CITY COUNCIL
AGENDA STATEMENT

CITY OF CHULA VISTA

OCTOBER 23, 2012, Item 2

ITEM TITLE: QUARTERLY FINANCIAL REPORT FOR THE QUARTER ENDING SEPTEMBER 30, 2012

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA MAKING VARIOUS AMENDMENTS TO THE FISCAL YEAR 2012/13 BUDGET TO ADJUST FOR VARIANCES AND APPROPRIATING FUNDS THEREFOR

SUBMITTED BY: DIRECTOR OF FINANCE/CITY TREASURER

REVIEWED BY: CITY MANAGER

ASSISTANT CITY MANAGER

4/5THS VOTE: YES [X] **NO** [ ]

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.

In preparing the quarterly financial projections, staff has identified various budget changes that are needed to better reflect actual revenues and expenditures. 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. Staff is recommending changes in the General Fund as well as various other funds.

ENVIRONMENTAL REVIEW

The Environmental Review Coordinator 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.

RECOMMENDATION

That the City Council accept the report and approve the resolution.

BOARDS/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.

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.

The following chart summarizes the projections for the first quarter of fiscal year 2012/13.

General Fund Reserve	Amended Budget	Projected (millions)
Reserves - July 1, 2012 (unaudited)	$ 11.9	$ 11.9
Revenues & Transfers In	$ 124.5	$ 124.5
Expenditures & Transfers Out	$ (125.1)	$ (125.1)
Projected Surplus/Deficit	$ (0.6)	$ (0.6)
Projected Fund Balance for June 30, 2013	$ 11.3	$ 11.3
Percentage of Operating Budget	9.0%	9.0%

Note: The year-end closing process is underway and the beginning reserve level may be updated once the final audited numbers are available.

As noted on the table above, General Fund revenues and expenditures are tracking with budget based on activity through the end of the first quarter. The Second Quarter Financial Report will allow for a more thorough review of current year revenue and expenditure trends. Staff will recommend adjustments at that time as needed based on the mid-year projections.

At this time, variances in revenues and expenditures do not result in an adjustment to the total projected expenditures and revenues for June 30, 2013. However, there are some areas of concern that staff will continue to monitor and recommend adjustments as needed in the Second Quarter Financial report. Areas of concern include the following:

- Unemployment insurance – unemployment insurance claims have not returned to pre-January 2011 levels. The budget for fiscal year 2013 budget assumed that unemployment insurance would drop to a level consistent with other years where major layoffs did not occur. Unemployment insurance claims are trending high based on the Fourth Quarter payment for fiscal year 2012.
- Department program revenues – there are some variances in program revenues. Several program revenues are trending low including parking citations, negligent vehicle impound fees, code enforcement violations, and staff time reimbursements. Staff will continue to analyze revenue trends in this area.
- Transfers from other funds – revenue received from transfers from other funds are projected to be $2.0 million below the current budget due to the passage of AB1484. AB1484 prevents loan payments to the General Fund from the Successor Agency to the Redevelopment Agency in this fiscal year. It is projected that the $2.0 million revenue short-fall will be fully mitigated by a $1.0 million one-time adjustment in property tax revenue related to the dissolution of the redevelopment agencies and increased projected general purpose revenues.

Overall, the first quarter financial projections indicate some potential challenges but no budgetary adjustments are recommended at this time.

Budget Amendments

In preparing the quarterly financial projections, staff has identified various budget changes that are needed to better reflect actual revenues and expenditures. 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. Staff is recommending changes in the General Fund as well as various other funds.

General Fund Amendments

Staff is recommending budget amendments in Recreation, Non-Departmental, and Public Works. These changes result in no net fiscal impact to the General Fund.

Recreation Department – The Recreation Department is requesting two budget adjustments that result in no net fiscal impact to the General Fund. The first adjustment is a transfer of existing funds from the Supplies and Services category to the Personnel Services category. The second request is a revenue offset appropriation of $7,116 to the Department's Supplies and Services budget.

- Staff is requesting to transfer $48,153 from Supplies and Services to Personnel Services for part-time hourly personnel to help staff the extended hours at the recreation centers. This dollar amount exceeds the City Manager's $15,000 transfer approval limit between budget categories and thus requires Council approval.
- The Recreation Department received unanticipated revenue of $7,116 as reimbursement from an AmeriCorps planning grant. The funds will be appropriated to cover expenses for Motion Picture Association fees, in order for films to be shown to the public at recreation facilities; copier and supply costs at Otay Recreation Center; and contract instructor costs at Salt Creek and Heritage Recreation Centers. This adjustment will result in an appropriation of $7,116 to the Recreation Department's Supplies and Services budget that will be offset by unanticipated revenue.

Public Works and Non-Departmental – Staff is requesting an appropriation of $614 in the Non-Departmental budget to reimburse the Bicycle Facilities Fund to correct for an error related to capital improvement project (CIP) STL363. This appropriation will be offset by a reduction of $614 in the Public Works Department's Supplies and Services budget. These changes result in no net fiscal impact to the General Fund.

Amendments to Other Funds

Staff is recommending budget amendments to the following other funds:

CDBG Fund and AD 2004-1 Dixon Drive Fund – the fiscal year 2013 CDBG budget includes $222 more expenditures than revenues due to a clerical error. In order to balance revenues and expenditures, staff recommends increasing the transfer from AD 2004-1 Dixon Drive Fund by $222 to the CDBG fund. This transfer will decrease the fund balance in AD 2004-1 Dixon Drive Fund and increase the anticipated revenues in the CDBG Fund.

Energy Conservation Fund – Staff is recommending a transfer from the Other Expenses category of the Energy Conservation Fund to the Supplies and Services category in order to align budget resources in the City's energy programs. In addition, staff is also requesting a net reduction of $25,702 in this fund to align expenditures with available grant resources.

American Recovery and Reinvestment Act (ARRA) Fund – Staff is requesting a net reduction of $106,296 in this fund to align expenditures with available grant resources.

Transportation Sales Tax Fund (Fund 227) and Bicycle Facilities Fund (Fund 723) – Staff is requesting a number of budget adjustments in order to account for funds for capital improvement project (CIP) STL363. These funds were budgeted in the Bicycle Facilities Fund but should have been budgeted in the Transportation Sales Tax Fund. Therefore, the following steps are needed to correct this issue:

- Transfer the remaining budget in CIP STL363 of $36,976 from the Bicycle Facilities Fund to the Transportation Sales Tax Fund
- Reimburse the Bicycle Facilities Fund $79,224 from the Transportation Sales Tax Fund for expenditures that occurred in error for prior years
- Reimburse the Bicycle Facilities Fund $614 for negative interest earned as a result of this error from the General Fund
- As mentioned earlier, the reimbursement from the General Fund to the Bicycle Facilities Fund will be offset with a reduction of $614 in the supplies & services category of the Public Works Department budget.

These changes will result in no net fiscal impact to the General Fund. The changes in the Bicycle Facilities Fund will result in a positive fiscal impact totaling $116,814. The changes to the Transportation Sales Tax Fund will reduce the fund balance for this fund by $116,200.

Asset Seizure Fund – Earlier this year the City Council accepted grant funds for the Anti-Money Laundering Task Force (resolution 2012-147). The grant funds full personnel costs of a sergeant and agent during the 3-year grant period, but it does not fund vehicle costs. Asset Seizure funds were used to purchase a vehicle for the Sergeant. However, there were insufficient funds in the Capital expense category of the Asset Seizure fund to fully cover this expense. Staff is requesting a transfer of $1,839 from the supplies & services category to the capital expense category of the Asset Seizure Fund. There is no net fiscal impact to the Asset Seizure Fund as a result of this transfer.

DECISION MAKER CONFLICT

Except for the changes related to capital improvement project I Street Sidewalk Improvements (STL363) – 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 section 18704.2(a)(1) is not applicable to this decision.

For the changes related to capital improvement project I Street Sidewalk Improvements (STL363) – staff has reviewed the property holdings of the City Council and has found no property holdings within 500 feet of the boundaries of the property which is the subject of this action.

CURRENT YEAR FISCAL IMPACT

There is no fiscal impact resulting from accepting the Quarterly Financial Report.

Approval of the resolution amending the fiscal year 2012/13 budget will result in the following appropriations. The resulting fiscal impacts to various funds are also listed in the following table.

Summary of Budget Appropriations and Amendments by Department and/or Fund

Dept/Fund	Description	Exp	Rev	Net
General Fund:				
Recreation	Transfer Supplies and Services to Personnel Services for hourly support	$ -	$ -	$ -
Recreation	Appropriation to support program costs, revenue offset	$ 7,116	$ 7,116	$ -
Public Works	Reduce Supplies and Services budget - STL 363 adjustments	$ (614)	$ -	$ 614
Non-Departmental	Add reimbursement to Fund 723 - STL 363 adjustments	$ 614	$ -	$ (614)
	Subtotal General Fund	**$ 7,116**	**$ 7,116**	**$ -**
Other Funds:				
CDBG	Increase transfer from assessment district to offset cost of CIP	$ -	$ 222	$ 222
AD 2004-1 Dixon Drive	Increase transfer from assessment district to offset cost of CIP	$ 222	$ -	$ (222)
Energy Conservation Fund	Reduce revenues and expenditures to match available grant funds	$ (25,072)	$ (25,072)	$ -
ARRA	Reduce revenues and expenditures to match available grant funds	$(106,296)	$(106,296)	$ -
Bicycle Facilities	Add reimbursement from the General Fund - STL 363 adjustments	$ -	$ 614	$ 614
Bicycle Facilities	Add reimbursement from the Transportation Sales Tax Fund - STL 363 adjustments	$ -	$ 79,224	$ 79,224
Bicycle Facilities	Eliminate remaining funding for STL 363	$ (36,976)	$ -	$ 36,976
Transportation Sales Tax	Add funding for STL 363	$ 36,976	$ -	$(36,976)
Transportation Sales Tax	Add reimbursement to Fund 723 - STL 363 adjustments	$ 79,224	$ -	$(79,224)
Asset Seizure	Transfer Supplies and Services to Capital expense for vehicle purchase	$ -	$ -	$ -
	Total Other Funds	**$(51,922)**	**$(51,308)**	**$ 614**
	Total Budget Amendments	**$(44,806)**	**$(44,192)**	**$ 614**

Approval of the resolution results in no net fiscal impact to the General Fund, ARRA fund, Energy Conservation Fund, and Asset Seizure fund. The changes related to the Bicycle Facilities fund will result in a positive fiscal impact of $116,814. The changes related to the Transportation Sales Tax fund will result in a negative fiscal impact of $116,200 – this fund has sufficient reserves for this appropriation. The transfer of $222 from AD 2004-1 Dixon Drive fund to the CDBG fund will result in a positive fiscal impact to the CDBG fund and a negative fiscal impact to the AD 2004-1 Dixon Drive fund. There is sufficient fund balance in AD 2004-1 Dixon Drive fund for this appropriation.

ONGOING FISCAL IMPACT

There are no ongoing fiscal impacts resulting from the budget amendments described above.

ATTACHMENTS

First Quarter Financial Report

Prepared by: Angelica Aguilar, Budget and Analysis Manager, Finance Department

OVERVIEW

This financial report summarizes the City's General Fund financial position for fiscal year 2013 through September 30, 2012 and projecting out to June 30, 2013. 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.

ECONOMIC UPDATE

The National Forecast[1] - In the September 2012 report, the UCLA Anderson Forecast says that Gross Domestic Product (GDP) growth in the U.S. will remain tepid throughout 2012. In its third quarterly report of 2012, the Forecast expects to see 1.3% growth for the third quarter of this year and 1.5% growth in the fourth. In 2013, the outlook is for growth above 2%, but 2014 "could very well put the run rate of GDP growth in excess of 3%, as economic activity is buoyed by strength in residential and nonresidential construction and a rebound in export growth."

The California Forecast[2] - In the California report, Senior Economist Jerry Nickelsburg examines how California's exports and their volumes affect employment growth in the state. After establishing that exports are an important part of the California economy (if exports of goods were an independent sector, it would be one of the state's top five), Nickelsburg's analysis reveals that "while California's exposure to the international economy is substantial, the sensitivity of the California economy to international risk is only marginally above the national risk."

The current California forecast calls for the state's unemployment rate to improve to 7.9% and be within 0.4% of the U.S. rate by the end of the forecast period. The forecast for 2012 calls for employment growth of 1.8%, 1.6% and 2.4% in 2012, 2013 and 2014 respectively. Payrolls will grow more steadily at 1.7%, 1.5% and 2.3% for the three forecast years. However, the state unemployment rate is projected to hover around 10.7% through 2012 and average 9.8% throughout 2013. In 2014, the forecast says the unemployment rate will drop to 8.5%, just shy of a percent higher than in the U.S.

The San Diego Forecast[3] - The USD Burnham-Moores Center for Real Estate's Index of Leading Economic Indicators for San Diego County was unchanged in August as reported in the October 1, 2012 report. A strong increase in building permits and a more moderate gain in help wanted advertising offset small declines in initial claims for unemployment insurance, local stock prices, consumer confidence, and the outlook for the national economy to produce the unchanged result. Due to revisions in previously reported data, the USD Index has now been unchanged in two of the last three months.

The USD forecast further states that those two flat months, plus the fact that more components were down than up, raises some potential issues about the local economy. Right now, those issues are minor, and it would take more negative data in the months ahead before a red flag is raised. For now, the outlook remains positive. More than 30,000 wage and salary jobs were added to the local economy in August compared to August 2011, the third consecutive month with strong year-over-year gains. Despite problems with its economy and the business environment, California is leading the nation in terms of the total number of jobs created in the last few months. The chart below reflects the San Diego Index of Leading Economic Indicators from January 2007 to August 2012.

San Diego Index of Leading Economic Indicators

[1]Source: UCLA Anderson Forecast, September 2012
[2] Source: UCLA Anderson Forecast, September 2012

[3]Source: University of San Diego School of Business Administration, USD Index of Leading Economic Indicators, November 2011; retrieved from URL: http://home.sandiego.edu/~agin/usdlei/index.html

GENERAL FUND SUMMARY

General Fund Reserves - The 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
4. Establish the reserves necessary to meet known and unknown future obligations and ability to respond to unexpected opportunities.

The final audited numbers for fiscal year 2011/12 will not be available until later this year. The following table reflects the unaudited General Fund reserves as of July 1, 2012.

General Fund Reserve	Amended Budget	Projected (millions)
Reserves - July 1, 2012 (audited)	$ 11.9	$ 11.9
Revenues & Transfers In	$ 124.5	$ 124.5
Expenditures & Transfers Out	$ (125.1)	$ (125.1)
Projected Surplus/Deficit	$ (0.6)	$ (0.6)
Projected Fund Balance for June 30, 2013	$ 11.3	$ 11.3
Percentage of Operating Budget	9.0%	9.0%

The Council Adopted budget for fiscal year 2012/13 included the use of $574,000 in reserves. These funds are being used for a capital improvement project for repairs needed at Bonita-Long Canyon ($514,000) and to continue funding for South Bay Community Services' Domestic Violence Response Team ($60,000).

Based on activity through the end of the first quarter, General Fund revenues and expenditures are tracking with budget. The Second Quarter Financial Report will allow for a more thorough review of current year revenue and expenditure trends. Staff will recommend adjustments at that time as needed based on the mid-year projections.

There are variances in discretionary revenue that are discussed in further detail in the revenue section of this report. At this time, variances in revenues and expenditures do not result in an adjustment to the total projected expenditures and revenues for June 30, 2013. However, there are some areas of concern that staff will continue to monitor and recommend adjustments as needed in the Second Quarter Financial report. Areas of concern include the following:

- Unemployment insurance – unemployment insurance claims have not returned to pre-January 2011 levels. The budget for fiscal year 2013 budget assumed that unemployment insurance would drop to a level consistent with other years where major layoffs did not occur. Unemployment insurance claims are trending high based on the Fourth Quarter payment for fiscal year 2012.
- Program revenues – there are some variances in program revenues including parking citations, negligent vehicle impound fees, code enforcement violations, and staff time reimbursements that are trending a little low. Staff will continue to analyze revenue trends in this area.

Revenues

The following table compares the projected revenues included in the adopted budget and the updated revenue projections for discretionary and departmental program revenues. The projections indicate some variances in discretionary revenues when compared to budget but in total, revenues are expected to meet budget expectations. At this time there are no major variances in programmatic revenues to report. Variances in discretionary include the following changes:

- Loss of a $2.0 million transfer from other funds related to AB1484 that AB1484 prevents loan repayments to the General Fund from the Successor Agency to the Redevelopment Agency in this fiscal year.
- A one-time adjustment in property tax revenue of $1.0 million related to the dissolution of the redevelopment agencies.
- Other adjustments include increases in discretionary revenue based on better than expected actuals for fiscal year 2012 – including Sales Tax, Franchise Fees, and Transient Occupancy Taxes.

General Fund Revenues

Category	Amended Budget as of 9/30/2012	Q1 Proj for 6/30/13	Variance
Property Taxes	$ 24,665,351	$ 25,508,271	$ 842,920
Sales Tax	$ 20,839,000	$ 21,337,935	$ 498,935
Sales Tax in lieu	$ 6,995,000	$ 6,995,000	$ -
Motor Vehicle License Fees	$ 16,125,085	$ 16,125,363	$ 278
Other Revenues	$ 12,141,993	$ 12,128,984	$ (13,009)
Transfers From Other Funds	$ 11,858,758	$ 9,858,758	$ (2,000,000)
Franchise Fees	$ 7,939,054	$ 8,384,163	$ 445,109
Charges for Services	$ 7,373,251	$ 7,382,131	$ 8,880
Utility Users Taxes	$ 3,477,253	$ 3,477,253	$ -
Other Agency Revenue	$ 3,580,628	$ 3,562,905	$ (17,723)
Use of Money and Property	$ 2,474,690	$ 2,518,773	$ 44,083
Fines, Forfeitures & Penalties	$ 1,854,695	$ 1,854,695	$ -
Transient Occupancy Taxes	$ 2,128,105	$ 2,318,632	$ 190,527
Business License Tax	$ 1,261,460	$ 1,261,460	$ -
Real Property Transfer Tax	$ 784,786	$ 784,786	$ -
Licenses and Permits	$ 990,037	$ 990,037	$ -
Total General Fund Revenue	**$ 124,489,146**	**$ 124,489,146**	**$ -**

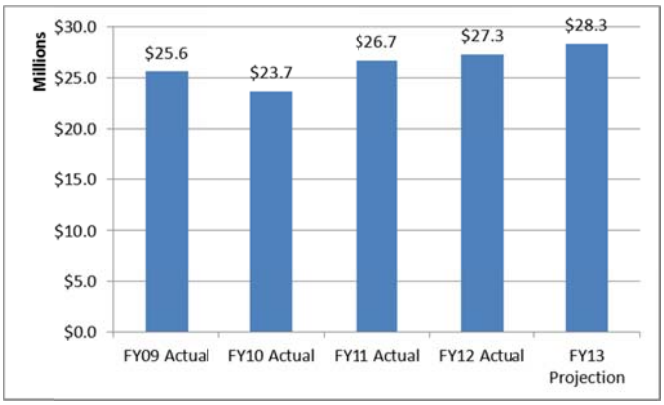
Sales Tax (Sales Tax and Sales Tax in lieu) - Sales tax is projected to be the City's largest revenue source, representing 22.3% of General Fund revenues in the fiscal year 2012/13 adopted budget.

City staff has recently received sales tax data from the City's sales tax consultant, HdL Companies, for the second quarter of calendar year 2012. They report that the change in sales tax receipts between second quarter calendar year 2012 and second quarter calendar year 2011 increased by 7.5% Statewide, by 6.6% in San Diego County and 5.8% in Chula Vista.

Sales tax projections for sales tax and sales tax in-lieu for the current fiscal year indicate that sales tax is tracking slightly better than budget based on activity through the first part of the calendar year. Based on the most recent report received from the HdL Companies, the City is expected to realize an additional $498,900 in sales tax when compared to budget.

The following chart represents actual sales tax collections since fiscal year 2008/09. Fiscal year 2012/13 is projected and does not reflect actual collections.

Sales Tax

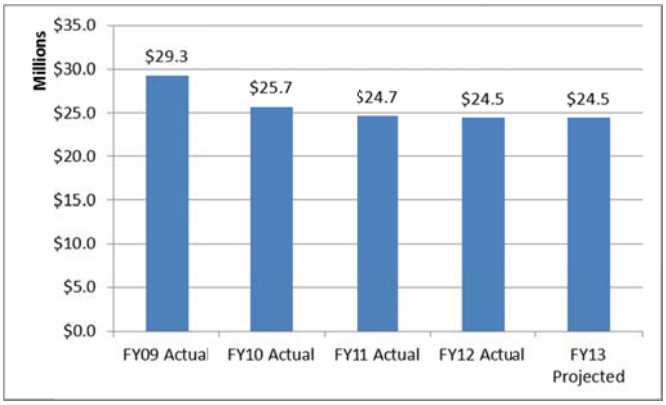


Property Taxes - The City of Chula Vista receives property tax revenue based upon a 1.0% levy on the assessed value of all real property. Property tax is the City's second largest revenue source, representing 19.8% of General Fund revenues in the fiscal year 2012/13 adopted budget.

Property tax projections reflect a net increase of $842,900 when compared to budget. This change reflects the receipt of a one-time true up payment related to the dissolution of redevelopment agencies of $1.0 million offset by a projected shortfall in delinquent property tax revenues ($160,000) and a smaller projected shortfall in secured property tax revenues ($32,900).

The following chart represents actual property tax collections since fiscal year 2008/09. Fiscal year 2012/12 is projected and does not reflect actual collections. The chart does not include the $1.0 million true-up payment.

Property Tax



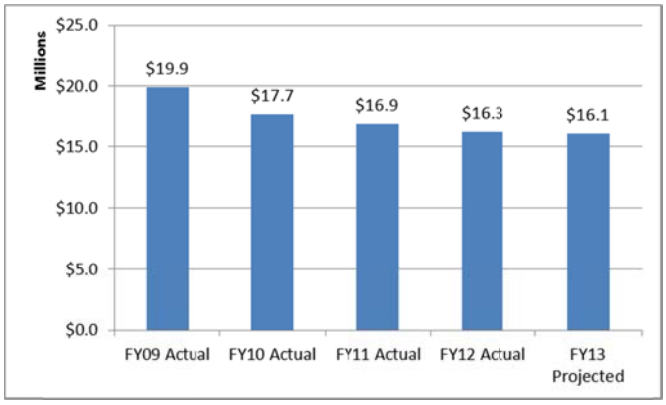
Motor Vehicle License Fee (VLF) – With the State Budget Act of 2004, the allocation of VLF revenues to cities and counties was substantially changed. For FY 2005/06 and beyond, the majority of VLF revenues for each city will grow essentially in proportion to the growth in the change in gross assessed valuation. Due to the new formula by the State, 96% of the City's VLF revenues fluctuate with changes in assessed values in the City. The other 4% of VLF revenues received by the City are based on a per capita formula.

For the 2011-12 fiscal year, the Governor signed SB89. Provisions in SB89 shifted hundreds of millions of Vehicle License Fee revenues to fund the state law enforcement grants. Statewide, SB89 took $130 million of city general revenue and shifted it to save state law enforcement grant programs. Less than $100 million of these police grant funds will go back to cities. The City of Chula Vista lost approximately $700,000 annually due to the State take away.

Projected VLF revenues are projected to meet budget expectations. There are no variances when compared to the budget for this revenue category.

The following chart reflects actual VLF revenue since fiscal year 2008/09. Fiscal year 2012/13 is projected and does not reflect actual collections.

Motor Vehicle License Fees

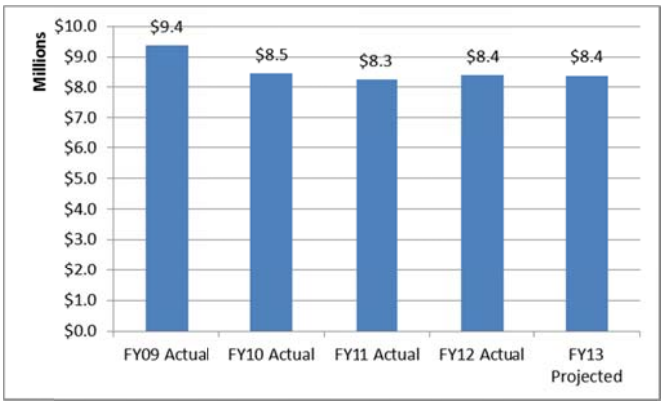


Franchise Fees - Franchise fee revenues are generated from public utility sources such as San Diego Gas & Electric (2% on gas and 1.25% on electricity), trash collection franchises (9.05% fee), and cable franchises (5% fee) conducting business within City limits. SDG&E collects the franchise fee from Chula Vista customers and remits these revenues to the City. Trash franchise fees and cable fees are based on fixed rates and remitted to the City on a monthly and quarterly receipt of the revenues respectively.

Projections for Franchise Fee revenues have been updated to continue the positive trend experienced in fiscal year 2012. Updated projections indicate that these revenues are trending to exceed budget by approximately $445,109; an increase of approximately 5.6% when compared to budget.

The following chart reflects actual Franchise Fee revenue since fiscal year 2008/09. Fiscal year 2012/13 is projected and does not reflect actual collections. The chart reflects the drop off in Franchise Fee revenues due in part to lower natural gas prices and the loss of revenue from the closure of the South Bay Power Plant.

Franchise Fees

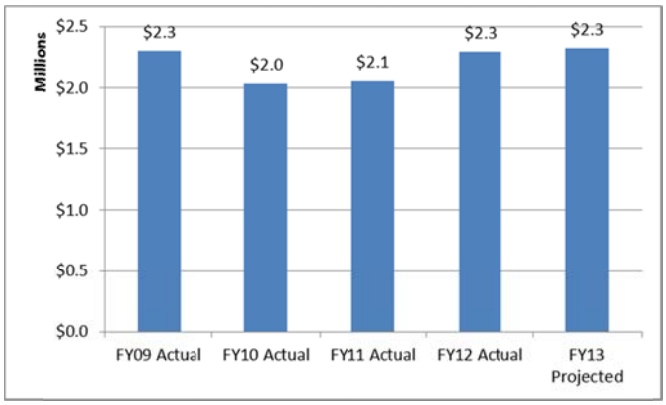


Transient Occupancy Tax (TOT) - The City receives 10% of hotel and motel room rates for stays less than 30 days.

Projections for TOT revenues have been updated to continue the positive trend experienced in fiscal year 2012. Updated projections indicate that these revenues are trending to exceed budget by approximately $190,527; an increase of approximately 9.0% when compared to budget.

The following chart reflects actual TOT revenue since fiscal year 2008/09. Fiscal year 2012/13 is projected and does not reflect actual collections.

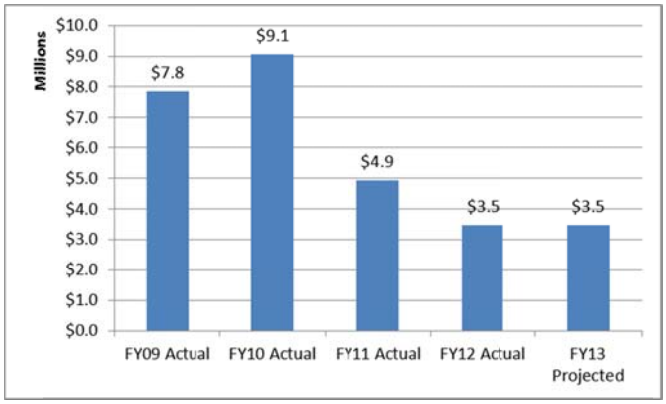
Transient Occupancy Tax (TOT)



Utility Users Tax (UUT) - The City adopted its Utility Users Tax (UUT) in 1970. The City of Chula Vista imposes a UUT on the use of telecom at the rate of 5% of gross receipts. The UUT on natural gas services is $0.00919 per therm and $0.00250 per kilowatt on electricity services, which equates to approximately a 1% tax.

Current projections for UUT revenues indicate these revenues are tracking at budget. The following chart reflects actual UUT revenue since fiscal year 2008/09. Fiscal year 2012/13 is projected and does not reflect actual collections.

Utility Users Tax (UUT)



Expenditures

The General Fund's Amended Budget reflects the Council adopted budget of $124.8 million and mid-year appropriations of $0.2 million approved by City Council. The following table reflects the General Fund amended budget and actual expenditures by department as of September 30, 2012. In total, Departments have expended 22% of the General Fund budget after 25% of the fiscal year has elapsed.

General Fund Expenditures as of 9/30/2012

Department	Amended Budget as of 9/30/2012	Exp as of 9/30/2012	% Expended
City Council	$ 1,301,464	$ 287,974	22%
Boards and Commissions	$ 10,076	$ 5,408	54%
City Clerk	$ 838,722	$ 144,794	17%
City Attorney	$ 2,452,390	$ 486,596	20%
Administration	$ 1,849,012	$ 385,802	21%
Info Tech Services	$ 2,912,845	$ 855,911	29%
Human Resources	$ 2,138,446	$ 466,797	22%
Finance	$ 3,265,377	$ 737,419	23%
Non-Departmental	$ 7,313,501	$ 1,321,008	18%
Animal Care Facility	$ 2,405,281	$ 506,361	21%
Dev Services (GF)	$ 2,770,244	$ 657,891	24%
Police	$ 44,139,901	$ 9,649,535	22%
Fire	$ 22,848,840	$ 5,248,325	23%
Public Works	$ 24,031,245	$ 5,152,214	21%
Recreation	$ 3,581,151	$ 666,275	19%
Library	$ 3,204,652	$ 758,447	24%
Total Expenditures	$ 125,063,146	$ 27,330,757	22%

General Fund Projections by Department
for June 30, 2012

Department	Amended Budget as of 9/30/2012	Q1 Proj for 6/30/13	Variance
City Council	$ 1,301,464	$ 1,301,464	$ -
Boards and Commissions	$ 10,076	$ 10,076	$ -
City Clerk	$ 838,722	$ 838,722	$ -
City Attorney	$ 2,452,390	$ 2,452,390	$ -
Administration	$ 1,849,012	$ 1,849,012	$ -
Info Tech Services	$ 2,912,845	$ 2,912,845	$ -
Human Resources	$ 2,138,446	$ 2,138,446	$ -
Finance	$ 3,265,377	$ 3,265,377	$ -
Non-Departmental	$ 7,313,501	$ 7,313,501	$ -
Animal Care Facility	$ 2,405,281	$ 2,405,281	$ -
Dev Services (GF)	$ 2,770,244	$ 2,770,244	$ -
Police	$ 44,139,901	$ 44,139,901	$ -
Fire	$ 22,848,840	$ 22,848,840	$ -
Public Works	$ 24,031,245	$ 24,031,245	$ -
Recreation	$ 3,581,151	$ 3,581,151	$ -
Library	$ 3,204,652	$ 3,204,652	$ -
Total Expenditures	$ 125,063,146	$ 125,063,146	$ -

Based on the first three months of actual expenditures there are no major variances to report in expenditures. As noted earlier there are some areas of concern regarding salary savings and unemployment insurance expenses. Staff will continue to monitor these trends and make adjustments as needed during the fiscal year.

Mid-Year Budget Amendments

Mid-year appropriations approved through September 30, 2012 totaled $223,320 with offsetting revenues resulting in no net impact to the General Fund.

The City Council approved the following budget amendments during the first quarter:

Reference	Revenue	Expenditures	Net Impact
Donation for Police Department Supplies and Services	$ 1,800	$ 1,800	$ -
California Challenge Prize Funds for Conservation and Environmental Services Supplies and Services	$ 5,000	$ 5,000	$ -
Target Corporation Grant funds for the Chula Vista Public Library Literacy Programming	$ 2,000	$ 2,000	$ -
Donation to support Fire Department Community Risk Reduction Programs and Annual Open House	$ 1,000	$ 1,000	$ -
Grant for the COPS Hiring Grant Program	$ 174,834	$ 174,834	$ -
Unanticipated revenues for Animal Care Assistant Position.	$ 38,686	$ 38,686	$ -
Council Appropriations	**$ 223,320**	**$ 223,320**	**$ -**

Budget Transfers

The following table reflects the administrative budget transfers that been approved through the first quarter.

Description	Department	Amount	From/To
Transfer for Civic Center signage improvement project.	Non-Departmental	$ 15,000	Supplies & Services to Capital
Realign budget and adjust wage related objects	City Council	$ 54,166	Personnel Services and Supplies & Services to Personnel Services
Transfer to align budget with actual expenditures	City Council	$ 3,693	Personnel Services
Transfer to add budget for a one-time refund of fire inspection fees.	Fire	$ 500	Utilities to Other Expenses

RESOLUTION NO. 2012-_____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA MAKING VARIOUS AMENDMENTS TO THE FISCAL YEAR 2012/13 BUDGET TO ADJUST FOR VARIANCES AND APPROPRIATING FUNDS THEREFOR

WHEREAS, the City Charter states that at any meeting after the adoption of the budget, the City Council may amend or supplement the budget by motion adopted by the affirmative votes of at least four members; and

WHEREAS, staff is recommending various transfers between expense categories in order to better align the budget with actual revenues and expenditures; and

WHEREAS, the recommended appropriations in the General Fund reflect a net increase in expenditures of $7,116 are revenue offset which results no net impact to the General Fund; and

WHEREAS, the recommended appropriations to other funds reflect a net decrease in expenditures of $51,922 with decreases in anticipated revenues of $51,308; and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Chula Vista does hereby amend the fiscal year 2012/13 budget and approve the following appropriations:

Dept/Fund	Personnel Services	Supplies & Services	CIP	Other Expenses	Capital Expenses	Transfers Out	Total Expenses	Revenue	Net Impact
General Fund:									
Recreation (transfer)	$ 48,153	$ (48,153)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Recreation (appropriation)	$ -	$ 7,116	$ -	$ -	$ -	$ -	$ 7,116	$ 7,116	$ -
Total General Fund	**$ 48,153**	**$ (41,037)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 7,116**	**$ 7,116**	**$ -**
Other Funds:									
Community Development Block Grant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 222	$ 222
AD 2004- Dixon Drive	$ -	$ -	$ -	$ -	$ -	$ 222	$ 222	$ -	$ (222)
Bicycle Facilities	$ -	$ -	$ (36,976)	$ -	$ -	$ -	$ (36,976)	$ 79,838	$ 116,814
Transportation Sales Tax	$ -	$ -	$ 36,976	$ -	$ -	$ 79,224	$ 116,200	$ -	$ (116,200)
ARRA	$ -	$ -	$ -	$ (106,296)	$ -	$ -	$ (106,296)	$ (106,296)	$ -
Energy Conservation	$ (25,000)	$ 29,907	$ -	$ (29,979)	$ -	$ -	$ (25,072)	$ (25,072)	$ -
Asset Seizure	$ -	$ (1,839)	$ -	$ -	$ 1,839	$ -	$ -	$ -	$ -
Total Other Funds	**$ (25,000)**	**$ 28,068**	**$ -**	**$ (136,275)**	**$ 1,839**	**$ 79,446**	**$ (51,922)**	**$ (51,308)**	**$ 614**
Total Budget Amendments	**$ 23,153**	**$ (12,969)**	**$ -**	**$ (136,275)**	**$ 1,839**	**$ 79,446**	**$ (44,806)**	**$ (44,192)**	**$ 614**

Presented by

Maria Kachadoorian
Director of Finance/Treasurer

Approved as to form by

Glen R. Googins
City Attorney