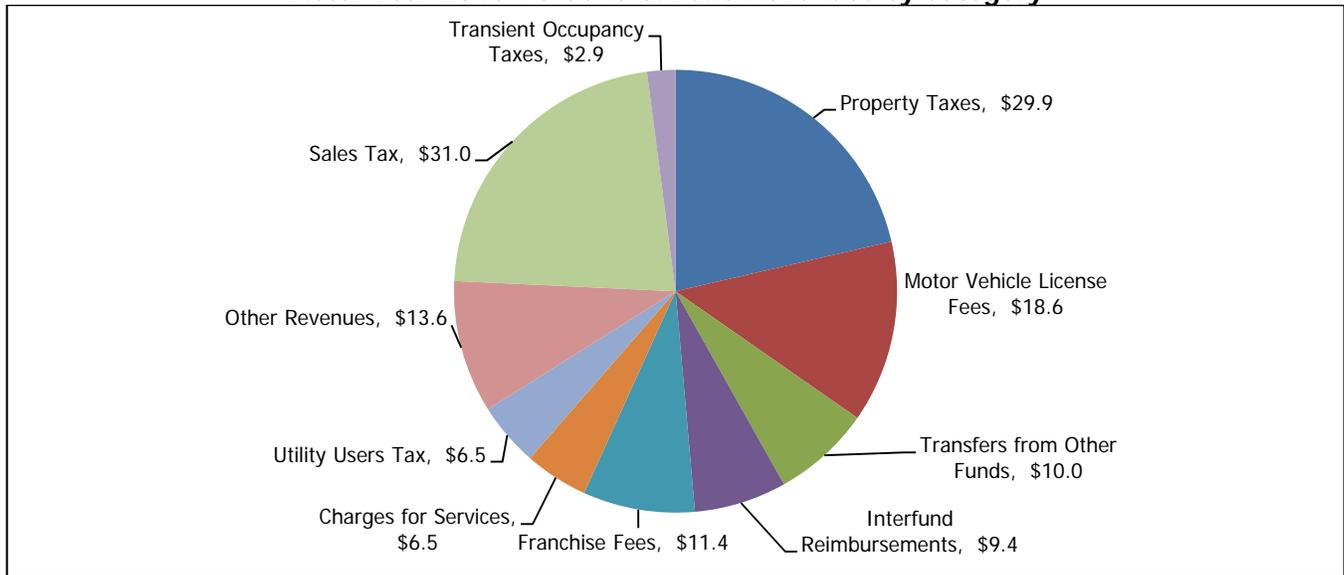


GENERAL FUND SUMMARY

The General Fund is the City's main operating fund that is used to pay for City services. The fiscal year 2015-16 General Fund Adopted Budget is balanced at \$139.8 million. The adopted budget reflects a continuation of current services levels with the exception of a small number of service enhancements approved as part of the development process.

The City's General Fund reflects positive growth in most major revenue sources. The fiscal year 2015-16 General Fund revenues of \$139.4 million (excluding CIP related revenues), reflects an increase of approximately \$3.4 million when compared to the fiscal year 2014-15 third quarter projections. The City anticipates increases in discretionary revenues including Franchise Fees, Property Taxes, Motor Vehicle License Fees, and Sales Tax. The following chart summarizes the fiscal year 2015-16 General Fund Revenues by category.

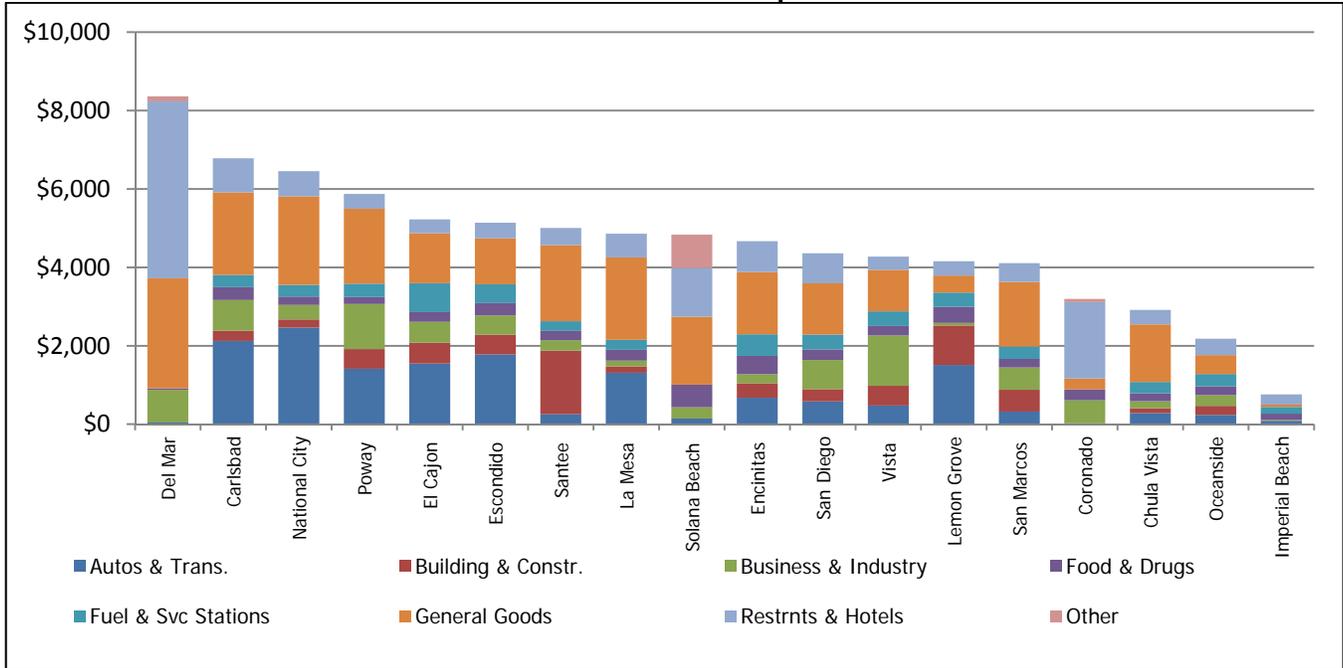
Fiscal Year 2015-16 General Fund Revenues by Category



Sales tax is the largest discretionary revenue source and accounts for \$31.0 million, or 22.2 percent of the total estimated General Fund revenues. Recent trends show that sales tax revenues are beginning to increase due to improvement in local economic indicators. This trend is reflected in the fiscal year 2015-16 sales tax revenue estimates with an increase of 2.3 percent over fiscal year 2014-15 third quarter projections.

Although sales tax revenues are beginning to improve, Chula Vista continues to be challenged in the generation of taxable sales per capita when compared to other County cities. As noted on the following chart, taxable sales per capita for the City is only \$2,916 while Del Mar has the highest taxable sales per capita at a rate of \$8,360. This comparison indicates that the City's residents spend a high percentage of their retail dollars elsewhere.

Taxable Sales Per Capita



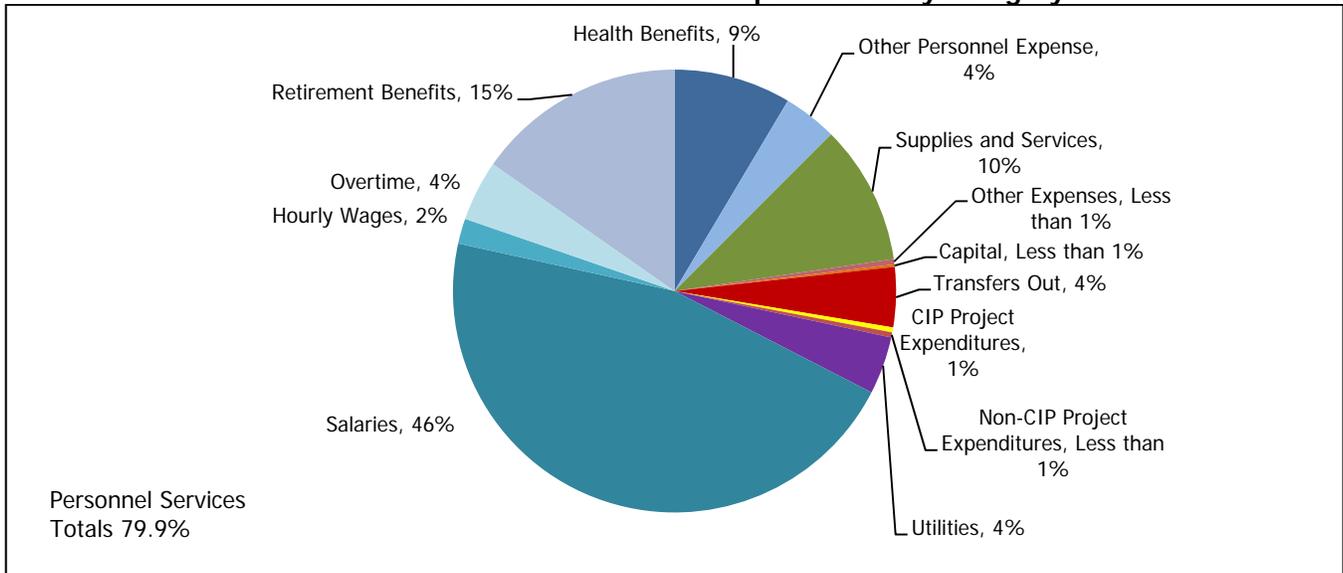
In an effort to boost sales tax receipts, the City of Chula Vista launched the “Shop Chula Vista Now” campaign. The Shop Chula Vista Now campaign promotes purchases by Chula Vista residents, visitors, and employees at Chula Vista businesses. The program seeks to educate residents, public officials, businesses and community leaders about how buying goods and services locally translates into more money for Chula Vista services, improves the success of local businesses, creates employment, and benefits the local economy and future of the City.

Franchise Fee revenues are generated from public utility sources, trash collection franchises, and cable franchises that conduct business within City limits. Overall, the fiscal year 2015-16 Adopted Budget franchise fee revenues are increasing by \$1.1 million or 10.5 percent above the fiscal year 2014-15 third quarter estimates. This increase is attributable to the annualizing of revenues of the waste management franchise renewal negotiated by the City during fiscal year 2014-15.

Property tax revenues comprise the City’s second largest discretionary revenue source and accounts for 21.4 percent of the total revenue for the General Fund estimated at \$29.9 million in fiscal year 2015-16. Property tax revenues are based on a 1.0 percent levy on assessed value of all real property. Property Taxes are anticipated to increase by \$1.0 million above the fiscal year 2014-15 third quarter projections. The estimates for Property Tax revenue sources for fiscal year 2015-16 reflect a 4 percent increase in assessed valuation.

The fiscal year 2015-16 General Fund Operating Budget totals \$139.3 million and the General Fund Capital Improvement budget totals \$0.5 million bringing the total General Fund Adopted Budget to \$139.8 million. This is an increase of \$5.3 million (3.9%) when compared to the Council Adopted Budget for fiscal year 2014-15. The majority of the increase is in the Personnel Services category (\$4.6 million), primarily related to salary costs for increases approved in fiscal year 2014-15, the addition of positions, scheduled step increases, and an increase in retirement costs. The graph below details the General Fund operating budget by category. As detailed in the chart, a majority of the City’s resources are dedicated to Personnel Services with it comprising 79.9 percent of the General Fund.

Fiscal Year 2015-16 General Fund Expenditures by Category



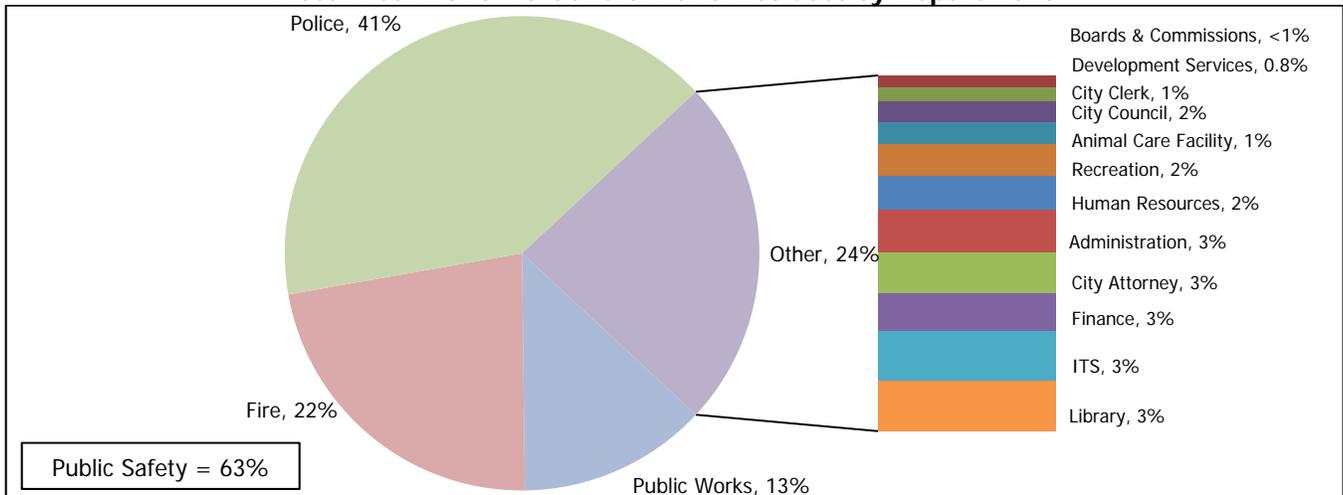
As previously mentioned, the General Fund is the City's main operating fund that is used to pay for City services. As a full service city, Chula Vista provides fire and police services, as well as recreational and cultural opportunities. The fiscal year 2015-16 General Fund Adopted Budget of \$139.8 million includes discretionary revenues totaling \$109.2 million. The remaining funds come from non-discretionary, or program revenues, totaling \$30.6 million.

Program revenues are broadly defined as those revenues generated by a given activity (e.g., grant revenues, charges for services, licenses, permits, etc.). General revenues, or "discretionary revenues", are generally defined as those revenues that are generated not by any given activity, but by general or specific taxing authority such as property taxes and sales tax.

Departments that generate small amounts of revenue relative to their size generally have high net costs. Departments that generate large amounts of revenue relative to their size generally have lower net costs. The majority of discretionary revenue for fiscal year 2015-16 is allocated to public safety services, with Police at 41 percent, followed by Fire at 22 percent. The next highest portion is allocated to Public Works at 13 percent.

The following chart depicts the net costs of each department, excluding Non-Departmental, based on the fiscal year 2015-16 Adopted Budget.

Fiscal Year 2015-16 General Fund Net Cost by Department





FURTHER INFORMATION

For more detailed information, copies of the complete FY 2016 Adopted Budget and the FY 2016 – FY 2020 CIP Budget are available for review at the City’s libraries and the Office of the City Clerk. A complete copy of the budget document may also be found on the City’s website at www.chulavistaca.gov

WHO CAN I CONTACT?

Below is a list of departments and contact information for services provided by the City that you may find helpful.

City Departments/Services

Administration Services

City Manager (619) 691-5031
 City Attorney (619) 691-5037
 City Clerk (619) 691-5041
 Finance (619) 691-5250
 Human Resources (619) 691-5096

Community Services

Animal Care (619) 691-5123
 Conservation (619) 409-3893
 Library Branches
 Civic Center (619) 691-5069
 South Chula Vista (619) 585-5755
 Otay Ranch (619) 397-5740
 Parks (619) 397-6000
 Public Works (619) 397-6000
 Recreation (619) 409-5979
 Recycling (619) 409-3893

Development Services

Planning (619) 691-2101
 Building (619) 691-5272
 Code Enforcement (619) 691-5280
 Inspection (619) 409-5868
 Building Inspection (619) 409-5434
 Business License (619) 691-5250
 Zoning (619) 585-5621
 Housing (619) 691-5047

Public Safety

Fire
 Emergency 911
 Administration (619) 691-5055
 Police
 Emergency 911
 Non-Emergency (619) 691-5151
 General Inquiries (619) 691-5137