

# PROPOSED FY 2021/22 ANNUAL BUDGET

## Finance Department

City Council  
June 22, 2021

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## Citywide Overview

### CITYWIDE FY 2021/22 ANNUAL BUDGET

|  |                        |
|--|------------------------|
| Operating Budget                               | \$1,108,371,627        |
| Capital Budget*                                | 115,852,325            |
| <b>Total FY 2021/22 Proposed Annual Budget</b> | <b>\$1,224,223,952</b> |

\***Capital projects** are funded through available operating revenues, bond proceeds, grants, fund reserves, and other funding sources. Bond and grant revenues are not included in the emergency budget but are budgeted when the bond is issued or when a grant is awarded and approved by City Council for use on a capital project.

### CITYWIDE BUDGET SUMMARY - OPERATING

|                              |                     |
|------------------------------|---------------------|
| Revenue & Transfers In       | \$1,144,349,789     |
| Expenditures & Transfers Out | 1,108,371,627       |
| <b>Net Operating Budget</b>  | <b>\$35,978,162</b> |



General Fund balancing measures affect both the General Fund and Measure Z.

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## Adjustments Incorporated


| CITYWIDE BUDGET - OPERATING             |                        |                      |                        |
|---|------------------------|----------------------|------------------------|
|   | May 13, 2021           | Adjustments          | June 22, 2021          |
| <b>Revenue &amp; Transfers In</b>       | <b>\$1,144,349,789</b> | <b>\$-</b>           | <b>\$1,144,349,789</b> |
| <b>Expenditures:</b>                    |                        |                      |                        |
| Personnel                               | \$370,890,223          | \$159,513            | \$371,049,736          |
| Non-Personnel                           | 396,167,368            | 1,800,000            | 397,967,368            |
| Equipment Outlay                        | 4,871,599              | 2,165,000            | 7,036,599              |
| Charges from Others                     | 96,529,322             | 20,000               | 96,549,322             |
| Charges to Others                       | (123,702,112)          | (159,513)            | (123,861,625)          |
| Park Ranger Program                     | -                      | 2,393,098            | 2,393,098              |
| All Other Categories                    | 357,237,129            | -                    | 357,237,129            |
| <b>Expenditures &amp; Transfers Out</b> | <b>\$1,101,993,529</b> | <b>\$6,378,098</b>   | <b>\$1,108,371,627</b> |
| <b>Net Operating Budget</b>             | <b>\$42,356,260</b>    | <b>\$(6,378,098)</b> | <b>\$35,978,162</b>    |


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## FY 2021/22 General Fund Budget Goals

1. Address the General Fund structural deficit and the potential impacts of the pandemic on City finances.
2. Prepare a contingency plan if the General Fund Transfer from the Electric Fund is invalidated by a trial court, in an amount to be determined.


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## General Fund Overview

### GENERAL FUND BUDGET SUMMARY

|  |            |
|--|------------|
| Revenue & Transfers In                     | \$287.0 M  |
| Expenditures & Transfers Out               | \$297.0 M  |
| Balancing Measure – Expenditure Reductions | (10.0) M   |
| <b>Net Surplus/(Deficit)</b>               | <b>\$-</b> |



Approximately \$2M of balancing measure achieved by moving 14 firefighter positions to Measure Z and reducing the Fire Vehicle Replacement Plan funding by the same amount for a net zero effect to the Measure Z spending plan.



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## Vacancy Savings Target

|                  | <u>FY 20/21 Target</u> |              | <u>FY 21/22 Target</u> |             | <u>May 17, 2021 Vacancies</u> |              |
|------------------|------------------------|--------------|------------------------|-------------|-------------------------------|--------------|
|                  | Amount                 | FTE          | Amount                 | FTE*        | Amount                        | FTE          |
| Safety           | \$6,189,151            | 49.0         | \$6,019,026            | 45.3        | \$9,041,295                   | 68.0         |
| Public Service   | 5,750,465              | 57.0         | \$2,295,403            | 25.2        | \$8,121,856                   | 89.0         |
| Internal Service | 3,714,882              | 33.5         | \$1,685,571            | 17.7        | \$3,668,713                   | 38.5         |
| <b>Total</b>     | <b>\$15,654,498</b>    | <b>139.5</b> | <b>\$10,000,000</b>    | <b>88.2</b> | <b>\$20,831,864</b>           | <b>195.5</b> |

\*Based on average value of May 17, 2021 vacancies



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## Electric GFT

1. The GFT provides an unrestricted revenue source to the General Fund.
  - a. Funds services that include, but are not limited to: 911 response, fire, paramedic, police, street repairs, parks, senior services, homelessness and other general services.
2. The Electric Transfer currently provides approximately \$40 million annually, or about 14% of the total General Fund operating budget.
3. Loss of the GFT would present significant impacts to city services and compromise departments' ability to advance Council's strategic priorities.



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## Measure Z Overview

**FY 2021/22 Proposed Spending Plan** (in millions)

|   | 2021<br>Projected <sup>1</sup> | 2022<br>Proposed | 2023<br>Projected | 2024<br>Projected | 2025<br>Projected | 2026<br>Projected |
|---|--------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Beginning Unallocated Reserves</b>     | <b>\$52.6</b>                  | <b>\$21.2</b>    | <b>\$22.1</b>     | <b>\$22.6</b>     | <b>\$26.3</b>     | <b>\$28.4</b>     |
| <b>Revenue</b>                            | <b>64.3</b>                    | <b>64.8</b>      | <b>65.7</b>       | <b>66.7</b>       | <b>67.7</b>       | <b>68.7</b>       |
| <b>Expenditures – May 13, 2021</b>        | <b>95.7</b>                    | <b>57.6</b>      | <b>62.2</b>       | <b>59.9</b>       | <b>62.4</b>       | <b>63.5</b>       |
| PW Streets Vehicle & Equipment            | -                              | 2.0              | 1.0               | 1.1               | 1.2               | -                 |
| PRCSD Infrastructure, Vehicles, Equipment | -                              | 1.9              | -                 | -                 | -                 | -                 |
| Park Ranger Program                       | -                              | 2.4              | 2.0               | 2.0               | 2.0               | 2.0               |
| <b>Expenditures – June 10, 2021</b>       | <b>95.7</b>                    | <b>63.9</b>      | <b>65.2</b>       | <b>63.0</b>       | <b>65.6</b>       | <b>65.5</b>       |
| <b>Ending Unallocated Reserves</b>        | <b>\$21.2</b>                  | <b>\$22.1</b>    | <b>\$22.6</b>     | <b>\$26.3</b>     | <b>\$28.4</b>     | <b>\$31.6</b>     |

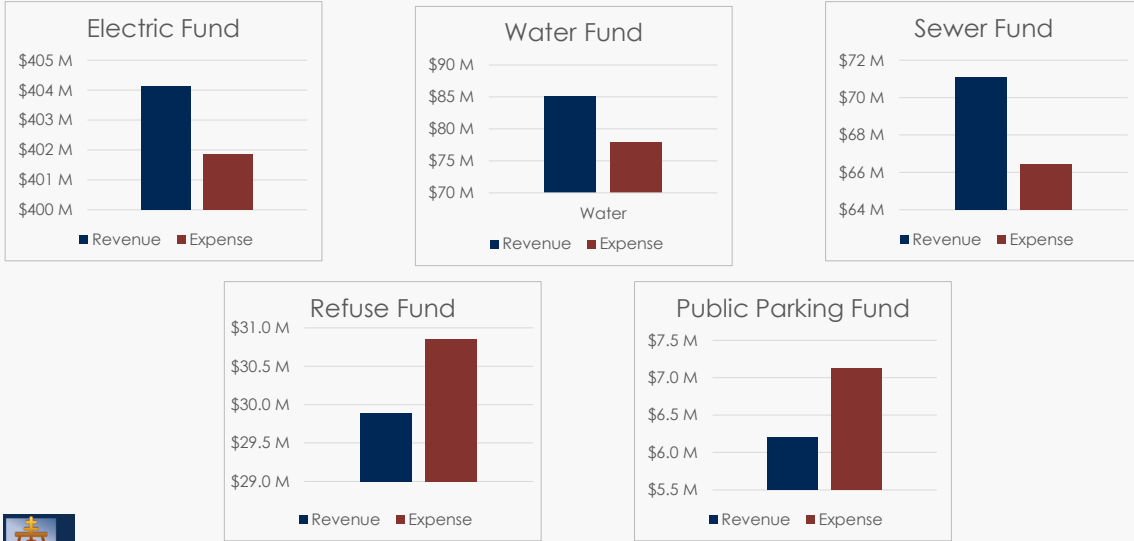
<sup>1</sup>Projected FY 2020/21 expenditures include unexpended allocations for project items from prior years, i.e. amounts that are likely to be carried over if unexpended at fiscal year ending 2020/21.



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## Major Enterprise Funds - Operating

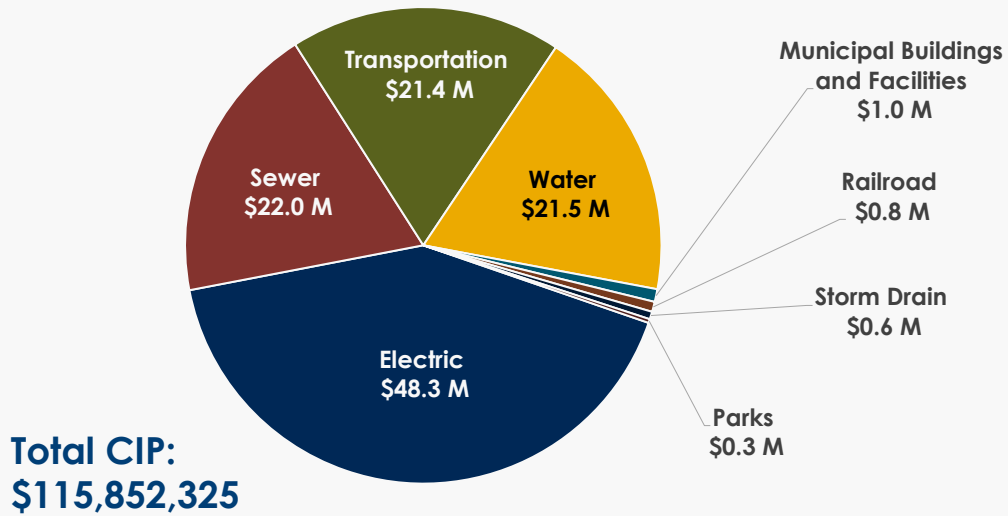


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## Capital Improvements



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## Recommendations

That the City Council:

1. Conduct a public hearing on the proposed Fiscal Year 2021/22 Annual Budget and proposed Fiscal Year 2021/22 Capital Improvement Plan;
2. Adopt a resolution approving the proposed Fiscal Year 2021/22 Annual Budget and proposed Fiscal Year 2021/22 Capital Improvement Plan totaling \$1,224,268,952; and
3. Delegate investment authority to the City's Chief Financial Officer/Treasurer for a period of one year beginning July 1, 2021 and ending June 30, 2022.



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