



# City of Chula Vista

## Legislation Details (With Text)

**File #:** 17-0370      **Name:**  
**Type:** Consent Item      **Status:** Passed  
**In control:** City Council  
**On agenda:** 9/26/2017      **Final action:** 9/26/2017  
**Title:** RESOLUTION NO. 2017-225 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA MAKING VARIOUS AMENDMENTS TO THE FISCAL YEAR 2016/2017 BUDGET TO ADJUST FOR VARIANCES, AND APPROPRIATING FUNDS THEREFOR (4/5 VOTE REQUIRED)

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Item 5 - Attachment 1 - 4th qtr Budget Amendment resoluion final

Date	Ver.	Action By	Action	Result
9/26/2017	1	City Council		

RESOLUTION NO. 2017-225 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA MAKING VARIOUS AMENDMENTS TO THE FISCAL YEAR 2016/2017 BUDGET TO ADJUST FOR VARIANCES, AND APPROPRIATING FUNDS THEREFOR (4/5 VOTE REQUIRED)

### RECOMMENDED ACTION

Council adopt the resolution.

### SUMMARY

As part of the fiscal year 2017 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 year-end actuals.

### ENVIRONMENTAL REVIEW

#### Environmental Notice

The Development Services Director has reviewed the proposed activity, appropriating funds per settlement terms, for compliance with the California Environmental Quality Act (CEQA) and has determined that this activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change to the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the actions proposed are not subject to CEQA.

#### Environmental Determination

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.

### BOARD/COMMISSION RECOMMENDATION

Not Applicable

**DISCUSSION**

As part of the fiscal year 2017 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 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. The Council Policy 220-02 “Financial Reporting and Transfer Authority,” which was established in 1996, permits budget transfers to be completed. Transfers that exceed \$15,000 require Council approval. The 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 budget with year-end actual expenditures where the actuals have exceeded budget. A report on the full results of Fiscal Year 2016-17, including audited actual revenue and expenditures, will be provided following the completion of the annual audit and with the presentation of the Comprehensive Annual Financial Report.

**Fiscal Year 2016-17 Budget Amendments**

Staff is recommending various adjustments, appropriations, and transfers to City Departmental and Fund budgets that require Council authorization. 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 correct accurate year-end reporting. The recommended budget adjustments are discussed below.

**General Fund Adjustments:**

Budget Amendment Summary - Fourth Quarter Fiscal Year 2016-17

DEPARTMENT/FUND	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	CAPITAL	CIP BUDGET	NON-CIP BUDGET	TRANSFERS Out	UTILITIES	TOTAL EXPENSE	TOTAL REVENUE	NET COST
<b>GENERAL FUND</b>											
Administration	7,900	-	-	-	-	-	-	-	\$ 7,900	\$ -	\$ 7,900
Finance	(16,900)	-	-	-	-	-	-	-	\$ (16,900)	\$ -	\$ (16,900)
Non-Departmental	186,506	2,876,176	530,209	(530,209)	-	-	1,595,000	1,038	\$ 4,658,720	\$ 4,975,920	\$ (317,200)
Police	423,300	86,900	-	(8,000)	-	-	-	(36,000)	\$ 466,200	\$ 140,000	\$ 326,200
Fire	478,000	(200,000)	-	(150,500)	-	-	-	(27,600)	\$ 99,900	\$ 99,900	\$ -
Public Works	(94,200)	35,000	-	-	-	-	-	59,200	\$ -	\$ -	\$ -
Library	61,700	1,900	-	-	-	-	-	(60,300)	\$ 3,300	\$ 3,300	\$ -
<b>TOTAL GENERAL FUND</b>	<b>\$1,046,306</b>	<b>\$2,799,976</b>	<b>\$ 530,209</b>	<b>\$ (688,709)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,595,000</b>	<b>\$ (63,662)</b>	<b>\$ 5,219,120</b>	<b>\$ 5,219,120</b>	<b>\$ -</b>

There is no net cost to the General Fund as a result of the proposed budget adjustments presented here. Seven of the eighteen General Fund Departments require year-end budgetary adjustments. Three of the seven Departments require transfers between expenditure categories but are otherwise within budget overall. The remaining four require offsetting revenue adjustments to balance. The circumstances surrounding these four Departments budget are discussed in this section.

The Police Department budget experienced higher than anticipated personnel costs due to near full employment and overtime costs. These additional costs, however, are lower than were anticipated.

At June 30, the Police Department personnel category budget was over budget by \$423,000. Compared to the projection earlier in the fiscal year, this overage is \$1.2 million less than the second quarter estimate and is on target with the revised projection that was presented after the third quarter. The Department was able to take corrective action through operational efficiencies and monitoring of overtime to arrest the rapid expenditure growth in this category. The Department also had unanticipated expenditures in the Supplies and Services category that contributed to the overall expenditure overage for the department. The Department has savings in other expenditure categories as well as offsetting revenues of \$140,000, primarily in the area of vehicle impound processing fees, which partially offset the additional impact to the General Fund. Non-Departmental revenue in the amount of \$326,000 makes up the offsetting difference.

The Fire Department also exceeded its budget in the personnel category. The \$478,000 increase in costs was also anticipated in the third quarter financial report to the City Council and reflects higher overtime expenditures and the anticipated labor negotiation agreement. Due to budget surplus in three other expenditure categories, the Department overall expenditure deficit is minimized to just under \$100,000, and with offsetting additional Department revenues there is no net cost to the General Fund.

Most of the additional budget proposed change in the Personnel and Supplies and Services categories within the Non-Departmental Department are related to the City's response to 2017 winter storms totaled \$1.3 million. The City expects offsetting revenue equal to its expenditures from the Federal Emergency Management Agency (FEMA) and the State of California Office of Emergency Services (Cal-OES). In addition to the winter storms response, there were unanticipated personnel costs, increases in the litigation related attorney services, and ongoing costs associated with implementation of the City's Munis© financial reporting operating system. These costs are covered by offsetting revenue.

Staff recommends the transfer of \$1.5 million to the Workers Compensation Fund in order to shore up its reserves and to address ongoing claims and future claims. There is also an additional \$95,000 Transfer-Out to the Chula Vista Elite Athlete Training Center Fund (409) to cover unanticipated one-time additional expenditures.

The expenditure appropriations in the Police and Non-Departmental budgets are offset by the following revenues:

- \$1.36 million refund from the San Diego Pooled Insurance Program Authority (SANDPIPA),
- Miscellaneous closing balances from several maturing debt service funds (\$34,250), and
- A \$3.2 million settlement related the Corp Yard (Maxwell Road).

### **Other Fund Adjustments:**

Budget Amendment Summary - Fourth Quarter Fiscal Year 2016-17

DEPARTMENT (FUND)	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	CAPITAL	CF BUDGET	NON-CF BUDGET	TRANSFERS OUT	UTILITIES	TOTAL EXPENSE	TOTAL REVENUE	NET COST
<b>OTHER FUNDS</b>											
Measure P (201)	-	30,000	-	(30,000)	-	-	-	-	\$ -	\$ -	\$ -
Supp Law Enforcement Svc (231)	-	-	-	(16,700)	-	-	16,700	-	\$ -	\$ -	\$ -
Police Grants Fund (252)	-	-	-	-	-	-	-	-	\$ -	\$ 16,700	\$ (16,700)
Environmental Services (282)	-	(37,000)	37,000	-	-	-	-	-	\$ -	\$ -	\$ -
Energy Conservation Solar Fin.(285)	-	-	-	-	-	-	21,900	-	\$ 21,900	\$ -	\$ 21,900
Community Energy Eff Outreach (285)	-	(92,300)	92,300	-	-	-	-	-	\$ -	\$ -	\$ -
RDA Successor Agency Fund (315)	-	-	-	-	-	-	14,330	-	\$ 14,330	\$ 13,100	\$ (730)
CDBG - FY 2000 (333)	-	-	-	-	-	-	-	-	\$ -	\$ 1,000	\$ (1,000)
Public Liability Trust (341)	-	84,410	1,716,900	-	-	-	-	-	\$ 1,801,310	\$ 1,801,310	\$ -
Open Space Dist#1 (354)	-	(1,677)	-	-	-	-	1,887	-	\$ 210	\$ 210	\$ -
Open Space Dist#2 (355)	-	(250)	-	-	-	-	480	-	\$ 230	\$ 210	\$ -
Open Space Dist#3 (356)	-	(790)	-	-	-	-	1,890	-	\$ 1,100	\$ 1,100	\$ -
Workers Comp (398)	-	-	-	-	-	-	-	-	\$ -	\$ 1,500,000	\$ (1,500,000)
CV Golf Course (405)	-	23,000	-	-	-	-	2,100	-	\$ 27,100	\$ 27,100	\$ -
CV Elite Athlete Training Center (409)	-	3,000	36,990	40,990	-	-	-	-	\$ 82,980	\$ 99,000	\$ (12,020)
Tank Sewer Cap. Reserve (413)	-	-	-	-	-	-	-	-	\$ -	\$ (23,000)	\$ 23,000
Sewer (414)	-	-	-	-	-	-	488,044	-	\$ 488,044	\$ 488,044	\$ -
Salt Creek Sewer Basin (433)	-	-	-	-	-	-	(23,000)	-	\$ (23,000)	\$ -	\$ (23,000)
2014 Munilease (433)	-	-	21,900	-	-	-	-	-	\$ 21,900	\$ 21,900	\$ -
2003 Refunding COP (471)	*	-	-	-	-	-	-	-	\$ -	\$ 850	\$ (850)
2004 COP Civic Ctr Ph1 (472)	*	-	-	-	-	-	50	-	\$ 50	\$ -	\$ 50
2006 COP Civic Ctr Ph2 (473)	*	-	-	-	-	-	8,700	-	\$ 8,700	\$ -	\$ 8,700
2010 COP (474)	*	-	-	-	-	-	27,500	-	\$ 27,500	\$ -	\$ 27,500
2016 COP Civic Ctr Ph2 (477)	*	-	-	-	-	-	-	-	\$ -	\$ 8,700	\$ (8,700)
2010 COP (478)	*	-	-	-	-	-	-	-	\$ -	\$ 27,500	\$ (27,500)
AD97-2 (508)	*	-	-	-	-	-	6,000	-	\$ 6,000	\$ -	\$ 6,000
AD96-1 Twin Oaks (515)	*	-	-	-	-	-	23,500	-	\$ 23,500	\$ -	\$ 23,500
AD97-1 Oxford St (516)	*	-	-	-	-	-	4,700	-	\$ 4,700	\$ -	\$ 4,700
AD2004-1 Dixon Drive (517)	*	-	-	-	-	-	1,000	-	\$ 1,000	\$ -	\$ 1,000
AD2005-1 Tobias Drive (518)	*	-	-	-	-	-	3,000	-	\$ 3,000	\$ -	\$ 3,000
RDA 2008 TARBS (654)	*	-	-	-	-	-	2,000	-	\$ 2,000	\$ -	\$ 2,000
02 ERAF (661)	*	-	-	-	-	-	2,000	-	\$ 2,000	\$ -	\$ 2,000
06 ERAF (662)	*	-	-	-	-	-	2,000	-	\$ 2,000	\$ -	\$ 2,000
06 TARBS Series A (663)	*	-	-	-	-	-	6,600	-	\$ 6,600	\$ -	\$ 6,600
06 TARBS Series B (664)	*	-	-	-	-	-	2,500	-	\$ 2,500	\$ -	\$ 2,500
06 TARBS (665)	*	-	-	-	-	-	-	-	\$ -	\$ 13,500	\$ (13,500)
2016 TARBS (666)	*	-	292,000	-	-	-	-	-	\$ 292,000	\$ -	\$ 292,000
Residential Construct Tax (717)	*	-	-	-	-	-	-	-	\$ -	\$ 3,000	\$ (3,000)
<b>TOTAL OTHER FUNDS</b>	<b>\$ -</b>	<b>\$ (7,667)</b>	<b>\$ 2,217,090</b>	<b>\$ (5,710)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 605,544</b>	<b>\$ 6,297</b>	<b>\$ 2,815,654</b>	<b>\$ 3,996,224</b>	<b>\$ (1,180,570)</b>

\* Budget adjustments authorize balance transfers that close-out the fund. Most closed funds are related to fully matured debt obligations.  
 ^ Indicates the proposed recipient fund to receive the balance of a closed-out fund.

Adjustments to all other funds consist primarily of technical corrections, fund close-outs and minor inter-category budget shifts within the same fund. The few noteworthy exceptions are in the Public Liability Trust (PLT) Fund (341), the Sewer Fund (414), the previously discussed Workers Compensation Fund (398), and the 2016 Tax Allocation Refunding Bonds (2016 TARBS) Fund (666).

As anticipated in the previous Quarterly Financial Report (May 9, 2017) the PLT Fund requires an additional appropriation to cover increased litigation costs and settlement expenses. There is corresponding reimbursement revenue that offsets the settlement expenses. In addition, the PLT is the recipient of a Sewer Fund transfer to reimburse costs incurred on behalf of the sewer fund.

The Sewer Fund (414) Transfer-Out to the PLT Fund (398) is offset by additional sewer service revenues above that which were budgeted.

The 2016 TARBS Fund (666) was a new fund in Fiscal Year 2016-17. The original budget estimates neglected to include the accrual amount for the interest expense. The proposed budget adjustment of \$292,000 is a technical correction to offset this oversight and will be offset by available fund balance.

**DECISION-MAKER CONFLICT**

Staff has reviewed the decision contemplated by this action and has determined that it is not site specific and consequently, the 500-foot rule found in California Code of Regulations Title 2, section 18702.2(a)(11), is not applicable to this decision for purposes of determining 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 of Chula Vista City Council member, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

#### **LINK TO STRATEGIC GOALS**

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. This action supports the Operational Excellence goal by communicating the City's projected financial position for the fiscal year ending June 2017, in an open and transparent manner. Efforts at transparency in financial reporting support City Initiative 1.3.1. - "Foster public trust through an open and ethical government."

#### **CURRENT YEAR FISCAL IMPACT**

Approval of the resolution amending the fiscal year 2016-17 budget will result in the following impacts:

General Fund - There are no net impact to the General Fund because the recommended adjustment to the fund is either revenue offset or neutral as a result of expenditure or revenue transfers with the expenditure categories.

Other Funds - All of the funds with budget adjustments result in positive or neutral impacts to the funds, with the exceptions being the funds which are closed.

#### **ONGOING FISCAL IMPACT**

Staff will review the impacted budgets to identify potential ongoing impacts and may recommend changes during fiscal year 2017/18.

#### **ATTACHMENTS**

Implementing Resolution

*Staff Contact: David Bilby, Finance Department*