



City of Chula Vista

Legislation Text

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QUARTERLY FINANCIAL REPORT FOR THE QUARTER ENDING MARCH 31, 2014 AND CONSIDERATION OF AMENDMENTS TO THE FISCAL YEAR 2013/2014 BUDGET

- A. RESOLUTION NO. 2014-078 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA MAKING VARIOUS AMENDMENTS TO THE FISCAL YEAR 2013/2014 BUDGET TO ADJUST FOR VARIANCES AND APPROPRIATING FUNDS THEREFOR (4/5 VOTE REQUIRED)

- B. RESOLUTION NO. 2014-005 OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF CHULA VISTA AMENDING THE REDEVELOPMENT OBLIGATION RETIREMENT FUND BY TRANSFERRING \$45,660 FROM THE PERSONNEL SERVICES CATEGORY TO THE OTHER EXPENSES CATEGORY (4/5 VOTE REQUIRED)

RECOMMENDED ACTION

Council/Agency accept the report. Council adopt resolution A and Agency adopt resolution B.

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 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 is recommending in the current year General Fund as well as various other funds.

ENVIRONMENTAL REVIEW

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

Section 15060(c)(3) of the State CEQA Guidelines the actions proposed are not subject to CEQA.

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 Summary

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 table summarizes the projections based on expenditures and revenues through the third quarter of fiscal year 2013/14 for the City's General Fund. The amended budget column includes all Council approved changes to the fiscal year 2013/14 adopted budget through March 31, 2014 (the end of the third quarter). The projected column lists the estimated revenues and expenditures for June 30, 2014, the end of fiscal year 2013/14. The table also reflects the projected impact to the City's reserves.

General Fund Reserve	Amended Budget (millions)	Projected (millions)
Reserves - July 1, 2013 (audited)	\$ 10.9	\$ 10.9
Revenues & Transfers In	\$ 137.9	\$ 140.0
Expenditures & Transfers Out	\$ (138.0)	\$ (137.8)
Projected Surplus/Deficit	\$ (0.1)	\$ 2.2
Projected Fund Balance for June 30, 2014	\$ 10.8	\$ 13.1
Percentage of Operating Budget	8.5%	9.5%

Notes:

1. The Amended Budget and projections reflected in this table do not include prior year appropriations for capital improvement projects and other encumbrances that were carried forward into the fiscal year 2013/14 budget. These expenditure impacts are already reflected in the estimated fund balance as of July 1, 2013 and are therefore not included in the above table.
2. The Percentage of Operating Budget percent reserve listed under the Amended Budget is based on the Council Adopted Budget of \$127.8 million.

As noted above, the General Fund is projected to end the current fiscal year with a surplus of \$2.2 million; this is largely due to better than anticipated revenues. General Fund revenues are projected to exceed budget by approximately \$2.2 million. This increase is mainly due to the recognition of Telephone Users' Tax (TUT) revenues. With the settlement of the class action lawsuit class challenging the City's collection of TUT from wireless customers, the City will now recognize these

revenues going forward. These revenues are also included in the City Manager's Proposed Budget for fiscal year 2014-15. Staff recommends placing the current year TUT revenues in reserves to mitigate potential shortfalls from possible reductions in TUT. General Fund expenditures are tracking close to budget - it is anticipated that the General Fund will end the fiscal year with approximately \$200,000 in expenditure savings, which equates to 0.2% of the operating budget. Significant expenditure savings are projected in the Personnel Services category; however, staff is recommending the transfer of these savings to address equipment needs in Public Safety and other funding needs. The requests for appropriations for these changes are included in the agenda statement that accompanies this report.

General Fund Revenues

Overall, revenues are expected to exceed budgeted levels by a net \$2.2 million. This increase is primarily due to the recognition of TUT revenues. Variances in projected revenue categories include the following changes:

- A \$3.3 million increase in Utility Users Tax - this category includes TUT revenues. As mentioned previously, as a result of the settlement of the class action lawsuit the City will now recognize TUT revenues related to wireless customers.
- A decrease of \$0.8 million in Revenue from Other Agencies that will not be realized in the Police Department as result of decreased participation in reimbursed task force activities and grant revenue shortfalls due to vacancies. The projected short-fall in Revenue from Other Agencies was discussed in the Second Quarter Financial Report.
- A \$0.7 million decrease in sales taxes due to lower than projected taxable sales activity within the City.
- A net increase of \$0.5 million in Property Tax revenue. The property tax projection is unchanged from the second quarter.
- A \$0.3 million decrease in the Transfers In revenues category due to lower than anticipated reimbursement from various city funds.

Other revenue categories including Charges for Services, Licenses and Permits and Fines Forfeitures and Penalties revenues are projected to fall below budget as identified in the Second Quarter Financial Report. The balance of the City's revenue categories including Motor Vehicle License, Transient Occupancy Taxes and Other Revenues and Other Local Taxes are projected to slightly exceed the budget. However, the projections for these revenues have also been decreased in the third quarter.

General Fund Expenditures

Based on the third quarter review, it is projected that the City's operating budget will be almost fully expended by the end of the current fiscal year. An estimated \$0.2 million savings in the General

Fund is projected as of the end of third quarter. This projection represents the cumulative net impact of the estimated savings and additional expenditures across all of the City's expenditure categories. The estimated savings are comprised of the following variances:

Based on expenditure trends through the end of the third quarter, General Fund expenditures are projected to be under budget by an estimated \$0.2 million. This estimated expenditure savings consists of the following:

- Personnel Services - A projected \$1.6 million savings in Personnel Services due to vacant positions. The majority of these savings are in the Police Department (\$1.5 million). The balance of the estimated savings consists of a projected combined \$0.8 million dollar savings across various departments that are offset by \$0.7 million in budgeted salary savings in Non-Departmental and a net \$0.1 million projected deficit in the Fire Department due to constant minimum overtime expenses.
- Transfers Out - A projected deficit of \$1.0 million in the Transfers Out category due to increased transfers out from the General Fund to various funds. The increased transfers include:
 - A \$0.6 million transfer to the Technology Replacement Fund for the purchase of Police radio equipment that is necessary in order to keep pace with scheduled upgrades to the County regional communications system and to ensure inter-operability.
 - A \$0.2 million transfer to the Residential Construction Tax Fund to fund required debt service obligations. RCT revenues are tracking lower than anticipated due to a slow-down in development activity.
 - A \$0.1 million transfer to the Development Services Fund for City subsidized energy efficiency related permitting services.
- Supplies and Services - A transfer from the Personnel Services expenditure category to the Supplies and Services expense category of the Police department of \$0.3 million is included in the projection. This expenditure is needed to address IT related needs in the Police Department.
- Capital - A \$0.1 million in the Police Department Capital expenditure appropriation that is funded by a transfer from the Personnel Services expenditure category is also assumed in the projection. This transfer is needed for the purchase of body cameras in the Police Department.

The requests for these appropriations are presented this report. The projections for the other major expenditure categories do not vary significantly from the budget.

Development Services Fund

The Development Services Department Enterprise fund consists of Land Development, Development

Planning, the DSF Front Counter and the Building Department. The Development Services Fund ended its first two fiscal years with revenues that fell short of expenditures. Every year since, revenues have exceeded expenditures. This is due in large part to increased building permits. Currently, revenues are not tracking where they had been for the past three years; and staff is projecting a deficit of approximately \$500,000 in the Development Services Fund. However, Development Services is processing more entitlements than at any time in the Department's history and processing more plan checks than the last three years.

Currently there are approximately 1,600 residential units in plan check that can potentially pull their building permits before the end of the fiscal year so that the fund will have adequate revenues to cover expenditures. However, as the City does not control the timing of permits, staff has based the projections on current trends. It is important to note that the nature of the work in the enterprise fund is beginning to change from one of processing planning documents to one of processing building and improvement plans. This change in activity may require modification to the existing composition of staff in Development Services Fund in order to remain responsive to the work being received.

The table below compares the budgeted revenue and expenditures to the projected revenues and expenditures for June 30, 2014. As noted above, expenditures are currently on trend to exceed revenues. Staff will continue to monitor this projected shortfall and will make adjustments in an effort to mitigate any adverse impact to the Development Services Fund's reserves.

Development Services Fund Reserve	Amended Budget	Projected
Reserves - July 1, 2013 (audited)	\$ 147,475	\$ 147,475
Revenues & Transfers In	\$ 7,247,193	\$ 6,223,308
Expenditures & Transfers Out	\$ (7,237,537)	\$ (6,865,866)
Projected Surplus/Deficit	\$ 9,656	\$ (642,558)
Projected Fund Balance for June 30, 2014	\$ 157,131	\$ (495,083)

BUDGET AMENDMENTS

General Fund Amendments

Staff is recommending budget amendments in the following departments - Animal Care Facility, Public Works, Police, Non-Departmental, Recreation, City Attorney, and Fire departments. These amendments are as follows:

Animal Care Facility (CVACF) - The Animal Care Facility is requesting an appropriation of \$12,000 to the supplies and services category for the purchase of medical supplies. The medical supplies will be used to expand vaccination services for the increased animal population at the Animal Care Facility. This appropriation will be funded from unanticipated donation revenues that have been received by the department.

Public Works - The Public Works Department is requesting the following budget changes:

- A \$100,000 appropriation to the Non-CIP Project Expenditure category is recommended for the Public Works Department to address citywide facility maintenance and repair issues. This appropriation will be offset from projected savings within the Public Works' Personnel Services and Utility expenditure categories. Personnel Services has unanticipated salary savings due to vacancies.
- An appropriation of \$17,560 to the Supplies & Services category of the Construction Inspection Budget to pay for the repair and replacement of the bollards that were damaged due to an accident that took place on Third Avenue. The requested Supplies and Services appropriations will be offset by unanticipated revenue received from the responsible insurance company that have been realized in the Human Resources Department.
- The Public Works Department has also received a \$1,000 donation from the San Diego Chapter of the American Public Works Association and is requesting to appropriate these funds to the Personnel Services expenditure category to fund a pilot internship program within the department.

Police - The Police Department is requesting a \$1,125,000 transfer from the Personnel Services expenditure category to various expenditure categories within the Police Department and to the Technology Replacement Fund. The transfer is funded by projected Police Department personnel services savings. The proposed distribution of this transfer is as follows:

- \$600,000 will be transferred to the Technology Replacement Fund for the future purchase of Police radio equipment. The purchase of this equipment will allow the Police Department to begin the transition to the County's updated regional radio system, ensuring the Police Department's continued regional interoperability.
- \$100,000 will be transferred to the Capital expenditure category of the Police Department budget for the purchase of body worn camera equipment. Body worn cameras have been shown to significantly reduce the number of complaints against officers, reduce the number of use-of-force incidents and provide the public with the peace of mind that the Police Department is committed to ensuring high quality policing services. The Department will be purchasing approximately 100 body cameras for deployment in the Patrol division and contracting with Evidence.Com to provide cloud storage for all of the officer video.
- \$425,000 will be transferred to the Supplies and Services expenditure category of the Police Department budget. \$300,000 of this amount will be used to purchase contracted technical support services for the body worn camera equipment. The balance of the transferred funds

will be used to address the following operational needs:

- Increased costs in uniforms and leather gear to equip sworn employees due to recent officer hires and recruits placed in police academies, coupled with numerous assignment rotations due to Patrol staffing shortages.
- The one-time training costs for new canines to replace two recently retired canines from service in the K9 unit.
- Police Facility repairs that have included repairs to roll-up gates, proximity card repairs, and ADA (American Disability Act) compliance facility modifications.
- Travel costs for International Association of Chiefs of Police (IACP), California Police Chiefs Association (CPCA) and Benchmark Cities Conference.

Non-Departmental - The following budget changes are recommended in the Non-Departmental budget:

- An appropriation of \$0.3 million in the Transfers-Out expenditure category to address the following:
 - A \$200,000 increase in the transfer to the Residential Construction Tax Fund (RCT) to address revenue short-falls in the RCT fund due to decreased construction activity. These additional funds will help ensure the RCT fund can meet its debt service obligations.
 - A \$133,471 increase in the transfer to the Development Services Fund for higher than anticipated subsidized permitting activities related to the issuance of permits for of energy efficiency projects.
 - An \$11,696 increase in the transfer to the Local Law Enforcement Block Grant (LLEBG) Fund augmenting the City's grant match needed to meet personnel expenses in the LLEBG fund.
- An appropriation of \$28,774 to the Services and Supplies expense category. The City contracts for sales tax audits that monitor the collection of sales tax from City businesses. Fees are paid to the firms contingent upon them finding businesses that have not reported or have under reported their sales tax obligation to the City. These fees are paid based on a percentage of the finding. The City currently contracts with Hinderlighter de Lamas (HdL) and MuniServices in the past. The two firms have submitted invoices for contingent fees that are higher than projected for the budget. This request is for an appropriation to pay MuniServices (\$21,174) and HdL (\$7,600). This appropriation request of \$28,774 is offset by the additional

sales tax collected as a result of the two firm's audits.

- An appropriation of \$26,362 is requested to the Other Expenses category. The former Redevelopment Agency entered into a Reciprocal Grant of Easements and Declaration of Establishing Restrictions and Covenants agreement on 8-01-1988 (Resolution 936). The declaration created reciprocal rights and obligations between the City and certain parcels that were affected by the construction of the City-owned parking structure on Third Ave and F Streets. The agreement created easements for access to and from the parking structure, as well as a common area easement. In exchange for these easements the former Redevelopment Agency and now the Successor Agency (Agency) agreed to rebate possessory interest taxes payable to the County of San Diego for four parcels adjacent to the parking structure. The Agency has submitted this agreement to the State Department of Finance (DOF) as an enforceable obligation of the Agency. The DOF rejected the agreement as an enforceable obligation of the Agency based on language contained in the agreement. That language said in part that "the Agency or upon its deactivation, the City shall reimburse... or their successors in the amount of said payment". The General Fund is now obligated to reimburse the parcel owners possessory interest taxes in the amount of \$26,362. This request for an appropriation of \$26,362 will result in a net fiscal impact to the General Fund.
- An appropriation of \$3,344,130 in Utility Users Tax revenue category. As previously discussed, the City has reached a settlement in the class action lawsuit related to wireless Telephone Users' Tax. In a previous action, the City Council recognized and appropriated \$8.0 million in TUT revenues realized in prior fiscal years. The appropriation of \$3.3 million will recognize TUT revenues collected in the current fiscal year.

Recreation - A transfer of \$12,524 from Supplies and Services category and associated State Grant revenues of the same amount from the Recreation budget to the State Grant Fund is requested. The State Grant revenues were received by the Recreation Department to support the Mobile Recreation Program. However, these funds should have been recognized in the States Grant Fund. The requested transfer will ensure the accurate reflection of the State Grant funds within the City's financial system.

The Recreation Department is also requesting a transfer of \$20,000 from the Personnel Services Category to the Other Expenses Category to address a projected overage in credit card processing fees. These changes result in no net fiscal impact.

City Attorney - The City Attorney is requesting \$20,824 transfer from the Personnel Services expenditure category to the Supplies and Services category to offset a projected overage for contracted attorney services. These changes result in no net fiscal impact.

Fire - The Fire Department is requesting the following appropriations that are offset by unanticipated

revenues:

- A \$21,738 appropriation to the Personnel Services expenditure category to offset reimbursed training overtime costs in the Fire Department training division. An additional \$19,722 appropriation to the Training Division's Supplies and Services budget is also requested for training travel expenses. These appropriations are offset by unanticipated revenues from the California Fire Fighter Joint Apprenticeship Committee fund.
- An \$18,406 appropriation to the Supplies and Services budget for the purchase of ten I-pad Airs and related accessories. Currently, the Fire Department's Prevention Division uses Panasonic Toughbooks to perform data entry while in the field - such as signing off building permits in Permits Plus while at the construction site. These Toughbooks are almost ten years old and as a result, staff is encountering several issues ranging from inadequate memory to outdated software/hardware. The purchase of this equipment will allow the Fire Prevention Division to implement the Information Technology Services Department recommendation to replace and upgrade to current technology that is in place. This appropriation is offset by unanticipated development related revenues.
- A \$4,391 appropriation to the Capital expenditure category of the Fire Suppression Division for the installation of washer and dryer equipment at Fire Station 8. This appropriation is offset by unanticipated revenues earned.

Amendments to Other Funds

Staff is recommending budget amendments to the following other funds:

Technology Replacement Fund - A \$600,000 transfer from the General Fund for the future purchase of Police radio equipment. The purchase of this equipment will allow the Police Department to begin the transition to the County's updated regional radio system, ensuring the Police Department's continued regional interoperability. Staff will return at a later date to appropriate and award a contract for the purchase of this equipment.

Residential Construction Tax Fund - A \$200,000 increase in the transfer from the General Fund is needed to offset the projected revenue short-fall in the RCT fund due to decreased construction activity. These additional funds will help ensure the fund can meet its debt service obligations.

Development Services Fund - A \$133,471 increase in the transfer from the General Fund for higher than anticipated subsidized permitting activities related to the issuance of permits for of energy efficiency projects.

State Grants Fund - A \$12,524 transfer of expenses and revenues from the General Fund to accurately reflect State Grant funds received for the Mobile Recreation Program. This transfer will

ensure the accurate reflection of these funds within the City's financial system.

Successor Agency - Staff is requesting a transfer in the amount of \$45,660 from the Personnel Services budget to the Other Expenses budget of the Successor Agency. In February 2014, staff transferred out of the Successor Agency creating a budget savings in Personnel Services. The appropriation in Other Expenses will be used to reimburse City staff for work performed related to the Successor Agency.

2002 Certificates of Participation - Police Facility Project (Fund 450) - An appropriation is requested in the amount of \$4,000,000 to the Transfers-Out category of Fund 450 Certificates of Participation - Police Facility Fund and make corresponding revenue changes related to the transfer-in for Fund 475 2014 Certificates of Participation - Police Facility Fund. The request is necessary to facilitate the closure of Fund 450 which accounted for activity related to the 2002 COPs. The new 2014 COPs will be accounted for in Fund 475. The City refinanced the 2002 COPs in March 2014 replacing them with the 2014 COPs.

2014 Certificates of Participation - Police Facility Fund (Fund 475) - An appropriation of \$650,000 is requested to the Other Expenses category of Fund 475. The appropriation is necessary to account for the Cost of Issuance of the 2014 Certificates of Participation and the bond underwriter's discount on the bonds.

DECISION-MAKER CONFLICT

Resolution A

Staff has reviewed the City Council member property holdings and has determined that Council member Salas has property holdings within 500 feet of the boundaries of the Third Avenue bollards repair/replacement site. Although this could create a conflict for the Councilmember, the decision contemplated by this action with respect to the Third Avenue bollard repair/replacement solely concerns the repair, replacement or restoration of existing amenities/fixtures and, as such, the financial effect of the decision on real property is presumed not to be material, pursuant to California Code of Regulations Title 2, sections 18704.2(b)(2) and 18705.2.

With respect to the remaining decisions contemplated by this action, each decision either: (i) does not involve real property within 500 feet of any City Council member properties; or (ii) is not site-specific and, consequently, the 500-foot rule found in California Code of Regulations section 18704.2 (a)(1), is not applicable. Staff is not independently aware, and has not been informed by any City Council member of any other fact that may constitute a basis for a decision maker conflict of interest in this matter. Consequently, these decisions do not present conflicts under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Resolution B

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. Staff is not independently aware, and has not been informed by any Successor Agency to the Redevelopment Agency of the City of Chula Vista 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 resulting from accepting the Quarterly Financial Report. Approval of the resolution amending the fiscal year 2013/14 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				
City Attorney	Transfer from Personnel Services to Supplies & Services	\$ -	\$ -	\$ -
Human Resources	3rd Ave. Collision Repairs Revenue	\$ -	\$ 17,560	\$ (17,560)
Non-Departmental	Appropriation of TUT Revenues	\$ -	\$ 3,344,130	\$ (3,344,130)
	Transfer to Development Services Fund	\$ 133,471	\$ -	\$ 133,471
	Transfer to LLEBG Fund	\$ 11,696	\$ -	\$ 11,696
	Transfer to RCT Fund	\$ 200,000	\$ -	\$ 200,000
	Funding for rebate of possessory interest taxes payable	\$ 26,362	\$ -	\$ 26,362
	Sales Tax consultant services	\$ 28,774	\$ 28,774	\$ -

Dept/Fund	Description	Exp	Rev	Net
Animal Care Facility	Appropriation of donation for medical supplies	\$ 12,000	\$ 12,000	\$ -
Police	Transfer salary savings for equipment & operational needs	\$ -	\$ -	\$ -
Fire	Appropriations for Personnel Services, equipment, and building maintenance	\$ 64,257	\$ 64,257	\$ -
Public Works	3rd Ave. Collision Repairs	\$ 17,560	\$ -	\$ 17,560
	Public Works APWA donation and Hourly Wages	\$ 1,000	\$ 1,000	\$ -
	Transfer from Personnel Services to address City building maintenance	\$ -	\$ -	\$ -
Recreation	Recreation transfer from Personnel Services to Other Expenses	\$ -	\$ -	\$ -
	Transfer Mobile Recreation to State Grants Fund	\$ (12,524)	\$ (12,524)	\$ -
TOTAL GENERAL FUNDS		\$ 482,596	\$ 3,455,197	\$ (2,972,601)
Other Funds				
LLEBG	Transfer In from General Fund	\$ -	\$ 11,696	\$ (11,696)
State Grants Fund	Transfer Mobile Recreation to State Grants Fund	\$ 12,524	\$ 12,524	\$ -
Redv Obligation Retirement Fund	Transfer salary savings to staff time reimbursement	\$ -	\$ -	\$ -
Technology Replacement	Transfer In from General Fund - Police Department	\$ -	\$ 600,000	\$ (600,000)
Development Services Fund	Transfer In from General Fund	\$ -	\$ 133,471	\$ (133,471)
2002 COP Police Facility Project	Transfer fund balance from Fund 450 to Fund 475	\$ 4,000,000	\$ -	\$ 4,000,000
2014 Refunding COP	Transfer fund balance from Fund 450 to Fund 475	\$ -	\$ 4,000,000	\$ (4,000,000)
2014 Refunding COP	2014 Refunding COP issuance costs	\$ 650,000	\$ -	\$ 650,000
RCT Fund	Transfer In from General Fund	\$ -	\$ 200,000	\$ (200,000)
TOTAL OTHER FUNDS		\$ 4,662,524	\$ 4,957,691	\$ (295,167)
TOTAL BUDGET AMENDMENTS		\$ 5,145,120	\$ 8,412,888	\$ (3,267,768)

Approval of the resolution results in no net fiscal impact to the following funds - Successor Agency to the Redevelopment Agency Fund and the State Grants Fund.

Projected impacts to the remaining funds are as follows:

- The changes in the General Fund will result in a positive impact of approximately \$2,972,601, this change largely reflects the recognition of TUT revenues.
- The transfer to the Local Law Enforcement Block Grant Fund will result in a positive impact of

approximately \$11,696.

- The transfer to the Technology Replacement Fund will result in a positive impact of approximately \$600,000.
- The transfer to the Development Services Fund will result in a positive impact of approximately \$133,471.
- The appropriation of \$4,000,000 for the Transfer-Out in the 2002 Certificates of Participation - Police Facility Project Fund will be made from the available balance of this fund and is needed to facilitate the close out of this Fund.
- The appropriations to the 2014 Certificates of Participation - Police Facility Fund result in a positive net fiscal impact of \$3,350,000.
- The transfer to the Residential Construction Tax Fund will result in a positive impact of approximately \$200,000.

ONGOING FISCAL IMPACT

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

ATTACHMENT:

Third Quarter Financial Report

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
CHULA VISTA MAKING VARIOUS AMENDMENTS TO THE
FISCAL YEAR 2013/14 BUDGET TO ADJUST FOR
VARIANCES AND APPROPRIATING FUNDS THEREFOR
(4/5 VOTE REQUIRED)

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

WHEREAS, staff has completed the budget review for the quarter ending March 31, 2014 and is recommending a number of budget amendments; and

WHEREAS, staff is recommending approximately \$0.5 million in new appropriations to various departments in the General Fund that will be offset by \$3.5 million in revenues resulting in a positive net fiscal impact of \$3.0 million to the General Fund; and

WHEREAS, an appropriation of \$12,524 in the State Grants Fund is needed to transfer the revenues and expenditures associated with the Mobile Recreation program; and

WHEREAS, the transfer of \$4,000,000 from the 2002 COP Police Facility Project Fund to the 2014 Refunding COP Fund will allow for the transfer of the remaining fund balance of the 2002 COP Police Facility Project Fund, which will be closed; and

WHEREAS, the appropriation of \$650,000 is needed to address the cost of issuance in the 2014 Refunding COP Fund; and

WHEREAS, the transfers to the Local Law Enforcement Block Grant Program (\$11,696), Technology Replacement Fund (\$600,000), Residential Construction/Conversion Fund (\$200,000), and Development Services Fund (\$133,471) from the General Fund result in a positive impact to these funds.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chula Vista, that it does hereby amend the fiscal year 2013/14 budget and approves the following appropriations:

DEPARTMENT/FUND	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	CAPITAL	CAPITAL (NON-CIP)	TRANSFERS OUT	UTILITIES	TOTAL EXPENSE	TOTAL REVENUE	NET IMPACT
GENERAL FUND:										
City Attorney	\$ (20,824)	\$ 20,824	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Human Resources			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,560	\$ (17,560)
Non-Departmental		\$ 28,774	\$ 26,362	\$ -	\$ -	\$ 345,167	\$ -	\$ 400,303	\$ 3,372,904	\$ (2,972,601)
Animal Care Facility		\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,000	\$ 12,000	\$ -
Police	\$ (1,125,000)	\$ 425,000	\$ -	\$ 100,000	\$ -	\$ 600,000	\$ -	\$ -	\$ -	\$ -
Fire	\$ 21,738	\$ 38,128	\$ -	\$ 4,391	\$ -	\$ -	\$ -	\$ 64,257	\$ 64,257	\$ -
Public Works	\$ (59,000)	\$ 17,560	\$ -		\$ 100,000	\$ -	\$ (40,000)	\$ 18,560	\$ 1,000	\$ 17,560
Recreation	\$ (20,000)	\$ (12,524)	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ (12,524)	\$ (12,524)	\$ -
TOTAL GENERAL FUND	\$ (1,203,086)	\$ 529,762	\$ 46,362	\$ 104,391	\$ 100,000	\$ 945,167	\$ (40,000)	\$ 482,596	\$ 3,455,197	\$ (2,972,601)
OTHER FUNDS:										
Local Law Enf Block Grant Prog.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,696	\$ (11,696)
State Grants Fund	\$ -	\$ 12,524	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,524	\$ 12,524	\$ -
Technology Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600,000	\$ (600,000)
Development Services Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 133,471	\$ (133,471)
2002 COP Police Facility Proj	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000,000	\$ -	\$ 4,000,000	\$ -	\$ 4,000,000
2014 Refunding COP	\$ -	\$ -	\$ 650,000	\$ -	\$ -	\$ -	\$ -	\$ 650,000	\$ 4,000,000	\$ (3,350,000)
Resident. Construct/Conver Fnd	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ (200,000)
TOTAL OTHER FUNDS	\$ -	\$ 12,524	\$ 650,000	\$ -	\$ -	\$ 4,000,000	\$ -	\$ 4,662,524	\$ 4,957,691	\$ (295,167)
TOTAL BUDGET AMENDMENTS	\$ (1,203,086)	\$ 542,286	\$ 696,362	\$ 104,391	\$ 100,000	\$ 4,945,167	\$ (40,000)	\$ 5,145,120	\$ 8,412,888	\$ (3,267,768)

Presented by

Approved as to form by

Maria Kachadoorian
Director of Finance/Treasurer

Glen R. Googins
City Attorney

RESOLUTION NO. _____

RESOLUTION OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF CHULA VISTA AMENDING THE REDEVELOPMENT OBLIGATION RETIREMENT FUND BY TRANSFERRING \$45,660 FROM THE PERSONNEL SERVICES CATEGORY TO THE OTHER EXPENSES CATEGORY (4/5 VOTE REQUIRED)

WHEREAS, in February 2014, staff transferred out of the Successor Agency creating a budget savings in Personnel Services; and

WHEREAS, Staff is requesting a transfer in the amount of \$45,660 from the Personnel Services budget to the Other Expenses budget of the Redevelopment Obligation Retirement Fund;

WHEREAS, the transfer of appropriations to the Other Expenses budget will be used to reimburse City staff for work performed on behalf of the Redevelopment Obligation Retirement Fund;

NOW, THEREFORE, BE IT RESOLVED by the Successor Agency to the Redevelopment Agency of the City of Chula Vista, that it amends the Redevelopment Obligation Retirement Fund by transferring \$45,660 from the Personnel Services expenditure category to the Other Expenses category.

Presented by

Approved as to form by

Maria Kachadoorian
Finance Director/City Treasurer

Glen R. Googins
City Attorney

OVERVIEW

This financial report summarizes the City's General Fund financial position for fiscal year 2014 through March 31, 2014 and projecting out to June 30, 2014. 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 Forecast¹ - In the March 2014 report, Senior Economist David Shulman of the UCLA Anderson Forecast writes, "We can visualize the economy creating between 200,000–250,000 jobs a month with the unemployment rate dropping to 5.4 percent by late 2016 ... total payroll employment will surpass the prior 2007 peak, but the economy will remain well below its pre-Great Recession growth path." Shulman also expects an uptick in inflation, with the core consumer price index increasing from 1.8 percent in 2013 to 2.5 percent in 2016. As inflation rises, Shulman anticipates that wages will rise as well. He also projects that the Federal Reserve will all but end the Quantitative Easing Program by September. This program was intended to lower interest rates and spur economic growth.

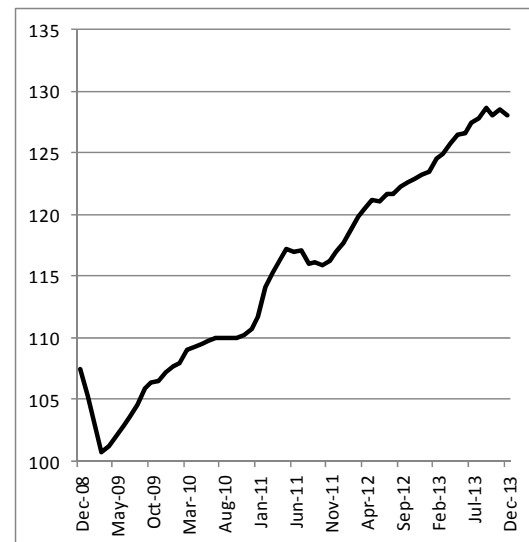
The California Forecast² - In the California forecast, Senior Economist Jerry Nickelsburg examines the impacts the ongoing drought and dry weather are having on the California economy. According to Nickelsburg, while the drought has negatively affected California's economy, particularly in some agricultural areas, "Overall the state is not likely to be greatly impacted. But given our fragile recovery from the Great Recession, and the potential for this drought to drive industrial and agricultural structural change towards an adaptation to a more arid environment, a prudent incorporation of the drought impact would be to lower the forecast employment growth rates for the next few years by about 0.2 percent. The latest forecast for California calls for total employment growth (payroll, farm and self-employed) of 1.8 percent in 2014, 2.2 percent in 2015 and 2.1 percent in 2016." Real personal income growth is forecast to be 3.1 percent in 2014, followed by 3.8 percent and 3.7 percent in 2015 and 2016. The unemployment rates for the three forecast years are expected to be 7.8 percent, 6.9 percent and 6.0 percent, respectively, with

the rate going as low as 5.7 percent by the fourth quarter 2016.

The San Diego Forecast³ - The USD Burnham-Moore Center for Real Estate's Index of Leading Economic Indicators for San Diego County fell 0.2 percent in December after a moderate gain of 0.4 percent in November. Sharp increases in building permits and the outlook for the national economy outweighed big drops in initial claims for unemployment insurance and help wanted advertising to push the USD Index to a gain in November. Weaker results in the former two components led to a decline in December, the second in three months.

Despite the USD Index falling for two of the last three months, the outlook for the local economy remains positive. Economists usually look for three consecutive changes in a leading index in the opposite direction as a signal of a turning point in the economy, and that hasn't happened yet. The local economy ended 2013 with a gain of more than 23,000 jobs, which was down from 2012 but still the second best year for job growth since 2012. The forecast for 2014 is for another 25,000 jobs to be added in San Diego County, which would be enough to push the local unemployment rate down to under six percent. Continued solid growth is expected in construction, leisure and hospitality, and health care.

**San Diego Index of Leading Economic Indicators
San Diego County, 2009 - 2013**



¹Source: UCLA Anderson Forecast, April 2014

²Source: UCLA Anderson Forecast, April 2014

³Source: University of San Diego School of Business Administration, USD Index of Leading Economic Indicators, January 2014; retrieved from URL: <http://home.sandiego.edu/~agin/usdle/i/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 following table reflects the audited General Fund reserves as of June 30, 2013 as well as the projected General Fund reserves for June 30, 2014.

General Fund Reserve	Amended Budget (millions)	6/30/14 Projection (millions)
Reserves - July 1, 2013 (audited)	\$10.9	\$10.9
Revenues & Transfers In	\$137.9	\$140.0
Expenditures & Transfers Out	(\$138.0)	(\$137.8)
Projected Surplus/Deficit	(\$0.1)	\$2.2
Projected Fund Balance for June 30, 2014	\$10.8	\$13.1
Percentage of Operating Budget	8.5%	9.5%

Notes:

1. The Amended Budget and projections reflected in this table do not include prior year appropriations for capital improvement projects and other encumbrances that were carried forward into the fiscal year 2013/14 budget. These expenditure impacts are already reflected in the estimated fund balance as of July 1, 2013 and are therefore not included in the above table.
2. The Percentage of Operating Budget percent reserve listed under the Amended Budget is based on the Council Adopted Budget of \$127.8 million.

As noted above, the General Fund is projected to end the current fiscal year with a surplus of \$2.2 million; this is largely due to better than anticipated revenues. General Fund revenues are projected to exceed budget by approximately \$2.2 million. This increase is mainly due to the recognition of Telephone Users' Tax (TUT) revenues. With the settlement of the class action lawsuit class challenging the City's collection of TUT from wireless customers, the City will now recognize these revenues going forward. These revenues are also included in the City Manager's Proposed Budget for fiscal year 2014-15. Staff

recommends placing the current year TUT revenues in reserves to mitigate potential shortfalls from possible reductions in TUT. General Fund expenditures are tracking close to budget – it is anticipated that the General Fund will end the fiscal year with approximately \$0.2 million in expenditure savings. Significant expenditure savings are projected in the Personnel Services category; however, staff is recommending the transfer of these savings to address equipment needs in Public Safety and other funding needs. The requests for appropriations for these changes are included in the agenda statement that accompanies this report.

Revenues

The following table compares revenues in the fiscal year 2013-14 amended budget to the third quarter revenue projections for discretionary and departmental program revenues. The projections indicate the variances in discretionary revenues when compared to budget. Overall, revenues are expected to exceed budgeted levels by a net \$2.2 million. This increase is primarily due to the recognition of TUT revenues. Variances in projected revenue categories include the following changes:

- A \$3.3 million increase in Utility Users Tax – this category includes TUT revenues. As mentioned previously, as a result of the settlement of the class action lawsuit the City will now recognize TUT revenues related to wireless customers.
- A decrease of \$0.8 million in Revenue from Other Agencies that will not be realized in the Police Department as result of decreased participation in reimbursed task force activities and grant revenue shortfalls due to vacancies. The projected short-fall in Revenue from Other Agencies was discussed in the Second Quarter Financial Report.
- A \$0.7 million decrease in sales taxes due to lower than projected taxable sales activity within the City.
- A net increase of \$0.5 million in Property Tax revenue. The property tax projection is unchanged from the second quarter.
- A \$0.3 million decrease in the Transfers In revenues category due to lower than anticipated reimbursement from various city funds.

Other revenue categories including Charges for Services, Licenses and Permits, and Fines Forfeitures and Penalties revenues are projected to fall below budget as identified in the Second Quarter Financial Report. The balance of the City's revenue categories including Motor Vehicle License, Transient Occupancy

Taxes and Other Revenues, and Other Local Taxes are projected to slightly exceed the budget. However, the projections for these revenues have also been decreased in the third quarter.

General Fund Revenues

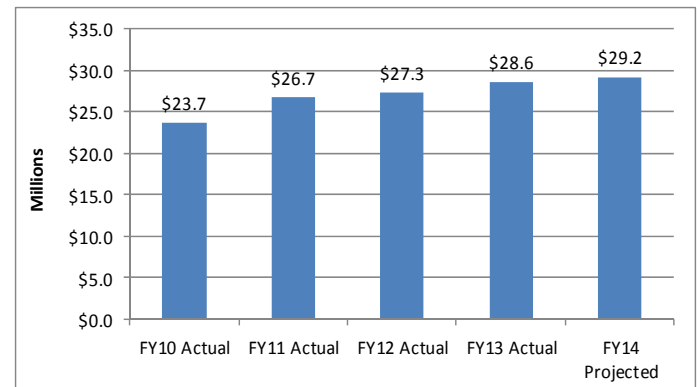
Category	Amended Budget as of 3/31/14	Q3 Projected 6/30/14	Variance
Property Taxes	\$ 26,602,376	\$ 27,115,497	\$ 513,121
Sales Tax	\$ 22,579,885	\$ 21,918,771	\$ (661,114)
Sales Tax In Lieu	\$ 7,274,800	\$ 7,277,350	\$ 2,550
Motor Vehicle License	\$ 16,764,521	\$ 16,773,755	\$ 9,234
Other Revenue	\$ 13,147,861	\$ 13,217,916	\$ 70,055
Transfers In	\$ 10,223,999	\$ 9,893,639	\$ (330,360)
Franchise	\$ 8,719,199	\$ 8,754,463	\$ 35,264
Charges for Services	\$ 7,612,879	\$ 7,606,474	\$ (6,405)
Revenue from Other Agencies	\$ 3,871,488	\$ 3,076,690	\$ (794,798)
Utility Users Tax	\$ 11,852,834	\$ 15,196,964	\$ 3,344,130
Transient Occupancy Taxes	\$ 2,365,005	\$ 2,468,950	\$ 103,945
Use of Money & Property	\$ 2,289,640	\$ 2,299,652	\$ 10,012
Other Local Taxes	\$ 1,335,889	\$ 1,355,889	\$ 20,000
Licenses and Permits	\$ 1,309,447	\$ 1,293,571	\$ (15,876)
Fines, Forfeitures, Penalties	\$ 1,110,800	\$ 973,269	\$ (137,531)
Real Property Transfer Tax	\$ 800,482	\$ 800,482	\$ -
Total General Fund	\$137,861,105	\$140,023,332	\$ 2,162,227

Sales Tax (Sales Tax and Sales Tax in lieu) - Sales tax is projected to be the City's largest revenue source, representing 23.2% of General Fund revenues in the fiscal year 2013/14 amended budget. Sales tax is improving modestly as HdL Companies, the City's sales tax consultant, reported data for the third quarter of calendar year 2013. They report that the change in sales tax receipts between third quarter calendar year 2013 and third quarter calendar year 2012 increased by 3.5% Statewide, by 4.29% in San Diego County and 2.6% in Chula Vista.

Although sales tax revenues are improving, projections for sales tax and sales tax in-lieu for the current fiscal year indicate that sales tax is tracking below budgeted levels. The projected sales revenues for fiscal year 2013/14 are estimated to be \$0.7 million below budget due to lower than expected taxable sales activity.

The following chart represents actual sales tax collections since fiscal year 2009/10 and the projection for fiscal year 2013/14.

Sales Tax

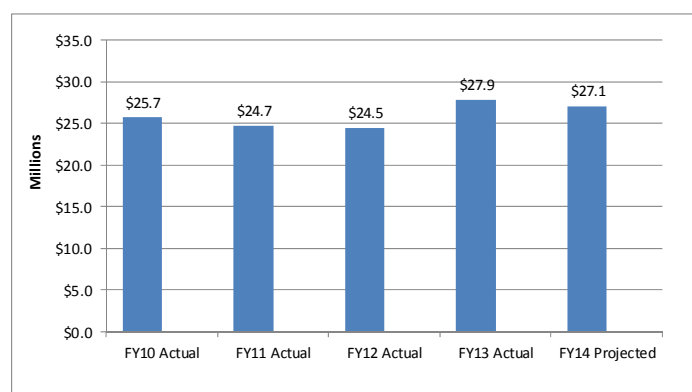


Property Taxes - The City of Chula Vista receives property tax revenue based upon a share of the 1.0% levy on the assessed value of all real property. Property tax is the City's second largest revenue source, representing 20.3% of General Fund revenues in the fiscal year 2013/14 adopted budget.

Property tax projections reflect a net increase of \$0.7 million when compared to budget. Projected Property tax revenues have been increased to reflect the impact of a 3.4% increase in city-wide assessed property valuations. Property tax revenue growth was assumed at 2% in the adopted fiscal year 2013/14 budget based on the initial County Assessor's estimate for assessed value growth.

The following chart represents actual property tax revenues since fiscal year 2008/09 and the projection for fiscal year 2013/14.

Property Tax



Note:

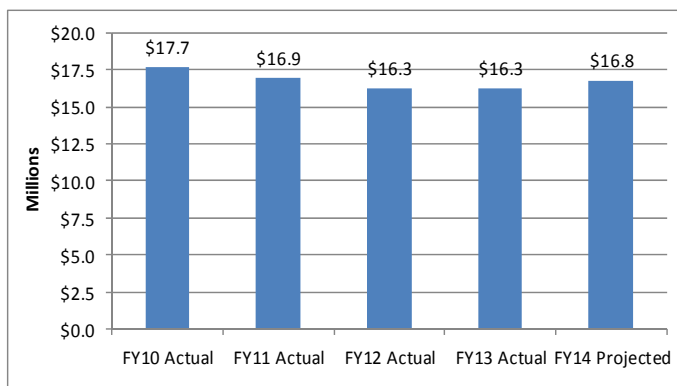
1. FY13 Property Tax actuals include a one-time payment related to the elimination of the City's Redevelopment Agency.

Motor Vehicle License Fee (VLF) – With the State Budget Act of 2004, the allocation of VLF revenues to cities and counties was substantially changed. Since 2005/06 the majority of VLF revenues for each city grew 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 fluctuated with changes in assessed values in the City.

The other 4% of VLF revenues received by the City were based on a per capita formula but has since been shifted per 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. This change applied to the 4% of VLF revenues that were based on a per capita formula. The City of Chula Vista lost approximately \$700,000 annually due to the State take away.

VLF revenue projections were increased by \$0.3 million over the budgeted level to reflect the impact of the 3.4% increase in city-wide assessed valuation projected for fiscal year 2013-14. This projection remains unchanged for the third quarter. The following chart represents actual VLF revenues since fiscal year 2009/10 and the projection for fiscal year 2013/14.

Motor Vehicle License Fee

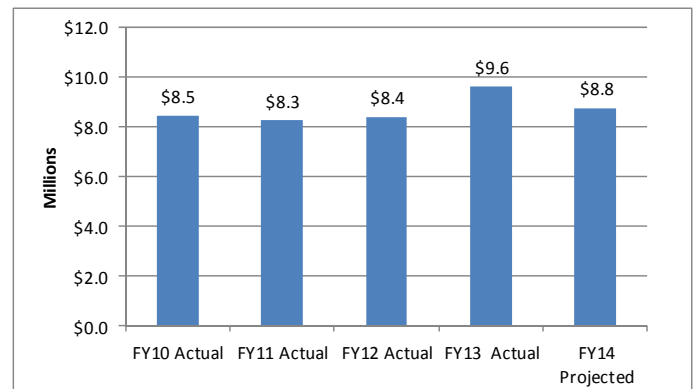


Franchise Fees - Franchise fee revenues are generated from public utility sources such as San Diego Gas & Electric (2% on gas and 1.25% on electricity), trash collection franchises (9.05% fee), and cable franchises (5% fee) conducting business within City limits. The Utilities collect the franchise fee from Chula Vista customers and remit these revenues to the City.

Projections for Franchise Fee revenues have been updated to reflect increased actual prior fiscal year Franchise fee revenues.

The following chart represents actual franchise fee revenues since fiscal year 2009/10 and the projection for fiscal year 2013/14. Fiscal year actual 2012-13 revenues reflect previously accrued Franchise Fee revenues that were realized by the City.

Franchise Fees

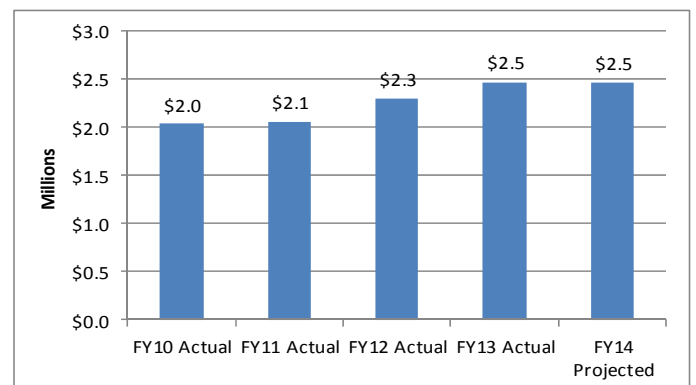


Note:

1. FY13 Franchise Fees actuals include a one-time adjustment.

Transient Occupancy Tax (TOT) - The City receives 10% of hotel and motel room rates for stays less than 30 days. The recent trend for TOT revenues has been positive, reflecting modest yearly growth since fiscal year 2012. However, the updated projections indicate that TOT revenue growth is leveling off and that the actual TOT revenues for fiscal year 2013/14 will be the same as fiscal year 2012/13 TOT revenues. The following chart represents actual TOT revenues since fiscal year 2009/10 and the projection for fiscal year 2013/14.

Transient Occupancy Tax (TOT)

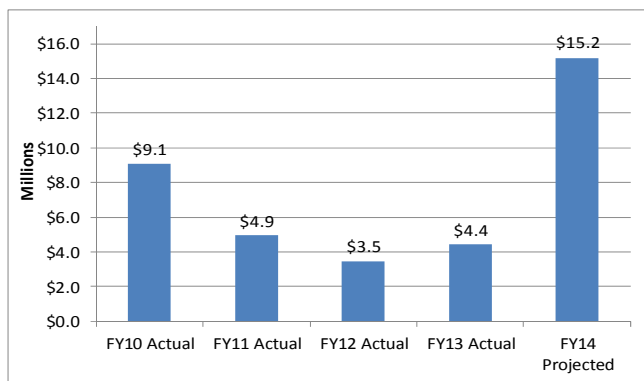


Utility Users Tax (UUT) - The City adopted its Utility Users Tax (UUT) in 1970. The City of Chula Vista imposes a UUT on the use of telecom at the rate of 5% of gross receipts. The UUT on natural gas services is \$0.00919 per therm and \$0.00250 per kilowatt on electricity services, which equates to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

On February 18, 2014, the City Council approved an appropriation of one-time TUT revenues of \$8.0 million. In compliance with the settlement agreement, these revenues were transferred to the TUT Common Fund. Projections for UUT revenues have been further revised to recognize TUT revenues from wireless customers collected in the current fiscal year. The City will now recognize these revenues as a result of the settlement of the class action lawsuit. These revenues have also been included in the City Manager's Proposed Budget for Fiscal Year 2015.

The following chart reflects actual UUT revenue since fiscal year 2009/10. Fiscal year 2013/14 is projected to reflect the recognition of the TUT revenues related to wireless customers.. This increase includes the appropriation of one-time revenues of \$8.0 million.

Utility Users Tax (UUT)



Note:

1. FY14 Utility Users Tax recognizes revenues received in fiscal year 2011, 2012, and 2013.

Expenditures

The General Fund's Amended Budget reflects the Council adopted budget of \$127.8 million, mid-year appropriations of \$10.2 million approved by City Council, and \$4.1 million of prior year encumbrances that were carried over into the current fiscal year. The following table reflects the General Fund amended budget and actual expenditures by department as of March 31, 2014. In total, Departments have expended

70% of the General Fund budget after 75% of the fiscal year has elapsed.

Based on the third quarter review, it is projected that the City budget will be almost fully expended by the end of the current fiscal year. An estimated \$0.2 million is projected in savings in the General Fund as of the end of the third quarter. This projection represents the cumulative net impact of the estimated savings and overages across all of the City's expenditure categories. The estimated savings are largely attributable to the following:

- A projected \$1.6 million savings in Personnel Services due to vacant positions. The majority of these savings are in the Police Department (\$1.5 million). The balance of the estimated savings consists of a projected combined \$0.8 million dollar savings across various departments that are offset by \$0.7 million in budgeted salary savings in Non-Departmental and a net \$0.1 million projected deficit in the Fire Department due to constant minimum overtime expenses.
- Additional expenditures of \$1.0 million are recommended in the Transfers Out category due to address the following:
 - A \$0.6 million transfer to the Technology Replacement Fund for the purchase of Police radio equipment that is necessary in order to keep pace with scheduled upgrades to the County regional communications system and to ensure inter-operability.
 - A \$0.2 million transfer to the Residential Construction Tax Fund to fund required debt service obligations. RCT revenues are tracking lower than anticipated due to a slow-down in development activity.
 - A \$0.1 million transfer to the Development Services Fund for City subsidized energy efficiency related permitting services.
- Additional expenditures of \$0.3 million are recommended in the Supplies and Services expense category. This expenditure is needed to address IT related needs in the Police Department.
- Additional expenditures are also recommended in the Capital expense category. \$0.1 million is needed for the purchase of body cameras in the Police Department.

The requests for these appropriations are included in the staff report accompanying this report.

The projections for the other major expenditure categories do not vary significantly from the budget.

General Fund Expenditures as of 3/31/2014

Department	Amended Budget as of 3/31/14	Expended as of 3/31/14	% Expended
City Council	\$ 1,244,068	\$ 824,964	66%
Boards & Commissions	\$ 10,076	\$ 4,751	47%
City Clerk	\$ 921,649	\$ 514,604	56%
City Attorney	\$ 2,543,533	\$ 1,768,598	70%
Administration	\$ 2,698,038	\$ 1,778,566	66%
Information Tech Svcs	\$ 2,964,734	\$ 2,003,707	68%
Human Resources	\$ 2,105,911	\$ 1,474,560	70%
Finance	\$ 3,630,782	\$ 2,554,430	70%
Non-Departmental	\$ 18,632,205	\$ 14,269,755	77%
General Services	\$ 2,613,126	\$ 1,844,615	71%
Dev Services (GF)	\$ 2,368,617	\$ 1,631,596	69%
Police	\$ 45,409,276	\$ 31,340,061	69%
Fire	\$ 24,395,114	\$ 17,522,002	72%
Public Works	\$ 25,216,219	\$ 16,911,136	67%
Recreation	\$ 3,947,323	\$ 2,494,151	63%
Library	\$ 3,414,107	\$ 2,331,354	68%
Total Expenditures	\$ 142,114,777	\$ 99,268,850	70%

General Fund Expenditure Projections by Department for June 30, 2014

Department	Amended Budget as of 3/31/14	Q3 Projected 6/30/14	Variance
City Council	\$ 1,244,068	\$ 1,244,068	\$ -
Boards & Commissions	\$ 10,076	\$ 10,076	\$ -
City Clerk	\$ 921,649	\$ 809,074	\$ (112,575)
City Attorney	\$ 2,543,533	\$ 2,479,064	\$ (64,469)
Administration	\$ 2,698,038	\$ 2,673,366	\$ (24,672)
Information Tech Svcs	\$ 2,964,734	\$ 2,860,358	\$ (104,376)
Human Resources	\$ 2,105,911	\$ 2,062,884	\$ (43,027)
Finance	\$ 3,630,782	\$ 3,567,389	\$ (63,393)
Non-Departmental	\$ 18,632,205	\$ 19,750,511	\$ 1,118,306
Animal Care Facility	\$ 2,613,126	\$ 2,569,561	\$ (43,565)
Dev Services (GF)	\$ 2,368,617	\$ 2,303,159	\$ (65,458)
Police	\$ 45,409,276	\$ 44,995,176	\$ (414,100)
Fire	\$ 24,395,114	\$ 24,566,695	\$ 171,581
Public Works	\$ 25,216,219	\$ 25,004,680	\$ (211,539)
Recreation	\$ 3,947,323	\$ 3,669,861	\$ (277,462)
Library	\$ 3,414,107	\$ 3,340,330	\$ (73,777)
Total Expenditures	\$ 142,114,777	\$141,906,251	\$ (208,526)

Budget Transfers

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

Summary of General Fund Budget Transfers

Date	Description/Dept	Department	Amount	From/To
Jul-13	Transfer for refund of overpayment	Human Resources	\$ 34	Supplies and Services to Other Expenses
Sep-13	Transfer for folding machine	Finance	\$ 2,875	Supplies and Services to Capital
Sep-13	Transfer to reallocate budget	City Council	\$ 720	Supplies and Services to Personnel Services
Sep-13	Aquatics security alarm repairs	Recreation	\$ 2,700	Personnel Services to Supplies and Services
Sep-13	Transfer for intern reimbursement	City Council	\$ 2,260	Personnel Services to Supplies and Services
Oct-13	Transfer for refund	Human Resources	\$ 50	Other Expenses to Supplies and Services
Oct-13	Transfer sm dog ortho surg frag set	Animal Care Facility	\$ 15,000	Supplies and Services to Capital
Oct-13	Transfer for Capital Lease/Copiers	Various	\$ 14,773	Supplies and Services to Capital
Oct-13	Transfer for Capital Lease/Copiers	Public Works	\$ 5,171	Supplies and Services to Capital
Oct-13	Transfer for Capital Lease/Copiers	Finance	\$ 10,999	Supplies and Services to Capital
Nov-13	Transfer for Capital Lease/Copiers	Human Resources	\$ 8,920	Supplies and Services to Capital
Dec-13	Transfer to pay State Mobilehome Park Fee	Development Services	\$ 35	Supplies and Services to Other Expenses
Dec-13	Transfer from comp purchase for Accela	Development Services	\$ 8,000	Personnel Services to Supplies and Services
Jan-14	Transfer for Credit Card Transaction fees	Animal Care Facility	\$ 2,000	Supplies and Services to Other Expenses
Jan-14	Transfer for Credit Card Transaction Fees	Non-Departmental	\$ 8,656	Other Expenses to Personnel Services
Feb-14	Advrtsng from salary svngs	Administration	\$ 5,000	Personnel Services to Supplies and Services
Feb-14	Transfer for Copier Lease	City Clerk	\$ 8,950	Supplies and Services to Capital
Feb-14	Transfer for Copier Lease	Public Works	\$ 9,548	Supplies and Services to Capital
Feb-14	Transfer for refund of overpayment	Human Resources	\$ 150	Supplies and Services to Other Expenses
Feb-14	Grind Box for St Asphalt Zipr	Public Works	\$ 13,200	Supplies and Services to Capital
Mar-14	Transfer to purchase furniture	City Attorney	\$ 3,508	Personnel Services to Supplies and Services
Mar-14	Damage to City Prop Adjustment	Public Works	\$ 5,000	Supplies and Services to Other Expenses
Mar-14	For add cost Corp Yard Foundation	Public Works	\$ 8,000	Personnel Services to Supplies and Services



Mid-Year Budget Amendments

Mid-year appropriations approved through March 31, 2014 totaled \$10,236,099 with offsetting revenues of

\$10,109,973 resulting in a net impact of \$126,126. The City Council approved the following budget amendments during through the first quarter:

Summary of General Fund Budget Amendments

Date	Department	Description/Dept	Revenue	Expenditure	Net Impact
07/09/2013	Police	EB Memorial Grant	\$ -	\$ (6,057)	\$ (6,057)
07/09/2013	Non-Departmental	EB Memorial Grant	\$ -	\$ 6,057	\$ 6,057
07/23/2013	Non-Departmental	Solar Financing Project	\$ -	\$ 50,930	\$ 50,930
07/23/2013	Public Works	Solar Financing Project	\$ -	\$ (44,450)	\$ (44,450)
07/23/2013	Recreation	Solar Financing Project	\$ -	\$ (6,480)	\$ (6,480)
08/06/2013	Library	Book Donation	\$ 1,500	\$ 1,500	\$ -
08/06/2013	Various	Salary Adjustment Mid. Mgrs/Prof.	\$ -	\$ 448,908	\$ 448,908
08/06/2013	Non-Departmental	Salary Adjustment Mid. Mgrs/Prof.	\$ -	\$ (448,907)	\$ (448,907)
08/13/2013	Non-Departmental	Harborfest 2013	\$ 50,000	\$ 50,000	\$ -
08/13/2013	Police	SDLECC Support Admin Fee	\$ 5,005	\$ -	\$ (5,005)
09/10/2013	Various	Salary Adjustment CVEA/WCE	\$ -	\$ 553,629	\$ 553,629
09/10/2013	Non-Departmental	Salary Adjustment CVEA/WCE	\$ -	\$ (553,629)	\$ (553,629)
10/01/2013	Fire	Appropriations Transfer for Autopulse Purchase	\$ -	\$ -	\$ -
10/15/2013	Library	Target Grant for Literacy	\$ 2,000	\$ 2,000	\$ -
10/15/2013	Police	Public Safety Analyst (PSA) to Sr. PSA Reclass	\$ 850	\$ -	\$ (850)
10/15/2013	Non-Departmental	Lease for 610 Bay Blvd.	\$ 8,000	\$ 8,000	\$ -
11/05/2013	Various	1st Quarter Budget Adjustments	\$ 495,541	\$ 495,541	\$ -
11/05/2013	Various	Citywide Critical Needs	\$ 523,000	\$ 523,000	\$ -
11/19/2013	Fire	ALS Paramedic Training Cost	\$ -	\$ 127,637	\$ 127,637
11/19/2013	Non-Departmental	Business Cluster Analysis	\$ 128,000	\$ -	\$ (128,000)
11/19/2013	Administration	Business Cluster Analysis	\$ -	\$ 128,000	\$ 128,000
11/19/2013	Public Works	SAFE Funds Appropriation Street Signs	\$ -	\$ 55,000	\$ 55,000
12/10/2013	Public Works/Various	Fleet Maintenance Charges for Equip. Mech. & Inventory Spec.	\$ -	\$ 58,136	\$ 58,136
12/10/2013	Non-Departmental	Consulting Svcs. For Polling and Public Outreach	\$ 106,800	\$ 106,800	\$ -
02/11/2014	Library	Appropriation of donated/sponsorship/Grant Funds	\$ 22,181	\$ 22,181	\$ -
02/18/2014	Non-Departmental	TUT Settlement Appropriation	\$ 8,017,453	\$ 8,017,453	\$ -
02/18/2014	City	Law Office Manager	\$ 38,750	\$ 38,750	\$ -
02/18/2014	Various	2nd Quarter Budget Adjustments	\$ 710,893	\$ 602,100	\$ (108,793)
TOTAL BUDGET ADJUSTMENTS			\$ 10,109,973	\$ 10,236,099	\$ 126,126