



City of Chula Vista

Legislation Details (With Text)

File #: 17-0477 **Name:**

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On agenda: 11/7/2017 **In control:** City Council

Title: A. QUARTERLY FINANCIAL REPORT FOR THE QUARTER ENDING SEPTEMBER 30, 2017

B. RESOLUTION NO. 2017-208 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA MAKING VARIOUS AMENDMENTS TO THE FISCAL YEAR 2017/18 BUDGET TO ADJUST FOR VARIANCES AND APPROPRIATING FUNDS THEREFOR (4/5 VOTE REQUIRED)

Final action: 11/7/2017

Sponsors:

Indexes:

Code sections:

Attachments: 1. Resolution, 2. Attachment 1 - FY18 Q1 Financial Report - FINAL.pdf, 3. Revised Reso

Date	Ver.	Action By	Action	Result
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11/7/2017	1	City Council		
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A. QUARTERLY FINANCIAL REPORT FOR THE QUARTER ENDING SEPTEMBER 30, 2017

B. RESOLUTION NO. 2017-208 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA MAKING VARIOUS AMENDMENTS TO THE FISCAL YEAR 2017/18 BUDGET TO ADJUST FOR VARIANCES AND APPROPRIATING FUNDS THEREFOR (4/5 VOTE REQUIRED)

RECOMMENDED ACTION

Council accept the report and adopt the resolution.

SUMMARY

The Finance Department prepares quarterly financial reports for the General Fund that reflect budget to actual comparisons, projected revenues and expenditures, and highlight major variances that may require additional action or changes. The quarterly financial reports are in compliance with Section 504 (f) of the City Charter, which requires that quarterly financial reports be filed by the Director of Finance through the City Manager. It also provides the opportunity to review and update Measure P funding status and the long-term financial plan.

In preparing the quarterly financial projections, staff has identified various budget changes that are needed to reflect actual revenues and expenditures or address changes in budgetary needs. For government entities, a budget creates a legal framework for spending during the fiscal year. After the budget is approved there are circumstances, which arise that could require adjustments to the approved budget. Council Policy 220-02 "Financial Reporting and Transfer Authority" was established in January of 1996 and allows for budget transfers to be completed. This report discusses budget adjustments that staff recommends in the General Fund as well as various other funds.

Two new sections have been added to the attached Quarterly Financial Report. The report now

includes an update on Measure P actual revenues and expenditure to date and an updated Long Term Financial Plan, reflecting all Council approved items since the adoption of the Fiscal Year 2017/18 budget in June.

ENVIRONMENTAL REVIEW

Environmental Notice

The Development Services Director has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that filing of the quarterly financial status report 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

The Finance Department prepares quarterly financial reports for the General Fund that reflect budget to actual comparisons, projected revenues and expenditures, and highlight major variances that may require additional action or changes. The quarterly financial reports are in compliance with Section 504 (f) of the City Charter, which requires that quarterly financial reports be filed by the Director of Finance through the City Manager.

General Fund Overview

Attachment A - Quarterly Financial Report provides the financial outlook for the General Fund for the current fiscal year and includes summary information for revenues and expenditures. There is also a brief discussion of Measure P and the long-term financial plan.

The following chart summarizes the projections for the first quarter of fiscal year 2017/18 for the City's General Fund. The amended budget column includes all Council approved changes to the fiscal year 2017/18 adopted budget that have taken place through the end of the first quarter ending September 30, 2017. The proposed column lists the amended budget along with proposed adjustments for revenues and expenditures as of June 30, 2018. The third column includes projected revenues which are being watched for possible adjustment at a later date. The following table reflects the unaudited General Fund reserves as of July 1, 2017 (beginning fund balance) as well as the projected General Fund reserves for June 30, 2018 (projected ending fund balance).

General Fund Reserve	Amended Budget	Proposed Amended budget	Projected
	(millions)	(millions)	(millions)
Reserves - July 1, 2017 (unaudited)	\$ 19.31	\$ 19.31	\$ 19.31
Revenues & Transfers In	\$ 185.27	\$ 185.31	\$ 185.30
Expenditures & Transfers Out ¹	\$ (185.27)	\$ (185.31)	\$ (185.31)
Net Pending Appropriations	\$ -	\$ -	\$ -
Projected Surplus/(Deficit)	\$ -	\$ 0.00	\$ (0.006)
Projected Fund Balance for June 30, 2018	\$ 19.31	\$ 19.32	\$ 19.31
As a Percentage of Operating Budget	10.0%	10.4%	10.4%

Note 1 -The Original Budget and projections reflected in this table do not include prior year appropriations for capital improvement projects and other encumbrances totaling \$5.7 million that were carried forward into the fiscal year 2017/18 budget. These expenditure impacts are already reflected in the estimated fund balance as of July 1, 2017 and are therefore not included in the above table.

Measure P Fund Overview

The voter approved, temporary ½ cent sales tax measure is allowing the City to make progress toward replacing and repairing failing City assets. Out of the \$169,588,935 proposed allocations, the City has expended approximately \$3,584,790 through September 30, 2017. Expenditures include bond sale costs of \$46,843, Fire Services expenses of \$642,269, Police Services expenditures of \$2,345,622 and Infrastructure improvements of \$550,055. Several projects are in the procurement/bidding process and will be moving forward in the next quarter.

**Citywide Infrastructure, Facilities and Equipment Expenditure Plan
1/2 cent Sales Tax Revenues over 10 year period
Summary Table**

Total by Major Category	10-Year Timeframe	Expended as of 9/30/17
Bond Sale Expenses	-	46,843
Total Bond Sale Expenses	\$ -	\$ 46,843
Fire Stations Repairs/Replacement	22,839,549	10,911
Fire Response Vehicles (Apparatus)	19,847,580	456,294
Fire Safety Equipment	5,197,913	175,064
Total Fire Services	\$ 47,885,042	\$ 642,269
Police Response Vehicles	12,951,470	758,982
Public Safety Communication Systems (Dispatch and Regional Communication Systems)	8,624,832	1,577,880
Police Facility Repairs	1,509,000	8,760
Total Police Services	\$ 23,085,302	\$ 2,345,622
Streets (Arterials/Collectors/Residential)	24,474,861	340,555
Other Public Infrac. (Storm Drains, Drainage Systems, Sidewalks, Trees etc.)	14,154,295	-
Sports Fields and Courts	16,966,595	73,718
Non-Safety Vehicles (i.e. Public Works Crews)	11,195,100	-
Public Facilities (i.e. Senior Center, Recreation Centers, Libraries, Living Coast Discovery Center, Public Works Center)	13,100,000	135,782
Traffic Signal Systems	7,000,000	-
Park Infrastructure (Playground Equipment, Gazebos, Restrooms, Benches, Parking etc.)	7,682,740	-
Citywide Network Replacement	2,045,000	-
Citywide Telecommunications	2,000,000	-
Total Infrastructure	\$ 98,618,591	\$ 550,055
Total Proposed Allocations	\$ 169,588,935	\$ 3,584,790

Notes:

- 42% allocated to Public Safety and 58% allocated to Citywide Infrastructure.
- Actual allocations to specific projects will be brought forward as part of the annual budget with the
- Expended To Date includes actual payments made from the Measure P Fund.

Staff is recommending budget adjustments as summarized in the following tables.

General Fund Adjustments

DEPARTMENT	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	UTILITIES	OTHER CAPITAL	TRANSFERS OUT	TOTAL EXPENSE	TOTAL REVENUE	NET COST
GENERAL FUND									
Boards & Commissions	3,400	-	-	-	-	-	\$ 3,400	\$ -	\$ 3,400
Non-Departmental	-	5,649	-	-	-	200,000	\$ 205,649	\$ 9,049	\$ 196,600
Economic Development	-	-	(200,000)	-	-	-	\$(200,000)	\$ -	\$(200,000)
Police	1,925	6,575	-	15,300	-	-	\$ 23,800	\$ 23,800	\$ -
Recreation	(58,100)	-	-	-	58,100	-	\$ -	\$ -	\$ -
TOTAL GENERAL FUND	\$ (52,775)	\$ 12,224	\$(200,000)	\$15,300	\$58,100	\$200,000	\$ 32,849	\$ 32,849	\$ -

At the conclusion of the first quarter of the 2018 fiscal year, most of the proposed adjustments are minor inter- and intra-Department transfers or are appropriations associated with offsetting revenue. The most noteworthy adjustment to the General Fund budget is the shift of the \$200,000 Small Business Loan Program, which is currently budgeted in the Economic Development Department. This program will now be shown in a separate and new Enterprise Fund. The current year funding for the program will be transferred out of the Non-Departmental Division to the new fund and the Economic Development budget will be reduced by the same amount. The new fund is displayed below among the list of funds in the Other Funds chart.

There is no net cost associated with the proposed first quarter adjustments because all of the proposed expenditure appropriations are offset with budgetary savings elsewhere within the General Fund or by specific offsetting revenues.

At this stage of the year, the Departments are on track with their personnel budgets. The Police and Fire Departments, where overtime costs can easily result in unplanned budget overages, are on target. Given the ongoing fires in the State, it is anticipated that the second quarter will see significant costs associated with providing mutual aid support. Because of the Governor’s declared State of Emergency the costs associated with the mutual aid response will largely be covered by State Office of Emergency Services reimbursement.

Other Funds Adjustments

FUND/ (ORG KEY)	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	OTHER CAPITAL	TRANSFERS OUT	TOTAL EXPENSE	TOTAL REVENUE	NET COST
OTHER FUNDS								
TUT Common Fund (223352)	-	(9,049)	-	-	9,049	\$ -	\$ -	\$ -
Transp Sales Tax Fund (227355)	-	-	-	-	-	\$ -	\$ 1,392	\$ (1,392)
Fire Equip Lease Fund (234359)	-	-	-	217,992	-	\$ 217,992	\$ -	\$ 217,992
Traffic Safety (245405)	-	150,000	-	-	-	\$ 150,000	\$ -	\$ 150,000
McCandliss Mem Cult Arts (267397)	-	-	1,000	-	-	\$ 1,000	\$ 1,000	\$ -
Suppl Law Enforce Service (272407)	-	200,000	-	-	-	\$ 200,000	\$ -	\$ 200,000
Off of Thrift Superv. Step Program (272416)	25,747	-	-	-	-	\$ 25,747	\$ 25,747	\$ -
Justice Assistance Grant (272427)	-	-	-	-	-	\$ -	\$ 3,432	\$ (3,432)
State Pkwy Grant Fund (273500)	-	-	519	-	-	\$ 519	\$ -	\$ 519
Commun Fac Distr. 18M Village 3 Ctay Ranch (348669)	-	-	800	-	-	\$ 800	\$ (624,632)	\$ 625,432
Small Bus Loan Prg (404725)	-	-	200,000	-	-	\$ 200,000	\$ 200,000	\$ -
Development Services (408737/408741)	-	250,000	-	-	-	\$ 250,000	\$ 250,000	\$ -
Fire Apparatus Lease (452798)	-	-	(244,400)	-	-	\$ (244,400)	\$ (244,400)	\$ -
Public Facilities Dev Impact Fees (560896)	-	-	-	351,600	-	\$ 351,600	\$ -	\$ 351,600
Eastlake Greens II AD 94-1 Imp (512868)	-	-	1,175,000	-	-	\$ 1,175,000	\$ -	\$ 1,175,000
Highway Safety Imp Prog (736952)	-	-	-	-	1,392	\$ 1,392	\$ -	\$ 1,392
TOTAL OTHER FUNDS	\$ 25,747	\$ 590,951	\$ 1,132,919	\$ 569,592	\$ 10,441	\$ 2,329,650	\$ (387,461)	\$ 2,717,111

Outside of the General Fund, there are changes in sixteen cost centers within fourteen different funds. The proposed adjustments, displayed in the chart above, have a net cost of \$2,719,895, which are entirely funded with fund balances or current year available revenue. A brief discussion follows on the major adjustments are below.

An appropriation of \$217,992 from from the Fire Equipment Lease Fund balance will allow the Fire Department to purchase three auto pulses, monitors and batteries. The revenue supporting this appropriation was received in Fiscal Year 2016-17.

The Supplemental Local Law Enforcement Fund appropriation in the amount of \$200,000 will provide funding for the Taser International body-worn cameras and other maintenance/software contracts.

A reduction in revenue of \$624,632 for CFD 18M VIL3OR is a correction to the district assessments amount anticipated for the current fiscal year.

As previously discussed in the General Fund section above, the budget for the Small Business Loan Program, previously included in the Economic Development Department, is being moved from the General Fund to a new enterprise fund to be called the Small Business Loan Program Fund (404). The new fund's budget includes a Transfer In from the General Fund and a corresponding expenditure budget of \$200,000.

There are increases to the Development Services Fund of \$250,000 in the Supplies & Services

category for outside consultant support to help address current volumes and improve turnaround times for priority projects. The additional amount of \$79,957 in the Personnel Services category is for the transfer of a Senior Landscape Inspector from the Public Works Department. The expenditures are expected to have revenue offsets resulting in a no net impact to the fund.

The reduction in the Fire Apparatus Lease Fund is due to the three Fire Engine leases that will be paid directly out of the Measure P Fund (see discussion in next section).

The appropriation of \$351,600 to the Public Facilities DI Fund is for the purchase of five Police vehicles for the five new Peace Officer positions approved by Council.

In September 2017, the City called bonds for the Eastlake Greens II AD-94-1 Improvement Fund because of the availability of surplus funds. The appropriation from fund balance to the Other Expenses category will allow the payoff of the remaining principal balance in AD 94-1.

Measure P Fund Adjustments

FUND/ ORG KEY	SUPPLIES & SERVICES	OTHER EXPENSES	OTHER CAPITAL	TRANSFERS OUT	TOTAL EXPENSE	TOTAL REVENUE	NET COST
MEASURE P SALES TAX FUND							
Measure P Sales Tax (220350)	(170,238)	552,587	(137,949)	(244,400)	\$ -	\$ -	\$ -
Measure P 2017 Lease Revenue Bonds (220368)	5,000	8,440,000	-	-	\$ 8,445,000	\$ 27,124,008	\$ (18,679,008)
TOTAL MEASURE P SALES TAX FUND	\$ (165,238)	\$ 8,992,587	\$ (137,949)	\$ (244,400)	\$ 8,445,000	\$ 27,124,008	\$ (18,679,008)

Adjustments to the Measure P fund include adding the \$27,124,008 net proceeds from the 2017 lease-revenue bonds as revenue and appropriating \$8,445,000 to Supplies & Services and Other Expenses categories for miscellaneous bond related expenses and for the principal and interest payments. The other adjustments to the fund reflect the revision of paying for the approved new Fire apparatus directly from the Measure P fund, eliminating the \$244,000 Transfer Out to the Fire Apparatus Fund. Category transfers to the Other Expenses category from the Capital and Supplies & Services categories are intended to record the vehicle and equipment acquisition as principal and interest payments (\$137,949 from the Capital category for the new Tiller and \$170,238 from the Supplies & Services category for the Computer Aided Dispatch (CAD) equipment).

Technical Corrections

FUND/(ORGKEY)	PERSONNEL SUPPLIES & TRANSFERS			TOTAL EXPENSE	TOTAL REVENUE
	SERVICES	SERVICES	OUT		
Otay Lakes Rd AD 88-2 Improvement (501x)	-	-	-	\$ -	\$ (48,005)
East H St. AD 87-1 Improvement (503x)	-	-	-	\$ -	\$ (36,183)
95 Assess Bond Refi Redemption (816x)	(16,500)	(533,079)	(99,652)	\$ (649,231)	\$ -
AD88-2 051 (849x)	-	-	-	\$ -	\$ (15,464)
TOTAL OTHER FUNDS	\$ (16,500)	\$ (533,079)	\$ (99,652)	\$ (649,231)	\$ (99,652)

The above items are proposed technical corrections to reverse a prior action on July 11, 2017, Resolution 2017-126. The above funds are debt service funds, where the accounting is different than an expenditure budget. In order for the authorizing documentation to be correct, the original requested budget adjustments will be reversed. This action does not change the authorized use of the funds, so there is no net fiscal impact to report.

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council of the City of Chula Vista members and has found no property holdings within 500 feet of the boundaries of the property which is the subject of this action. Consequently, this item does not present a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18702.2(a)(11), for purposes of 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 current fiscal year in an open and transparent manner. This transparency supports City Initiative 1.3.1. - “Foster public trust through an open and ethical government.”

CURRENT YEAR FISCAL IMPACT

There is no fiscal impact to the General Fund associated with this action. Across the other funds, there is a net positive impact of \$18.7 million, driven primarily by the addition of the Measure P bond proceeds and the new debt service associated with the bonds. Funds for which there are new appropriations being sought have either offsetting revenue or available and assigned fund balance. It is currently projected that fiscal year 2017/18 will remain balanced.

ONGOING FISCAL IMPACT

There is no ongoing fiscal impact related to this action for the General Fund. The 2017 Measure P Revenue Bonds will have ongoing debt service costs of \$8.4 million per year, which is approximately half of the annual projected revenue. This cost impact was known at the time the bonds were sold, but because the issuance occurred after the Fiscal Year 2017-18 budget was finalized, its proceeds and debt service amounts were not included. The impacts related to actions approved by Council since the adoption of the budget in June 2017 are reflected in the Long Term Financial Plan section of the attached quarterly report.

Description	PROJECTED			Forecast		
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
(MILLIONS)						
Revenues:						
MAJOR DISCRETIONARY REVENUES	\$ 125.9	\$ 128.0	\$ 132.2	\$ 135.4	\$ 138.7	\$ 142.1
OTHER GENERAL FUND REVENUES	\$ 59.4	\$ 40.7	\$ 40.9	\$ 41.2	\$ 41.0	\$ 41.3
NEW DEVELOPMENT REVENUES	\$ -	\$ 3.3	\$ 3.0	\$ 4.1	\$ 5.1	\$ 6.0
TOTAL REVENUES	\$ 185.30	\$ 171.9	\$ 176.2	\$ 180.7	\$ 184.8	\$ 189.4
Expenditures:						
PERSONNEL SERVICES	\$ 123.5	\$ 130.3	\$ 135.8	\$ 141.5	\$ 147.3	\$ 152.9
SUBTOTAL OTHER	\$ 61.8	\$ 45.5	\$ 47.0	\$ 48.9	\$ 50.7	\$ 51.9
NEW PROGRAMS & DEVELOPMENT	\$ -	\$ 1.9	\$ 5.0	\$ 6.7	\$ 10.7	\$ 12.2
TOTAL EXPENDITURES	\$ 185.31	\$ 177.8	\$ 187.8	\$ 197.1	\$ 208.7	\$ 217.0
PROJECTED GENERAL FUND SURPLUS/(DEFICIT)	\$ -	\$ (5.9)	\$ (11.7)	\$ (16.3)	\$ (23.9)	\$ (27.5)
SUR/(DEF) AS % OF BUDGET	0%	-3%	-6%	-8%	-11%	-13%

Note: Includes funding for five new police officer positions and twelve new firefighter positions which are partially offset by SAFER grant funds.

ATTACHMENTS

1. FY2018 First Quarter Financial Report

Staff Contact: *David Bilby, Finance Department*

OVERVIEW

This financial report summarizes the City's General Fund financial position for fiscal year 2018 through September 30, 2017 and projecting out to June 30, 2018. The purpose of this report is to provide the City Council, Management and the citizens of Chula Vista an update on the City's fiscal status based on the most recent financial information.

This report also includes a brief status update of the Measure P revenue as well as an update on the City's multi-year or long-term financial plan (LTFP). The LTFP is a forecast of ten future years based upon information available at the time and is updated annually to reflect the most current information available. This quarterly financial report contains an update of the years up until 2027 (attached) and a discussion about the next five years. The most recent LTFP was first presented with the City's Fiscal Year 2017-18 budget.

NATIONAL, STATE, AND REGION ECONOMIC UPDATE

The National Forecast¹ - In the September 20 17 UCLA Anderson Forecast, Senior Economist David Shulman notes that the national economy continues to maintain its steady growth rate of 2.5% - 3%. Shulman expects this rate of growth to continue with real GDP increasing by a projected 2.1%, 2.8% and 2.1% in 2017, 2018, and 2019 respectively. This positive trend will be driven, in part, by the rebuilding in areas impacted by hurricanes Harvey, Irma and Maria. The rebuilding in Florida and Texas is projected to reach \$200 billion. However, Shulman also notes that this growth in GDP will not replace the vast amounts of wealth that were destroyed by the hurricanes. Increases in infrastructure spending and defense spending together with a projected a \$1.8 trillion tax cut is expected to fuel growth over the coming few years. Unemployment is expected to remain at or below the current 4.4% level with a possible uptick at the end of 2019 when the economy is expected to slow somewhat. Contrary to typical economic theory, the low unemployment has not resulted in high inflation, and this market behavior change continues to confound economists. The current inflation rate of 2+% will keep the Federal Reserve on track with its gradual increases to long-term interest rates.

The California Forecast² - UCLA Anderson Senior Economist Jerry Nickelsburg focused his September analysis on the relationship between labor and housing in California. With the State at near full employment, future job growth, and therefore GDP growth, will be tied to immigration and domestic migration. With the current national policies decidedly reducing immigration, California will need more net domestic migration to spur growth. The high cost of housing, however, is a deterrent for in-migration to California. Mr. Nickelsburg outlines the many reasons why making housing affordable in California is difficult. Highlighting a recent study by the California LAO on housing demand, he suggests that in order to obtain a modest 10% decrease in housing prices, there needs to be 20% more inventory. "The current legislative initiatives will moderate the increase in the price of housing, but will not do much to alleviate the high cost of living in California in the near term." he says. His overall forecast for the State's growth is muted, with employment growth at a modest 1.1%, 0.9% and 0.9% over the next three years and growth in real personal income growing at 2.0%, 3.1%, and 3.1% for the same period.

The San Diego Forecast³ - The USD Burnham-Moores Center for Real Estate's (BMC) Index of Leading Economic Indicators for San Diego County, shown on the next page, rose 0.1% in August 2017 to 145.2. Increases in the index' indicators were led by the *national economic outlook*, an increase of 0.78%. There were small gains in *authorized building permits* (0.51%) and *consumer confidence* (0.16%). For the third month in a row, both labor indicators, *initial claims for unemployment insurance* and *help-wanted advertising* saw declines, netting to a slight increase in the seasonally adjusted unemployment rate of 4.5%. The small increases in August's economic indicators have kept BMC's outlook positive but with slower growth expected for the rest of the year and through the first half of 2018.

² Source: UCLA Anderson Forecast, September 2017

³ Source: University of San Diego School of Business Administration, USD Index of Leading Economic Indicators, August 2017; retrieved from URL: <http://home.sandiego.edu/~agin/usdlej/index.html>

¹ Source: UCLA Anderson Forecast, September 2017

**San Diego Index of Leading Economic Indicators
San Diego County, 2012 – 2017**



**GENERAL FUND PROJECTIONS FOR FISCAL
YEAR 2017-18 AFTER FIRST QUARTER**

General Fund Reserves – Chula Vista’s General Fund Reserve policy was established to ensure that the City’s finances are managed in a manner which will:

1. Continue to provide for the delivery of quality services;
2. Maintain and enhance service delivery as the community grows in accordance with the General Plan
3. Minimize or eliminate the need to raise taxes and fees because of temporary revenue shortfalls; and
4. Establish the reserves necessary to meet known and unknown future obligations and ability to respond to unexpected opportunities.

The following table displays the unaudited General Fund reserves as of June 30, 2017 as well as the projected General Fund reserves for June 30, 2018. The table compares the proposed amended budget, with the projected actual. The projected actual assumes slightly lower revenues than the budget, and discussed below.

General Fund Reserve	First Quarter Amended	First Quarter Projected
	(Millions)	
Reserves - July 1, 2017 (unaudited)	\$ 19.31	\$ 19.31
Revenues & Transfers In	\$ 185.31	\$ 185.30
Expenditures & Transfers Out ¹	\$ (185.31)	\$ (185.31)
Projected Surplus/(Deficit)		\$ (0.006)
Projected Fund Balance for June 30, 2018	\$ 19.31	\$ 19.31
As a Percentage of Operating Budget	10.4%	10.4%

Note:

1) The Original Budget and projections reflected in this table do not include prior year appropriations for capital improvement projects and other encumbrances totaling \$5.7 million that were carried forward into the fiscal year 2017/18 budget. These expenditure impacts are already reflected in the estimated fund balance as of July 1, 2017 and are therefore not included in the above table.

The City’s financial outlook is primarily unchanged after the first quarter. Expenditures are projected to be within the amended budget level while revenues are expected to be slightly lower than the amended budget. The City’s sales tax projections are trending lower than the budget but the decline for this year will likely be offset by the in-lieu motor vehicle fee revenue, which was budgeted low. Revenue from these two sources is projected to net \$6,100 lower than the proposed amended budget. This small decline will be monitored carefully, but is expected to be absorbed elsewhere within the budget before the year is over.

The following table shows the budget and projected revenues. The budgeted amount includes all previously approved budget amendments as well as those with proposed changes included with this report.

Revenue Category	Amended FY18 1ST QTR Budget	Projected Actual at First Quarter	Variance
Property Taxes	\$ 33,620,932	\$ 33,620,932	-
Sales Tax	\$ 32,935,356	\$ 32,734,010	(201,346)
Measure P Sales Tax	\$ 16,320,000	\$ 16,320,000	-
PT in lieu of VLF ¹	\$ 20,844,039	\$ 21,039,276	195,237
Other Revenue	\$ 29,543,253	\$ 29,543,253	-
Transfers In	\$ 11,215,552	\$ 11,215,552	-
Franchise Fees	\$ 11,968,646	\$ 11,968,646	-
Charges for Services	\$ 8,255,255	\$ 8,255,255	-
Revenue from Other Agencies	\$ 2,807,090	\$ 2,807,090	-
Utility Users Tax	\$ 5,860,328	\$ 5,860,328	-
Transient Occupancy Taxes	\$ 4,316,267	\$ 4,316,267	-
Use of Money & Property	\$ 2,421,115	\$ 2,421,115	-
Other Local Taxes	\$ 1,424,643	\$ 1,424,643	-
License and Permits	\$ 1,524,632	\$ 1,524,632	-
Fines, Forfeitures, Penalties	\$ 1,075,423	\$ 1,075,423	-
Real Property Transfer Tax	\$ 1,173,550	\$ 1,173,550	-
TOTAL REVENUES	\$185,306,081	\$185,299,972	(6,109)

NOTE:

- 1) Property Tax in Lieu of Vehicle License Fees was previously accounted for as Motor Vehicle License fees (VLF) in the State Revenue category. VLF was replaced by a backfill from property taxes following the permanent reduction of the VLF rate from 2% to 0.65% in 2004. The in lieu amount is adjusted annually the growth in the City’s growth in assessed valuation and will be shown under the Property Tax category in the future.



Departmental expenditures are tracking within budgeted levels overall. The General Fund’s amended budget includes (1) the original budgeted expenditures of \$166,587,259, (2) the \$18,685,973 off-cycle appropriation of the Measure P bond proceeds, (3) prior year carry over encumbrances of \$5,751,121, and (4) the proposed \$32,849 of expenditures submitted with this report, for a total amended budget of \$191.1 million.

The following table shows that expenditures as of 9/30/2017 are 21% of the overall budget, but with variances across all the departments. Several departments have expenditures greater than 25% of their budget after the first quarter. Again this year, the City decided to incur the full annual cost of CalPERS unfunded liability contribution in the first quarter in order to achieve a lower annual cost. By paying up front, the City’s yearly contribution was reduced by \$559,860, but the entire expenditure of \$15.2 million was posted at the beginning of the year rather than distributed monthly.

Department	Amended FY18 1ST QTR Budget *	Expended as of 9/30/2017	% Expd
City Council	\$ 1,612,138	\$ 462,347	29%
Boards and Commissions	\$ 15,671	\$ 7,665	49%
City Clerk	\$ 941,690	\$ 265,194	28%
City Attorney	\$ 2,980,359	\$ 820,002	28%
Administration	\$ 2,046,997	\$ 644,973	32%
Information Technology Svcs	\$ 3,780,709	\$ 1,023,196	27%
Human Resources	\$ 2,776,013	\$ 722,518	26%
Finance	\$ 3,793,290	\$ 1,105,223	29%
Non-Departmental	\$ 43,706,717	\$ 391,288	1%
Animal Care Facility	\$ 3,006,227	\$ 766,984	26%
Economic Development	\$ 1,996,875	\$ 640,055	32%
Planning & Building	\$ 2,708,065	\$ 834,142	31%
Engineering/Capital Project	\$ 8,687,243	\$ 1,056,014	12%
Police	\$ 53,355,016	\$ 14,800,886	28%
Fire	\$ 27,773,838	\$ 8,099,656	29%
Public Works	\$ 17,895,714	\$ 5,790,033	32%
Recreation	\$ 4,419,735	\$ 1,046,413	24%
Library	\$ 3,809,784	\$ 1,079,202	28%
SUBTOTAL EXPENDITURES	\$185,306,081	\$ 39,555,791	21%
Prior Year Encumbrances ¹	\$ 5,751,121	\$ -	0%
TOTAL EXPENDITURE BUDGET	\$191,057,202	\$ 39,555,791	21%

NOTE:

1) Prior year appropriations for capital projects and other encumbrances totaling \$5.7 were carried forward into fiscal year 2017-18. The total amount is listed at the bottom of the expenditure table while the expenditures against these encumbrances are contained within the expended column in the respective departments.

As in the prior year, the City is currently participating in State and Federal emergency response efforts, fighting wild fires and helping relief efforts in Northern California, Texas and Florida. The financial impacts of these efforts are expected to be offset by reimbursement revenue that will be reflected in a future quarterly report.

LONG-TERM FINANCIAL PLAN UPDATE – FISCAL YEARS 2018 TO 2023

A primary focus of this financial report is to review and reconsider the Long-Term Financial Plan (LTFP), looking beyond the current fiscal year at fiscal issues facing the City on the horizon. The LTFP was presented with the fiscal year 2017-18 budget in March, May, and finally in June 2017. The changes to the LTFP from that which was presented in June 2017 include (1) modified sales tax and in-lieu motor vehicle license fee projections; (2) revised personnel costs to reflect recent labor contracts; (3) updated CalPERS rates for fiscal year 2019; (4) the addition of twelve new firefighter/paramedic positions authorized in August, 2017; (5) new technology costs in the Police Department, and (6) the change in the estimated opening of the Millennia Fire station from 2019 to 2020. Like the version shown previously in June 2017, this updated version includes cost projections for new peace officers, the new Bayfront Fire Station and new park maintenance expenses for the Millennia Parks.

The purpose of this review is to highlight the structural imbalances that the City will face beginning in the next fiscal year, and to focus problem solving efforts toward a menu of viable options. These projections will continue to evolve as new information becomes available. These projections assume continued economic growth. Even a small or short-lived economic downturn will amplify the projected deficit.

The table on the following page displays the updated financial projections for fiscal years 2019 through 2023. A more detailed table that includes all ten years is provided as an attachment to this report. Beginning next fiscal year, the projection is that revenue will not be sufficient to cover the City’s operating expenditures resulting in a \$5.9 million deficit. Left unchecked, the deficit is projected to grow to \$27.5 million in five years. This deficit is smaller than was first projected in May because of the impact of the aforementioned modifications. The net revenues



have improved to \$171.9 million compared to an original estimate of \$171.7 million because of the revised projections for the In Lieu Vehicle License Fee offset to the expected decline in Sales Tax revenue. On the expenditure side, primarily because of the estimated opening of the Millennia Fire Station in 2020 rather than 2019, the projected expenditures have decreased from \$178.9 million to \$177.8 million. New expenditures that were not in the original plan add just over \$1 million in cost in fiscal year 2018-19. These include proposed twelve new firefighter positions (Safer Grant supported), and new police technology costs.

The most significant drivers for the long-term growth in the City's expenditures are the increase in public safety costs and the increasing costs associated with public employee salaries and benefits. Even with the additional resources provided by Measure P, which are significant, the current plan is for the General Fund to add \$2 million in new service levels in 2019, growing to \$5 million, \$7 million, \$11 million, and \$12 million in the subsequent four years. In addition to these new expenditures, the City's remaining operating expenditures will also experience growth.

Description	FY 2019	FY 2020	Forecast		
			FY 2021	FY 2022	FY 2023
(MILLIONS)					
MAJOR DISCRETIONARY REVENUES	\$ 128.0	\$ 132.2	\$ 135.4	\$ 138.7	\$ 142.1
OTHER GENERAL FUND REVENUES	\$ 40.7	\$ 40.9	\$ 41.2	\$ 41.0	\$ 41.3
NEW DEVELOPMENT REVENUES	\$ 3.3	\$ 3.0	\$ 4.1	\$ 5.1	\$ 6.0
TOTAL REVENUES	\$ 171.9	\$ 176.2	\$ 180.7	\$ 184.8	\$ 189.4
Expenditures:					
PERSONNEL SERVICES	\$ 130.3	\$ 135.8	\$ 141.5	\$ 147.3	\$ 152.9
SUBTOTAL OTHER	\$ 45.5	\$ 47.0	\$ 48.9	\$ 50.7	\$ 51.9
NEW PROGRAMS & DEVELOPMENT	\$ 1.9	\$ 5.0	\$ 6.7	\$ 10.7	\$ 12.2
TOTAL EXPENDITURES	\$ 177.8	\$ 187.8	\$ 197.1	\$ 208.7	\$ 217.0
PROJECTED GENERAL FUND SURPLUS/(DEFICIT)	\$ (5.9)	\$ (11.7)	\$ (16.3)	\$ (23.9)	\$ (27.5)
SUR/(DEF) AS % OF BUDGET	-3%	-6%	-8%	-11%	-13%

Fiscal Year 2019 Budget Balancing

The City's options for addressing the anticipated shortfall will require new revenues, cost cutting, and cost deferments. Preliminarily, staff has identified possible savings that will accrue to the City once the Measure P projects are implemented. Future savings in utility costs have been estimated to have a mitigating impact of \$800,000 in FY 2019 and as much as \$1.7 million by 2023. In addition, the savings to the City if it were to make

permanent the elimination of sixteen currently vacant positions has been estimated to relieve the budget by \$1.0 million in 2019 and in future years as well. These sixteen positions are non-sworn and revenue neutral. If these mitigation efforts are realized, the 2019 deficit could be reduced to \$4.0 million. In addition, all City Departments are presently evaluating opportunities for reorganization or consolidation in order to affect further savings and shrink the deficit gap. These efforts alone will not be sufficient, however to eliminate the projected deficit which, in the following year, is projected to increase to \$9 million, shown below.

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Utility Savings: Measure P Projs	\$ 0.8	\$ 1.7	\$ 1.7	\$ 1.7	\$ 1.7
Elimination of 16 Vacant Positions	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.1	\$ 1.1
TOTAL W/MITIGATION MEASURES&ADMIN ACTIONS	\$ 1.8	\$ 2.7	\$ 2.7	\$ 2.7	\$ 2.8
SURPLUS/(DEFICIT) W/MITIGATION MEASURES	\$ (4.0)	\$ (9.0)	\$ (13.7)	\$ (21.2)	\$ (24.8)

Revenue

The City receives revenue from multiple sources, the primary sources being local taxes on sales and on real property. Changes in projections to these two sources have the greatest impact on the City's financial projections.

Sales Tax – Revenue from the Bradley-Burns sales tax, (1% of retail sales), continues to be the City's largest revenue source as projected for fiscal year 2017-18, although property tax revenue would have earned this position had the Measure P Sales tax been excluded. Projected Sales Taxes make up more than 25% of projected General Fund revenues for fiscal year 2017-18. Of the \$49.1 million projected, the Measure P sales taxes make up \$16.3 million.

Detailed collection data is provided by the State Board of Equalization and analyzed by the City's sales tax advisor HdL Companies. The most current data available is for the second calendar quarter, April through June of 2017. Compared to the same prior-year quarter, sales tax receipts grew by a modest 1%, although there were variations within the seven major industry categories. The Autos and Transportation category showed a 3% decline in sales while the Business and Industry category increased by 10%. The largest producing industry category, in terms of gross sales, is General Consumer Goods which had zero

growth in comparison to the same 2016 quarter. Other sectors experienced increases when compared to the same quarter in 2016; these included Fuel & Service Stations (6%), Restaurants and Hotels (5%), Building and Construction (4%) and Food & Drugs (3%).

The projections include estimates for new revenue derived from new development. New Development sales tax has been reduced to reflect likely delays. Whether these new revenues materialize and whether they arrive is subject to further modification.

City staff will continue to monitor sales taxes for the impact of internet sales. Taxes collected by on-line retailers go into a countywide pool and are distributed to the Cities based upon share of countywide sales rather than by population. Chula Vista represents 8.5% of the population of the County, but only 6% of the County sales. This method tends to disfavor Chula Vista and may result in further revisions to sales tax projections. Based upon HdL data analysis, the City is projected to see lower sales tax revenue than what was budgeted for fiscal year 2018.

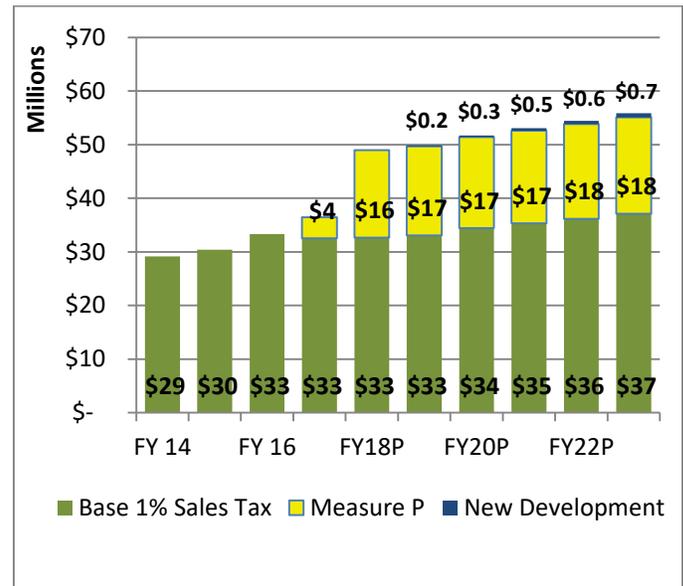
Measure P Sales Tax – The second calendar quarter of 2017 was the first quarter in which the City’s one-half cent sales tax was collected. Actual receipts of \$3.94 million exceeded the \$3.2 million projection by \$700,000. The original projection assumed that the 0.5% Measure P transaction and use tax would net 50% of the base sales tax. This surplus revenue will provide a cushion, going forward, to cover future revenue shortfalls. Given that the trend toward online versus “brick and mortar” retail sales has had a negative impact on the City’s base revenue, this trend will spill over to the Measure P transaction tax as well.

A key component of the Measure P revenue will be from car sales to Chula Vista residents from outside the City. The City will receive the transactions tax on these sales. Staff will continue working with HDL over the coming quarter to refine these projections and will report back in the next quarterly financial report.

The following chart represents actual Sales Tax collections for fiscal years 2013/14 through 2016/17. The remaining chart columns display the projections from the City’s Long-Term Financial Plan estimates, including projections for revenue generated by new development. The projections

for the next five years have a conservative modest growth estimate of 2.5% annually, compared to an historical growth average of 3.2% for the prior five years.

SALES TAX – Historical and Projected



*Note: Beginning with FY2017 Sales Tax revenue is being recorded using a 90- rather than 60-day accrual basis. As a result, the Base 1% revenue for Fiscal Year 2016-17 is inflated by the September 2016 clean up payment (\$744,000) that was accrued to fiscal year 2017 under the old 60-day accrual schedule.

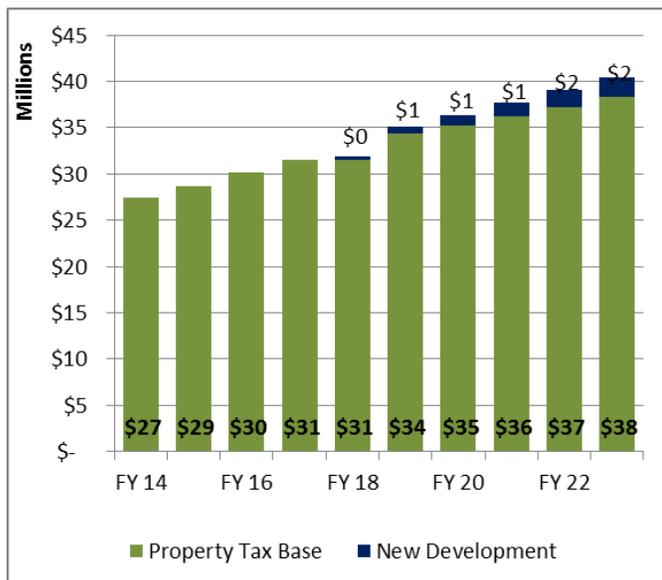
Property Taxes - The City of Chula Vista receives a portion of the property tax revenue based upon a 1.0% levy on the assessed value of all real property. Property tax is the City’s second largest revenue source, representing 18.2% of projected General Fund revenues in fiscal year 2017-18. The assessed value of all property in the City of Chula Vista grew by 6.01% in fiscal year 2017-18 which mirrors the average growth throughout the County of San Diego. In its June 2017 annual report on property values, the County Assessor’s office attributed the increase, the fifth year of countywide increases, to the consistent steady growth in the real estate market. With median home prices having grown annually by 5-6% for several years, the Assessor projected that this growth trend would likely continue in the near future. The City of Chula Vista’s long-term financial plan, however, has been developed using growth rate of 3% for the property tax on current secured (land and improvements) and 1% on current unsecured (business equipment, boats & aircraft) property and other.

These growth rates are more conservative but likely more reliable than relying upon a 5% and 6% growth factor.

Worth pointing out is that the In Lieu Motor Vehicle License Fee is actually property taxes that are redistributed to municipalities as a result of 2004 legislation. The growth in this revenue is based upon the growth in the City’s assessed valuation. The growth rate that the City of Chula Vista experienced in fiscal year 2017-18 was 6.1%, compared to the budgeted estimate of a 3% growth. This growth will offset the expected decline in sales tax revenue in fiscal year 2017-18 and provides a larger base from which future increases are projected.

The chart below shows actual Property Tax revenues since fiscal year 2013/14 and the projections for fiscal years 2017-18 through 2022-23, including projected growth associated with new development.

PROPERTY TAXES - Historical and Projected



SUMMARY AND NEXT STEPS

At the conclusion of the first fiscal year quarter of 2017-18, the current year budget is on track for revenues and expenditures, with minor modifications. Staff is watching expenditures and revenue projections, particularly Sales Tax projections, to assess whether further modifications will be necessary later in the year.

The longer term projections for the City’s General Fund continue to pose serious challenges because revenues will not be sufficient to cover current costs or new costs that are on the horizon. Because the City has limited abilities to impact near-term revenue, its staff and policy makers will need to focus their efforts on the cost side by finding savings, modifying service levels, cost cuts or cost delays for the upcoming year, even as efforts continue to address economic development opportunities throughout the City.

The second quarter report will contain a more thorough analysis of and updates on the status of new development and major revenues derived from new development. Staff will also bring back a refreshed list of potential solutions to resolve the structural operating deficit in preparation for the fiscal year 2018-2019 budget process. This is anticipated to occur in mid-February 2018. Staff will provide baseline budget numbers for fiscal year 2018-2019 at the same City Council meeting.



Quarterly Financial Report
 First Quarter FY 2018 Ending September 30, 2017
 Prepared – October 2017

Description	Projected FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027
Revenues:										
Property Taxes	\$ 33.62	\$ 34.36	\$ 35.30	\$ 36.26	\$ 37.26	\$ 38.28	\$ 39.34	\$ 40.42	\$ 41.54	\$ 42.69
Sales Tax	\$ 49.05	\$ 50.11	\$ 51.28	\$ 52.47	\$ 53.70	\$ 54.95	\$ 56.24	\$ 57.55	\$ 58.90	\$ 55.40
Franchise Fees	\$ 11.97	\$ 11.57	\$ 11.76	\$ 11.96	\$ 12.16	\$ 12.36	\$ 12.56	\$ 12.77	\$ 12.98	\$ 13.20
Utility Users Taxes	\$ 5.86	\$ 5.92	\$ 5.98	\$ 6.04	\$ 6.10	\$ 6.16	\$ 6.22	\$ 6.28	\$ 6.35	\$ 6.41
Transient Occupancy Taxes	\$ 4.32	\$ 4.36	\$ 5.61	\$ 5.73	\$ 5.84	\$ 5.96	\$ 6.08	\$ 6.20	\$ 6.32	\$ 6.45
Motor Vehicle License Fees	\$ 21.04	\$ 21.67	\$ 22.31	\$ 22.98	\$ 23.67	\$ 24.37	\$ 25.10	\$ 25.85	\$ 26.62	\$ 27.42
SUBTOTAL MAJOR DISCRETIONARY REVENUES	\$ 125.86	\$ 127.99	\$ 132.24	\$ 135.44	\$ 138.72	\$ 142.08	\$ 145.53	\$ 149.08	\$ 152.71	\$ 151.56
Development Revenue	\$ 1.21	\$ 1.21	\$ 1.22	\$ 1.22	\$ 1.23	\$ 1.24	\$ 1.24	\$ 1.25	\$ 1.25	\$ 1.26
Licenses and Permits	\$ 1.36	\$ 1.39	\$ 1.42	\$ 1.45	\$ 1.48	\$ 1.51	\$ 1.54	\$ 1.57	\$ 1.60	\$ 1.63
Fines, Forfeitures & Penalties	\$ 1.08	\$ 1.10	\$ 1.12	\$ 1.14	\$ 1.16	\$ 1.19	\$ 1.21	\$ 1.24	\$ 1.26	\$ 1.29
Use of Money and Property	\$ 2.42	\$ 2.45	\$ 2.47	\$ 2.49	\$ 2.52	\$ 2.55	\$ 2.57	\$ 2.60	\$ 2.62	\$ 2.65
Other Local Taxes	\$ 2.60	\$ 2.62	\$ 2.65	\$ 2.68	\$ 2.70	\$ 2.73	\$ 2.76	\$ 2.79	\$ 2.81	\$ 2.84
Police Grants	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.76
Other Agency Revenue	\$ 2.05	\$ 2.05	\$ 2.07	\$ 2.09	\$ 2.11	\$ 2.13	\$ 2.15	\$ 2.17	\$ 2.19	\$ 2.22
Charges for Services	\$ 7.21	\$ 7.25	\$ 7.28	\$ 7.32	\$ 7.36	\$ 7.39	\$ 7.43	\$ 7.47	\$ 7.50	\$ 7.54
Interfund Reimbursements	\$ 9.82	\$ 9.92	\$ 10.01	\$ 10.11	\$ 9.76	\$ 9.86	\$ 9.96	\$ 10.06	\$ 10.16	\$ 10.26
Other Revenues - Miscellaneous	\$ 19.72	\$ 1.04	\$ 1.04	\$ 1.05	\$ 1.06	\$ 1.06	\$ 1.07	\$ 1.07	\$ 1.08	\$ 1.08
Transfers From Other Funds	\$ 11.22	\$ 10.91	\$ 10.91	\$ 10.91	\$ 10.91	\$ 10.91	\$ 10.91	\$ 10.91	\$ 10.91	\$ 10.91
SUBTOTAL OTHER REVENUES	\$ 59.44	\$ 40.68	\$ 40.95	\$ 41.21	\$ 41.04	\$ 41.31	\$ 41.59	\$ 41.87	\$ 42.14	\$ 42.43
NEW DEVELOPMENT REVENUES										
Property Taxes	\$ -	\$ 0.73	\$ 1.01	\$ 1.41	\$ 1.76	\$ 2.10	\$ 2.46	\$ 2.79	\$ 3.19	\$ 3.37
Sales Tax	\$ -	\$ 0.15	\$ 0.32	\$ 0.45	\$ 0.59	\$ 0.74	\$ 0.85	\$ 0.96	\$ 1.06	\$ 1.16
Franchise Fees	\$ -	\$ 0.20	\$ 0.28	\$ 0.36	\$ 0.45	\$ 0.54	\$ 0.63	\$ 0.72	\$ 0.80	\$ 0.88
Utility Users Taxes	\$ -	\$ 0.08	\$ 0.11	\$ 0.14	\$ 0.18	\$ 0.21	\$ 0.25	\$ 0.28	\$ 0.32	\$ 0.76
Transient Occupancy Taxes	\$ -	\$ 1.19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Motor Vehicle License Fees	\$ -	\$ 0.50	\$ 0.69	\$ 0.96	\$ 1.20	\$ 1.43	\$ 1.68	\$ 1.91	\$ 2.18	\$ 2.30
Other Revenues - Miscellaneous	\$ -	\$ 0.27	\$ 0.38	\$ 0.50	\$ 0.62	\$ 0.74	\$ 0.86	\$ 0.98	\$ 1.06	\$ 1.69
Other Local Taxes	\$ -	\$ 0.15	\$ 0.19	\$ 0.26	\$ 0.26	\$ 0.28	\$ 0.31	\$ 0.33	\$ 0.35	\$ 0.30
SUBTOTAL NEW DEVELOPMENT REVENUES	\$ -	\$ 3.25	\$ 2.97	\$ 4.08	\$ 5.07	\$ 6.05	\$ 7.03	\$ 7.96	\$ 8.94	\$ 10.45
TOTAL REVENUES	\$ 185.30	\$ 171.92	\$ 176.16	\$ 180.73	\$ 184.82	\$ 189.44	\$ 194.14	\$ 198.90	\$ 203.80	\$ 204.45
Expenditures:										
Personnel Services	\$ 88.88	\$ 91.11	\$ 92.42	\$ 94.17	\$ 95.97	\$ 97.80	\$ 99.66	\$ 101.57	\$ 103.51	\$ 105.50
Flex/Insurance	\$ 12.37	\$ 12.82	\$ 13.76	\$ 14.78	\$ 15.88	\$ 17.07	\$ 18.36	\$ 19.75	\$ 21.27	\$ 22.91
PERS	\$ 24.43	\$ 27.24	\$ 30.53	\$ 33.49	\$ 36.41	\$ 39.07	\$ 41.28	\$ 43.89	\$ 45.17	\$ 47.17
Salary Savings (On Going)	\$ (0.84)	\$ (0.86)	\$ (0.89)	\$ (0.92)	\$ (0.95)	\$ (0.98)	\$ (1.01)	\$ (1.05)	\$ (1.07)	\$ (1.10)
Salary Savings (One-Time)	\$ (1.34)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SUBTOTAL PERSONNEL SERVICES EXPENDITURES	\$ 123.50	\$ 130.32	\$ 135.82	\$ 141.52	\$ 147.29	\$ 152.94	\$ 158.28	\$ 164.17	\$ 168.88	\$ 174.48
Supplies and Services	\$ 14.23	\$ 15.51	\$ 16.75	\$ 18.09	\$ 19.35	\$ 19.74	\$ 20.14	\$ 20.54	\$ 20.95	\$ 21.37
Utilities	\$ 5.08	\$ 5.33	\$ 5.60	\$ 5.88	\$ 6.17	\$ 6.48	\$ 6.81	\$ 7.15	\$ 7.50	\$ 7.88
Other Expenses	\$ 0.44	\$ 0.45	\$ 0.46	\$ 0.47	\$ 0.48	\$ 0.49	\$ 0.50	\$ 0.51	\$ 0.52	\$ 0.53
Equipment (Capital not CIP)	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.23	\$ 0.23
Transfers/Debt Service	\$ 41.83	\$ 24.01	\$ 23.95	\$ 24.19	\$ 24.48	\$ 24.91	\$ 25.26	\$ 25.60	\$ 25.97	\$ 21.23
Capital Improvement Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-CIP Project Expenditures	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02
SUBTOTAL OTHER EXPENDITURES	\$ 61.80	\$ 45.53	\$ 46.99	\$ 48.86	\$ 50.72	\$ 51.86	\$ 52.94	\$ 54.04	\$ 55.18	\$ 51.25
NEW PROGRAMS & NEW DEVELOPMENT EXPENDITURES										
12 new firefighters with 3 yr SAFER grant offset	\$ -	\$ 0.91	\$ 1.03	\$ 1.63	\$ 2.17	\$ 2.28	\$ 2.39	\$ 2.50	\$ 2.61	\$ 2.73
4.0 Truck Staffing for Millenia and Bayfront	\$ -	\$ -	\$ 1.97	\$ 2.08	\$ 4.38	\$ 4.60	\$ 4.82	\$ 5.05	\$ 5.27	\$ 5.51
Peace Officer Funding	\$ -	\$ 0.76	\$ 1.61	\$ 2.55	\$ 3.59	\$ 4.71	\$ 5.91	\$ 7.22	\$ 8.60	\$ 10.10
New Police Technology	\$ -	\$ 0.19	\$ 0.19	\$ 0.20	\$ 0.19	\$ 0.19	\$ 0.20	\$ 0.20	\$ 0.22	\$ 0.21
Millenia Parks Maintenance	\$ -	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08
Fire Station Supplies and Services	\$ -	\$ -	\$ 0.16	\$ 0.16	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.32
SUBTOTAL NEW DEVELOPMENT EXPENDITURES	\$ -	\$ 1.93	\$ 5.04	\$ 6.70	\$ 10.72	\$ 12.18	\$ 13.70	\$ 15.37	\$ 17.09	\$ 18.94
TOTAL EXPENDITURES	\$ 185.31	\$ 177.77	\$ 187.84	\$ 197.08	\$ 208.74	\$ 216.98	\$ 224.92	\$ 233.58	\$ 241.15	\$ 244.67
TOTAL GENERAL FUND SURPLUS/(DEFICIT)	\$ (0.01)	\$ (5.85)	\$ (11.69)	\$ (16.35)	\$ (23.92)	\$ (27.55)	\$ (30.78)	\$ (34.68)	\$ (37.35)	\$ (40.22)
SURPLUS/(DEFICIT) AS % OF BUDGET	0%	-3%	-6%	-8%	-11%	-13%	-14%	-15%	-15%	-16%
ADMINISTRATIVE ACTIONS/MITIGATION MEAS.										
Utility Savings through Measure P Projects	\$ -	\$ 0.83	\$ 1.65	\$ 1.65	\$ 1.65	\$ 1.65	\$ 1.65	\$ 1.65	\$ 1.65	\$ 1.65
Citywide Transition to Paperless Operations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Elimination of 16 Vacant Positions	\$ -	\$ 1.00	\$ 1.01	\$ 1.04	\$ 1.07	\$ 1.11	\$ 1.14	\$ 1.17	\$ 1.20	\$ 1.24
TOTAL ADMINISTRATIVE ACTIONS	\$ -	\$ 1.83	\$ 2.66	\$ 2.69	\$ 2.72	\$ 2.76	\$ 2.79	\$ 2.82	\$ 2.85	\$ 2.89
SURPLUS/(DEFICIT) WITH ADMINISTRATIVE ACTIONS	\$ (0)	\$ (4.02)	\$ (9.02)	\$ (13.65)	\$ (21.20)	\$ (24.79)	\$ (27.99)	\$ (31.86)	\$ (34.50)	\$ (37.33)