

FY12-13 Budget Summary



Message from the City Manager

It is my pleasure to present the City of Chula Vista operating and capital improvement program budget for Fiscal Year 2012-13. The adopted budget for Fiscal Year 2012-13 represents the City's financial plan for the coming year. While we are beginning to see some positive signs in the local economy, the City continues to manage its financial resources conservatively. The combination of modest revenue increases, growing expenditures and community service needs, continues to challenge the City to find new and creative ways to deliver high quality services with limited resources.

The Fiscal Year 2012-13 budget required reductions in order to keep expenditures in line with anticipated revenues. While the projected General Fund deficit for Fiscal Year 2012-13 was moderate in comparison to recent years, the deficit was difficult to close without impacting already strained departments. With the leadership of our City Council, the cooperation of the City's bargaining groups, and the dedication of our employees, the General Fund operating budget presented in this document continues to provide core services to the community.



We anticipate that our local economy will continue to recover at a modest pace. The City of Chula Vista has been financially challenged the last few years and there are many competing priorities as City revenues begin to grow. The development of the Fiscal Recovery and Progress Plan, and the future development of the Long Term Financial Plan will help keep the City focused on creating a financially resilient organization.

In the coming year the City will continue with the implementation of its four pronged approach to economic development:

- Increase revenues by focusing on programs that improve local sales tax capture, and foster business to business transactions within City limits
- Identify and recruit new industries to Chula Vista
- Advance key projects including Bayfront, Millenia, and University and Research Park
- Implement a marketing strategy to promote business and tourism in Chula Vista

I strongly believe that the City of Chula Vista has a bright future. We continue to take steps to strengthen our finances and have a number of unique projects that will help solidify the City's economic base.

Respectfully,



Council Adopts Fiscal Year 2012-13 Budget

With the City’s first Fiscal Recovery and Progress Plan presented to City Council in January 2012, the budget process began with an overview of the City’s financial condition and highlights some major challenges the City would need to address to continue onto financial resiliency. The Fiscal Year 2012-13 budget was developed using the Fiscal Recovery and Progress Plan and the updated Five-Year Financial Forecast for the General Fund as a starting point.

Through the hard work of its citizens, the City Council, Executives, and City staff, a total All Funds budget of \$274.5 million was adopted by Council on June 28, 2012. This total budget includes a General Fund operating budget of \$123.8 million, a Capital Improvement Program (CIP) budget of \$20.1 million, \$34.0 million in interfund transfers, and the remaining \$96.6 million in operating budget for other funds including Sewer, Successor Agency to the Redevelopment Agency, Development Services, Transit, and Fleet.

In comparison to the Fiscal Year 2011-12 adopted budget, the total All Funds budget for Fiscal Year 2012-13 reflects a decrease of \$25.2 million. The largest portion of the decrease is due to the elimination of the Redevelopment Agency and the final debt service payment related to the 1994 Pension Obligation Bond, which was made during Fiscal Year 2011-12.

The total estimated All Funds revenue of \$260.1 million reflects a net projected decrease of \$19.1 million in contrast to the Fiscal Year 2011-12 adopted budget. This decrease also is attributed to the dissolution of the Redevelopment Agency and the establishment of the Successor Agency to the Redevelopment Agency.

Estimated All Funds revenues total \$260.1 million, of which \$124.3 million represents General Fund revenues. The General Fund budget reflects the use of \$574,000 in reserves for a capital improvement project (\$514,000) and to support the South Bay Community Services’ Domestic Violence Response Team (\$60,000). The projected impact to other fund reserve levels reflects the expenditure of funds collected in prior years for capital improvement projects and debt service.

Citywide Staffing

The Fiscal Year 2012-13 All Funds budget includes 932.35 positions. This is a net increase of 7.60 positions when compared to the Fiscal Year 2011-12 adopted budget which included 924.75 authorized positions.

A portion of the net increase (1.00 position addition to the Police Department) is due to Council approved changes during Fiscal Year 2011-12.

The remaining changes, 6.60 net additions, to citywide staffing are due to the addition and elimination of positions, and the transfer of various positions between funds to better align the positions with the respective funding sources.

The table to the right summarizes the changes reflected in the Fiscal Year 2012-13 Adopted Budget.

Fiscal Year 2012-13 Position Changes

Department/Fund	FY12-13 Position Changes
FISCAL YEAR 2011-12 ADOPTED BUDGET	924.75
Mid Year Fiscal Year 2012 Changes (Police)	1.00
City Attorney	1.00
Library	0.10
Fire	1.00
Public Works	1.50
Police	4.50
Animal Care Facility	1.50
Police Grants Fund	(1.00)
ARRA	(2.50)
Environmental Services	1.00
Development Services Fund	(0.50)
TOTAL CITYWIDE ADJUSTMENTS	7.60
ALL FUNDS TOTAL	932.35

The following tables detail city staff first by department in the General Fund (788.85) followed by a detail by fund (932.35) for Fiscal Year 2012-13.

City Staff (General Fund Only)

Department	FY12-13 Adopted Staffing
Administration	10.00
Animal Care Facility	19.25
City Attorney	13.00
City Clerk	5.00
City Council	14.00
Development Services - GF	20.50
Finance	26.00
Fire	135.00
Human Resources	15.00
Information Technology Services	18.00
Library	21.10
Police	313.00
Public Works	162.00
Recreation	17.00
GENERAL FUND TOTAL	788.85

City Staff (All Funds)

Fund	FY12-13 Adopted Staffing
General Fund	788.85
Transit	1.00
Successory Agency to RDA	1.00
Fleet Management	8.00
CV Housing	7.00
Sewer	46.00
Police Grants Fund	34.00
Development Services	41.50
Environmental Services	5.00
ALL FUNDS TOTAL	932.35

General Fund Budget

At the commencement of the budget process, the City’s General Fund was projected to have a deficit of \$3.0 million for Fiscal Year 2012-13. During the General Fund budget development, staff focused on the following budget development goals:

- Maintain the service levels established in Council’s 2011-12 budget
- Fund the highest level of municipal services possible based on available resources
- Make significant progress on key programs and projects
- Continue stabilizing Chula Vista’s financial base
- Continue to improve efficiency and effectiveness of government services through Continuous Improvement principles

Staff made a number of adjustments in order to mitigate the deficit. The General Fund operating budget stands at \$123.8 million (excluding CIP) with no reductions in service levels anticipated as a result of making these adjustments.

During Council budget deliberations, the City Council approved the use of \$574,000 from the General Fund reserves. \$514,000 will be used to complete repairs needed in Bonita/Long Canyon for the remaining environmental and improvement costs. Council also approved the use of \$60,000 in reserves to fund South Bay Community Services’ Domestic Violence Response Team.



General Fund Revenues

The estimated General Fund operating revenues for Fiscal Year 2012-13 total \$124.3 million. Combined with the estimated reimbursement revenue for Capital Improvement Projects (CIP) the total estimated General Fund revenues are \$124.8 million.

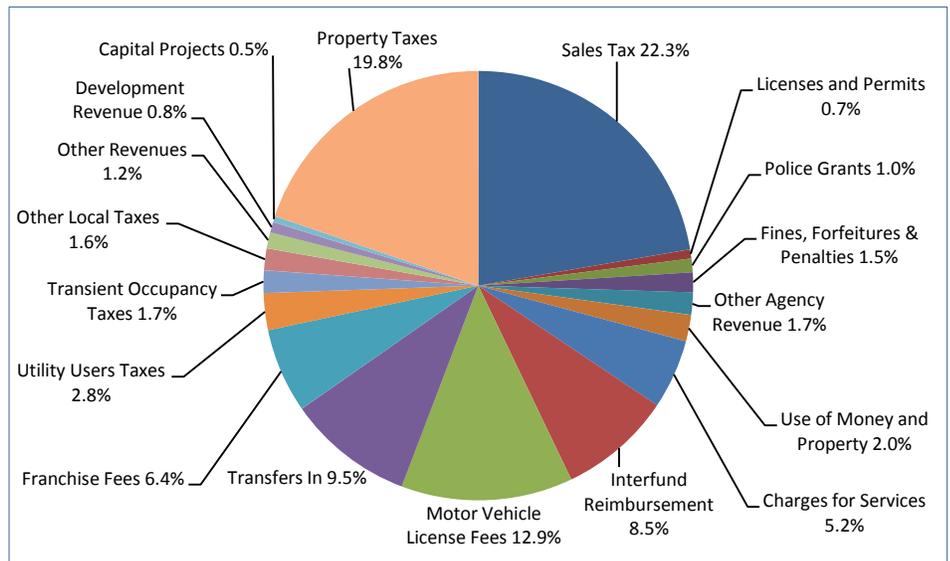
The change in estimated total General Fund revenues in comparison to Fiscal Year 2011-12 total General Fund revenue projection of \$125.1 is approximately \$0.2 million (excluding CIP reimbursement revenue). This net change can be attributed to revenue increases in some revenue categories like Sales Tax and Other Agency Revenue, which are offset by the elimination of the Economic Contingency Reserve included in Fiscal Year 2011-12.

Where Do City Funds Come From?

The City has six major General Fund revenue sources. These major general revenues are Sales Tax, Property Tax, Franchise Fees, Motor Vehicle License Fees, Utility Users Tax, and Transient Occupancy Tax (TOT).

The largest discretionary General Fund revenue sources for Fiscal Year 2012-13 are Sales Tax at 22.3 percent of total General Fund Revenues, followed by Property Taxes at 19.8 percent. The chart to the right provides a summary view of the major General Fund revenue sources for Fiscal Year 2012-13. Below is a short discussion of the two largest General Fund revenue sources.

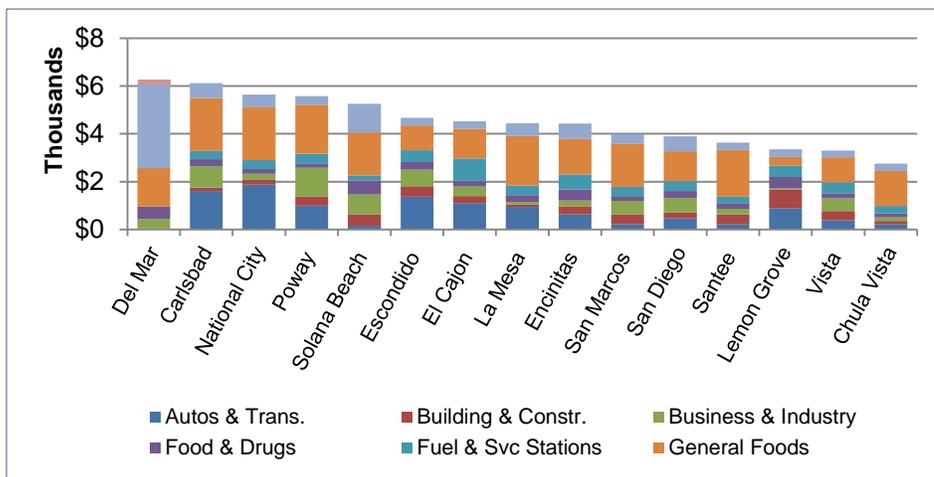
Fiscal Year 2012-13 General Fund Revenues by Category



Sales Tax

Sales tax revenue is the City’s largest discretionary revenue source at \$27.8 million, or 22.3 percent of total General Fund revenues. The City receives 1 percent of sales tax revenue applied to all taxable retail sales that occur within the City’s boundaries.

Taxable Sales Per Capita



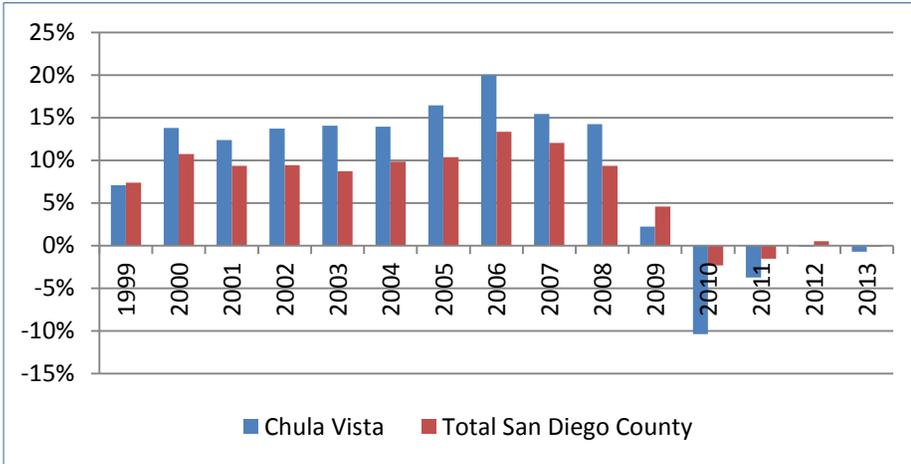
Sales tax revenue is highly sensitive to economic conditions, and reflects the factors that drive taxable sales, including the levels of unemployment, consumer confidence, per-capita income, and business investment. Recent trends show that sales tax revenues are beginning to improve due to modestly improved economic indicators, and the positive trend is expected to continue into Fiscal Year 2012-13.

Chula Vista, however continues to be challenged in the generation of taxable sales per capita when

compared to other cities in San Diego County. As highlighted in the previous graph comparison, City's residents spend a high percentage of their retail dollars elsewhere.

The City of Chula Vista continues to place a high priority on developing the retail business base. One of its main goals is to advance key projects such as the Bayfront and Millenia, and to expand others such as the auto park. These key projects will help to improve the City's long-term fiscal health. The City partnered with the Chula Vista Chamber of Commerce in public awareness campaigns designed to encourage residents to spend money in their own municipality to help support local services like police, fire, and recreation.

Historical Change in Assessed Value



Property Tax

Property tax revenues comprise the City's second largest discretionary revenue source at \$24.7 million, and account for 19.8 percent of the total General Fund revenues. Revenues are based on a 1.0 percent levy on assessed value of all real property within the City's limits.

Unfortunately, property tax revenues have continued to fall through the economic recession, with Chula Vista being one of the hardest hit areas. Historically, Chula Vista has kept pace or exceeded the county average assessed valuation growth. The historical change

in assessed values is depicted in the graph above. The current housing crisis has caused most home resale values to drop, resulting in a large reduction in supplemental property tax revenue.

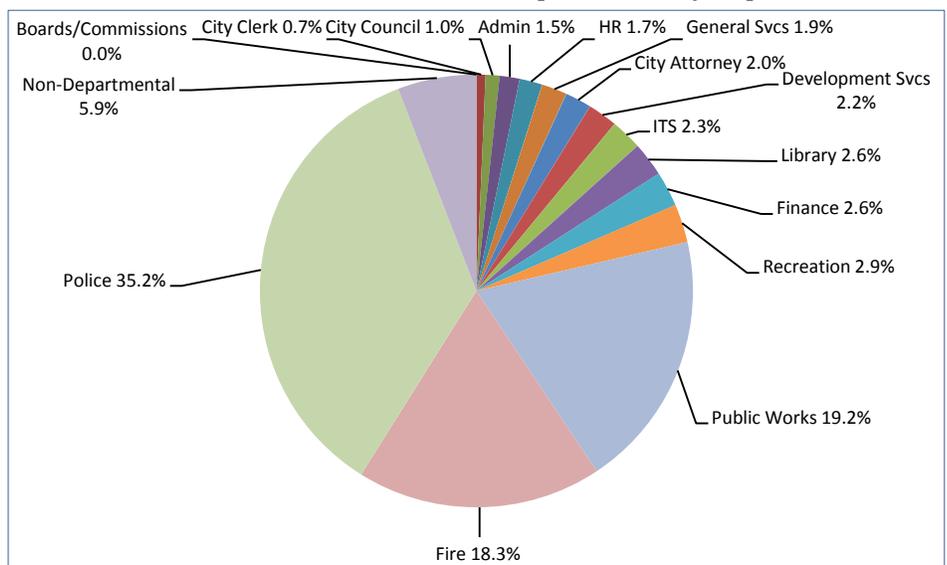
Based on the most current data from the County of San Diego Assessors Office, a decrease of less than 1.0 percent in assessed valuation is assumed for Fiscal Year 2012-13.

General Fund Expenditures

The Fiscal Year 2012-13 General Fund budget totals \$124.8 million, which includes \$1.1 million in capital improvement projects. The General Fund budget incorporates an appropriation of \$574,000 from reserves for the Bonita/Long Canyon capital improvement project (\$514,000) and the South Bay Community Services' Domestic Violence Response Team (\$60,000). These expenses were approved by Council during budget deliberations.

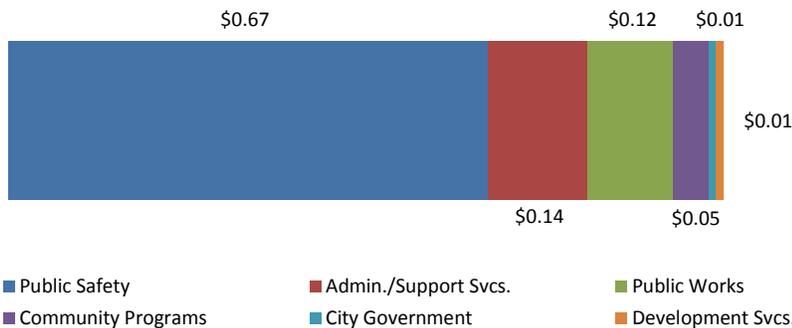
The General Fund is the City's main operating fund that is used to pay for City services. As a full service city, Chula Vista provides fire and police services, as well as recreational and cultural opportunities. The graph above details the General Fund operating budget by department. As detailed in the chart, a majority of the City's resources are dedicated to public safety services with the Police and Fire Departments comprising 53.5 percent of the General Fund.

Fiscal Year 2012-13 General Fund Expenditures by Department



Where Do City Funds Go?

Your Municipal Tax Dollars at Work



The adopted budget outlines how funds that come into the City are planned to be spent. The General Fund serves as the City’s main operating fund that is used to pay for City services. These include core community services such as public safety, parks and recreation centers, library services, street repairs, and critical city support functions.

The diagram depicts the General Fund services that are provided by the City and how those services are funded by

your tax dollars for Fiscal Year 2012-13. Tax dollars are considered discretionary funding and some examples include property taxes, sales tax, and vehicle license fees.

For every General Fund tax payer dollar that is collected by the City, \$0.67 goes toward Public Safety including the Police and Fire Departments; \$0.14 goes toward Administration and other support services including the City Clerk, City Attorney, Finance and Human Resources Departments; \$0.12 is put toward Public Works including General Services; \$0.05 goes to Community Programs like Library and Recreation services; \$0.01 goes toward Development Services; and the remaining \$0.01 to City Government including the City Council and Boards & Commissions.

Looking Ahead

A critical element for the City’s fiscal health depends upon continued development and diversification of the City’s revenue base. That will occur over time, in these ways:

1. Increase revenues by focusing on programs that improve local sales tax capture, and foster business-to-business transactions within City limits.
2. Determine and recruit new industries to Chula Vista
3. Advance key projects including Bayfront, Mellina, and University and Research Park
4. Marketing



The City is completing the development of policies and practices designed to promote business-to-business and consumer relationships that generate local business prosperity and contribute to economic sustainability. The policies will provide an incentive for business expansion and reward investment by local businesses and consumers whose local purchases create jobs and provide the tax dollars that help fund vital community services.

Capturing Sales Tax

In the near term, the focus will continue to be on capturing sales tax revenues through enhancing purchasing within the City by our residents and visitors as well as business-to-business transactions. In addition, staff is continuing to assist in the retention and expansion of existing businesses.

Staff has implemented partnerships, such as the Shop Chula Vista Now

program to increase in Sales Tax revenue. This is done by encouraging residents to purchase their goods at local businesses.

New Industries and Jobs

Mid-term programs would involve identifying and recruiting new industries and jobs to the City. This would require the following:

- Assisting in the retention and expansion of existing businesses
- Identifying and recruiting businesses and industries that by nature bring high paying jobs and revenues and would thrive in Chula Vista
- Continued support of the City's Enterprise Zone



Advance Key Projects

The City has made tremendous progress in long-term major development projects (such as the Bayfront project, Millenia project and the University and Technology Park) which will significantly contribute toward the City's long-term fiscal resiliency by attracting tourism, students and by providing high paying local jobs. The City, however, will not see significant financial returns for at least seven years from these major developments or projects.

Bayfront Development

The Chula Vista Bayfront Project is one of the largest waterfront developments in the state of California. In May 2010, after almost 10 years of planning the Bayfront Master Plan, the San Diego Unified Port District, City Council of the City of Chula Vista, Planning Commission and Redevelopment Corporation unanimously approved the plan. Then, in August of 2012, the regulatory process was concluded when the project gained Coastal Commission approval.

Millenia Project

The Millenia Project will serve as a new urban center in the Otay Ranch and eastern Chula Vista community. The area will include regional-serving commercial, financial, urban residential, professional, entertainment and cultural uses. Project amenities include parks, plazas, a town square, paseos and trails, as well as civic and cultural facilities. Millenia will also integrate a bus rapid transit system with a pedestrian friendly circulation design for improving access and mitigating traffic. This project is planned to have an intense mixture of uses similar to a traditional downtown and its development is anticipated to be of the highest density in the City. The grading will begin for Millenia Development in late 2012/early 2013.



University and Regional Technology Park

The City is currently positioned to attract and develop a four-year university in an effort to meet the higher education needs of south bay residents. Once developed, the four-year university is projected to attract 15,000 students and 829 faculty jobs. This will provide significant economic benefits to the City and the south bay region beyond direct employment and student economic activity associated with the University.

City of Chula Vista Fiscal Year 2012-13 Budget Summary

Included in the project is a regional technology park (RTP) The RTP is intended to develop synergistically alongside the University site with the following possible uses:

- Research and Development for business
- Incubator Programs for Economic Development
- Business Park Operations featuring industrial production

Overall, the intent of the RTP is to create an environment that fosters collaboration and innovation and promotes the development, transfer, and commercialization of technology.



Marketing

The City is committed to a proactive, informative, creative, and innovative marketing and communications program. The Office of Communications is expected to launch a comprehensive marketing and communications program that supports the wide-ranging initiatives and activities for the City of Chula Vista. The team will assist staff in efforts to:

- Expand Economic Development activities with the launch of the “Shop Chula Vista Now” and social media campaigns
- Increase more sporting events through the Sports Alliance
- Collaborate with other stakeholders to enhance tourism
- Expand and enhance Special Events and Film Production in the City
- Promote the Library, Parks and Recreation, CLEAN program, Public Safety, and other City programs
- Enhance and expand Web site and social media efforts to benefit all City programs

Who Can I Contact?

While the City is beginning to see some positive signs in the local economy, it continues to be challenged to keep expenditures in line with anticipated revenues. During these times, the City is still committed to providing quality services to the community. Below is a list of departments and contact information for services provided by the City that you might find helpful. Please also visit www.chulavistaca.gov for the latest news and information.



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
- **Development Services**
 - Planning (619) 691-5101
 - Building (619) 691-5272
 - Inspection (619) 409-5868
 - Building Inspection (619) 409-5434
 - Code Enforcement (619) 691-5280
 - Business License (619) 691-5250
 - Zoning (619) 585-5621
 - Housing (619) 691-5047
- **Community Services**
 - Animal Care (619) 691-5123
 - Conservation (619) 409-3893
 - Library Branches:
 - Civic Center (619) 691-5069
 - South CV (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
 - Transit (619) 397-6058
- **Public Safety**
 - Fire
 - Emergency 911
 - Administration (619) 691-5055
 - Police
 - Emergency 911
 - Non-Emergency (619) 691-5151
 - General Inquiries (619) 691-5137