

FY 2021/22 First Quarter Financial Update

Finance Department

City Council
January 18, 2022

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GENERAL FUND OVERVIEW

FY 2021/22	Adopted Budget	Projected	Quarter 1 Actuals
Revenue & Transfers In	\$ 286,973,197	\$ 300,649,091	\$ 42,252,011
Expenditures & Transfers Out	(286,973,197)	(287,546,176)	(67,933,048)
Surplus/(Deficit)	\$ -	\$ 13,102,915	\$ (25,681,037)

General Fund Reserves at June 30, 2021 (in millions)

Economic Reserves (15%)	\$ 43.05 M
Economic Contingency Reserves (5%)	\$ 14.35 M
Surplus Reserves*	\$ 47.12 M
Section 115 Trust Fund Reserves	\$ 10.98 M

** Per Council direction on December 14, 2021, surplus reserves have been allocated for specific purposes contingent upon the certification of Measure C results.*

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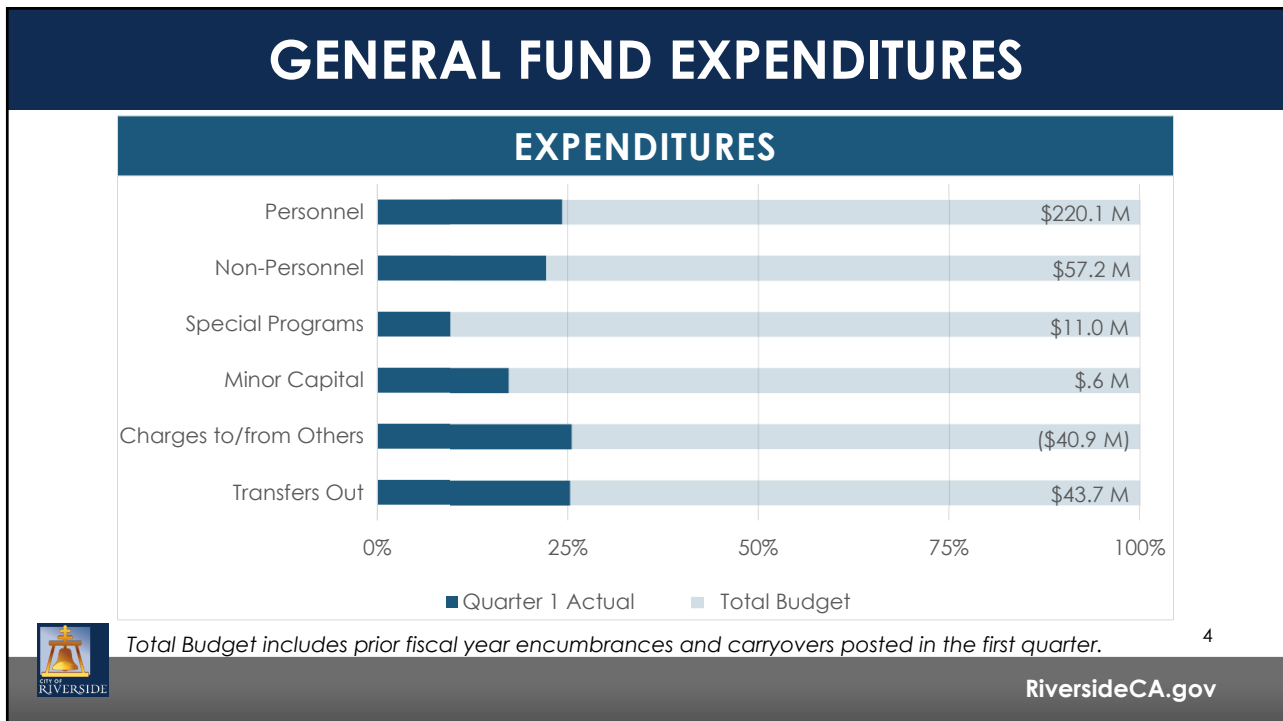
GENERAL FUND REVENUE

FY 2021/22 <i>(in millions)</i>	Adopted Budget	Projected	\$ Variance	% Variance
Property Taxes	\$ 76.67	\$ 76.94	\$ 0.27	0.3%
Sales and Use Tax	68.27	81.16	12.88	18.9%
Utility Users Tax	31.07	31.56	0.49	1.6%
Franchise Fees	5.40	5.62	0.21	3.9%
Licenses & Permits	8.38	8.78	0.39	4.7%
Non-Dev Charges for Services	9.78	9.43	(0.36)	-3.6%
Development Fees & Charges	6.93	6.71	(0.21)	-3.1%
All Other Revenues	80.46	80.46	-	0.0%
Total Revenues	\$ 287.02	\$ 300.65	\$ 13.68	4.7%






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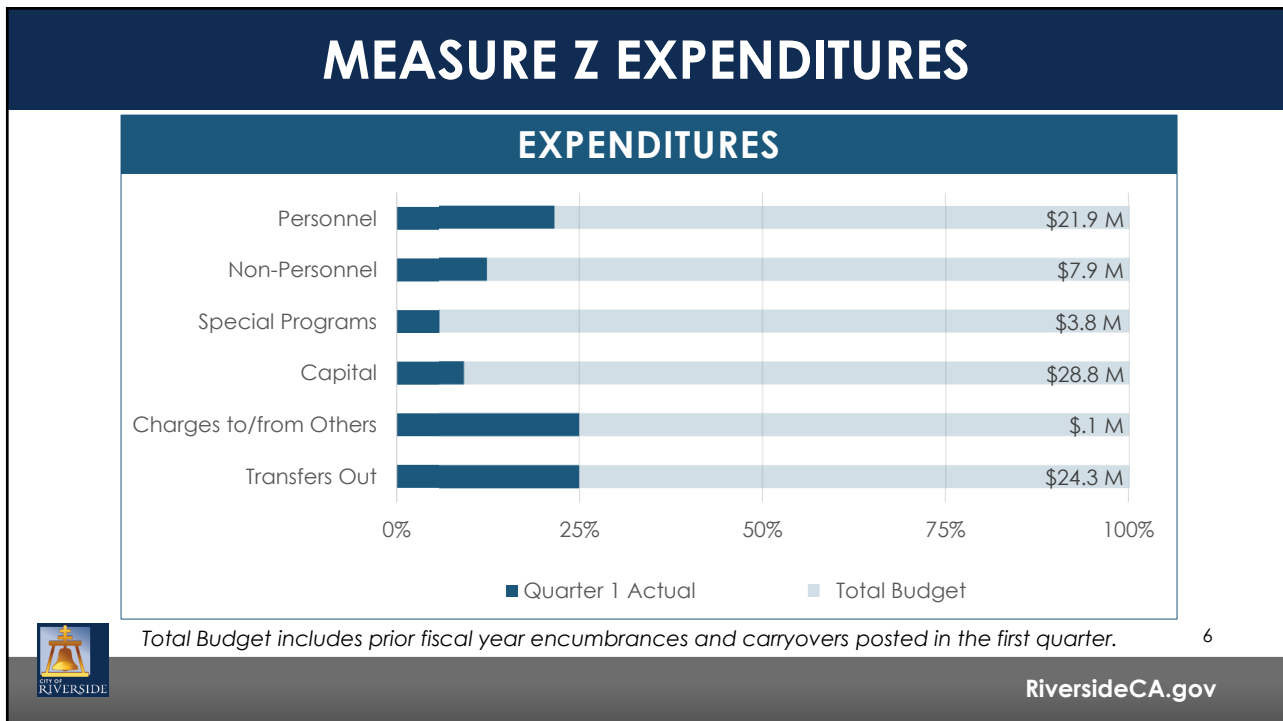
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MEASURE Z SPENDING PLAN

(in millions)	Actuals				Projected
	2018	2019	2020	2021	2022
Revenue	\$ 56.24	\$ 62.82	\$ 63.14	\$ 72.65	\$ 74.65
Expenditures	(36.14)	(40.99)	(49.56)	(50.85)	(68.64)
Encumbrances & Carryovers				(36.16)	
Net Change in Fund Balance	\$ 20.10	\$ 21.83	\$ 13.58	\$(14.36)	\$6.01
Beginning Unallocated Fund Reserves	\$ 2.63	\$ 22.73	\$ 39.56	\$ 53.14	\$ 38.78
Net Change in Fund Balance	20.10	21.83	13.58	(14.36)	6.01
Fund Balance Reserve Policy	-	(5.00)	-	-	-
Ending Unallocated Fund Reserves	\$ 22.73	\$ 39.56	\$ 53.14	\$ 38.78	\$ 44.79


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SEWER FUND OVERVIEW

FY 2021/22 Operating Budget	Adopted Budget	Quarter 1 Actuals
Revenue & Transfers In	\$ 71,086,253	\$ 17,979,162
Expenditures & Transfers Out	(66,443,526)	24,649,896
Surplus/(Deficit)	\$ 4,642,727	\$ (6,670,734)

Fund Reserves (in millions)

Beginning Balance	\$ 71.4 M
Estimated Revenues	71.1 M
Budgeted Expenditures*	(88.4) M
Estimated Ending Reserves	\$ 54.1 M



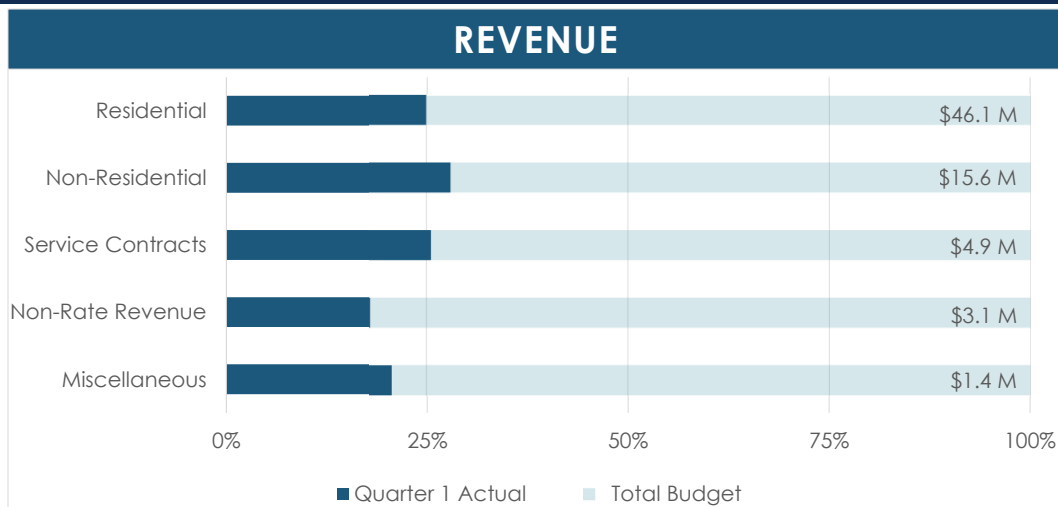
*Includes \$22 million in budgeted capital projects.

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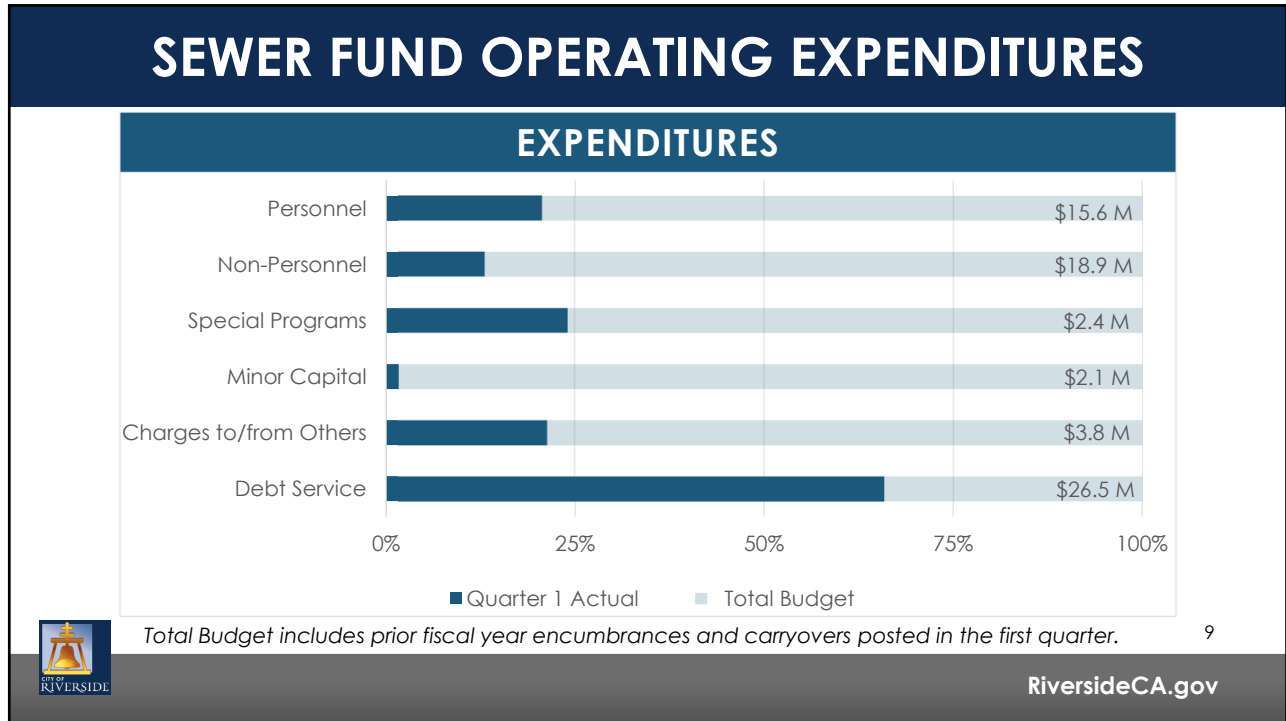
SEWER FUND OPERATING REVENUE



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REFUSE FUND OVERVIEW

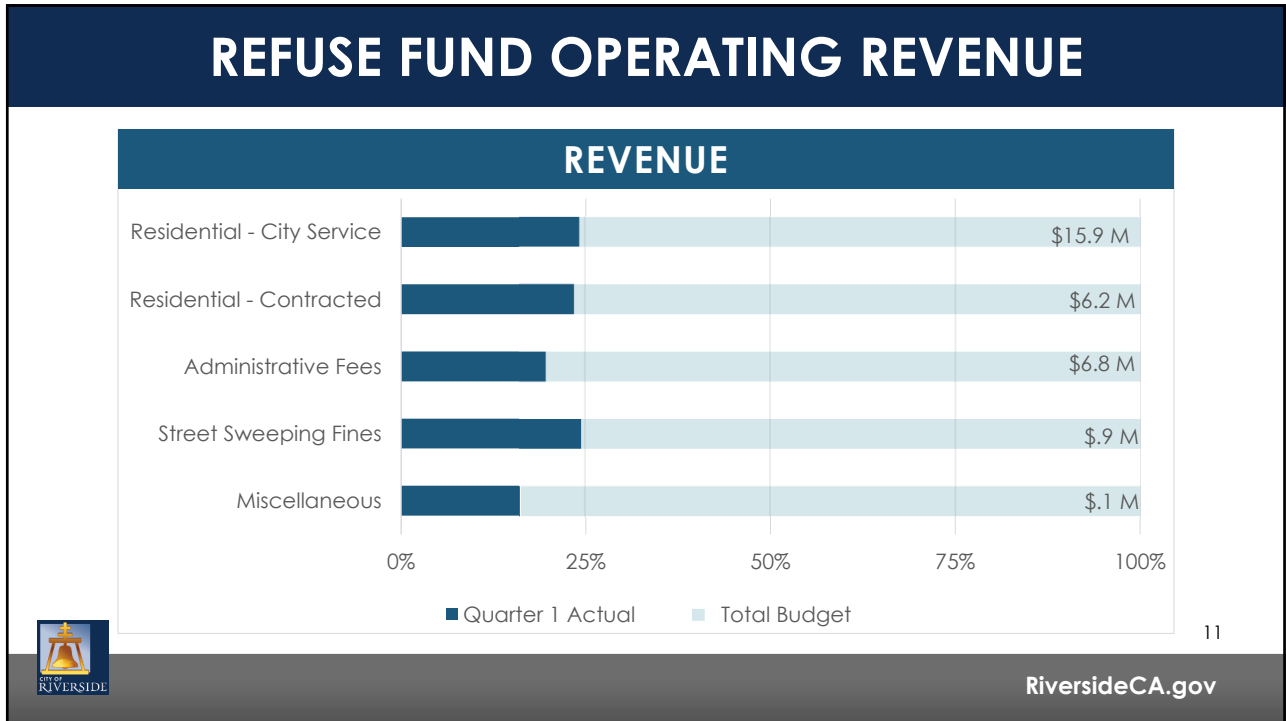
FY 2021/22 Operating Budget	Adopted Budget	Quarter 1 Actuals
Revenue & Transfers In	\$ 29,894,417	\$ 6,891,923
Expenditures & Transfers Out	(30,855,904)	5,580,172
Surplus/(Deficit)	\$ (961,705)	\$ 1,311,752

Fund Reserves (in millions)	
Beginning Balance	\$ 3.3 M
Estimated Revenues	29.9 M
Budgeted Expenditures*	(30.9) M
Estimated Ending Reserves	\$ 2.3 M

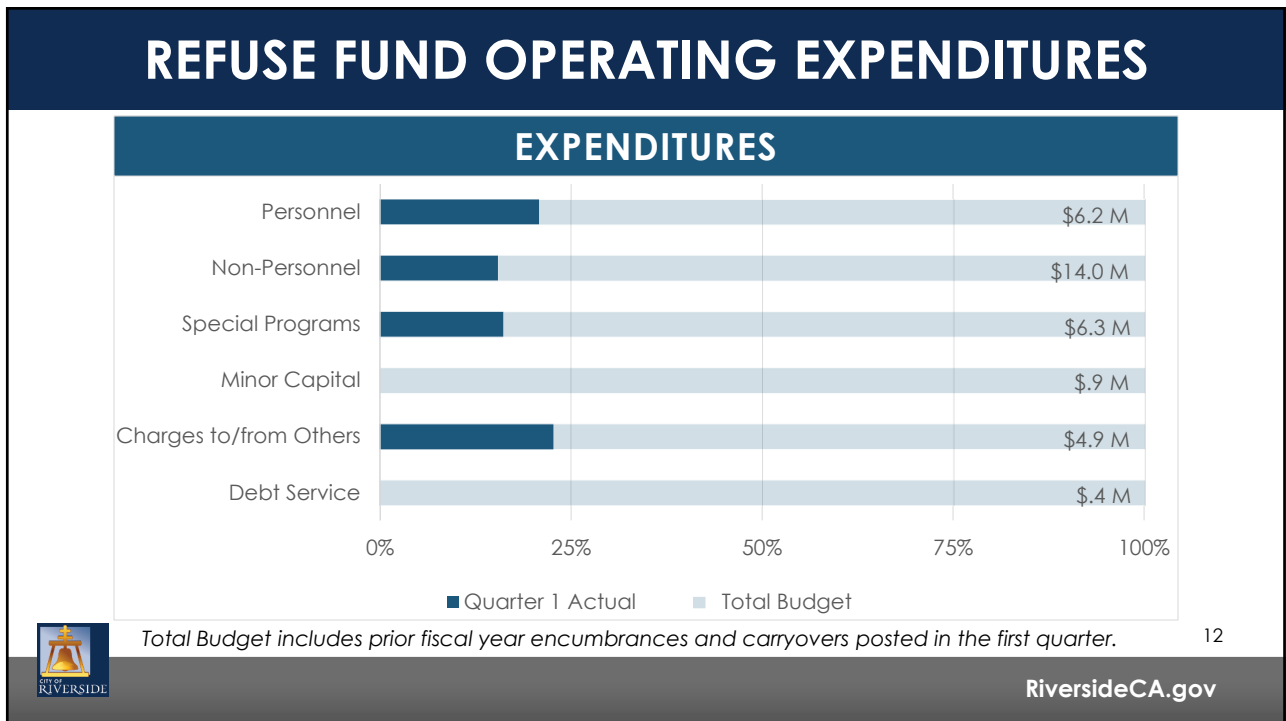
*Includes \$22 million in budgeted capital projects.

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ELECTRIC FUND OVERVIEW

FY 2021/22 Operating Budget	Adopted Budget	Quarter 1 Actuals
Revenue & Transfers In	\$ 394,458,800	\$ 121,218,791
Expenditures & Transfers Out	(401,889,290)	96,576,403
Surplus/(Deficit)	\$ (7,430,490)	\$ 24,642,387

Unrestricted, Undesignated Cash Reserves Preliminary, as of 9/30/2021 (in millions)

Cash Reserves	\$ 179 M
Available Line of Credit	\$ 35 M
Minimum Reserve Level	\$ 139 M
Maximum Reserve Level	\$ 219 M

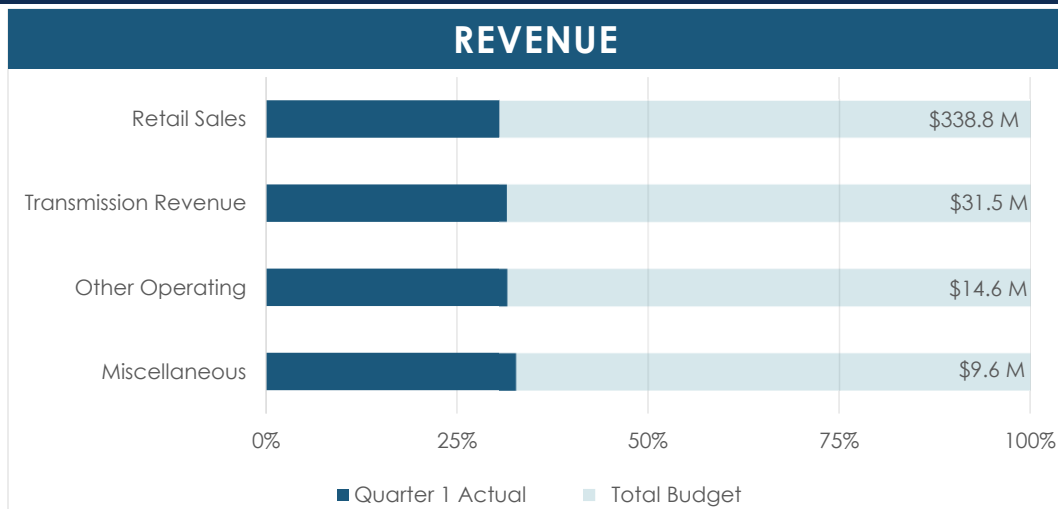


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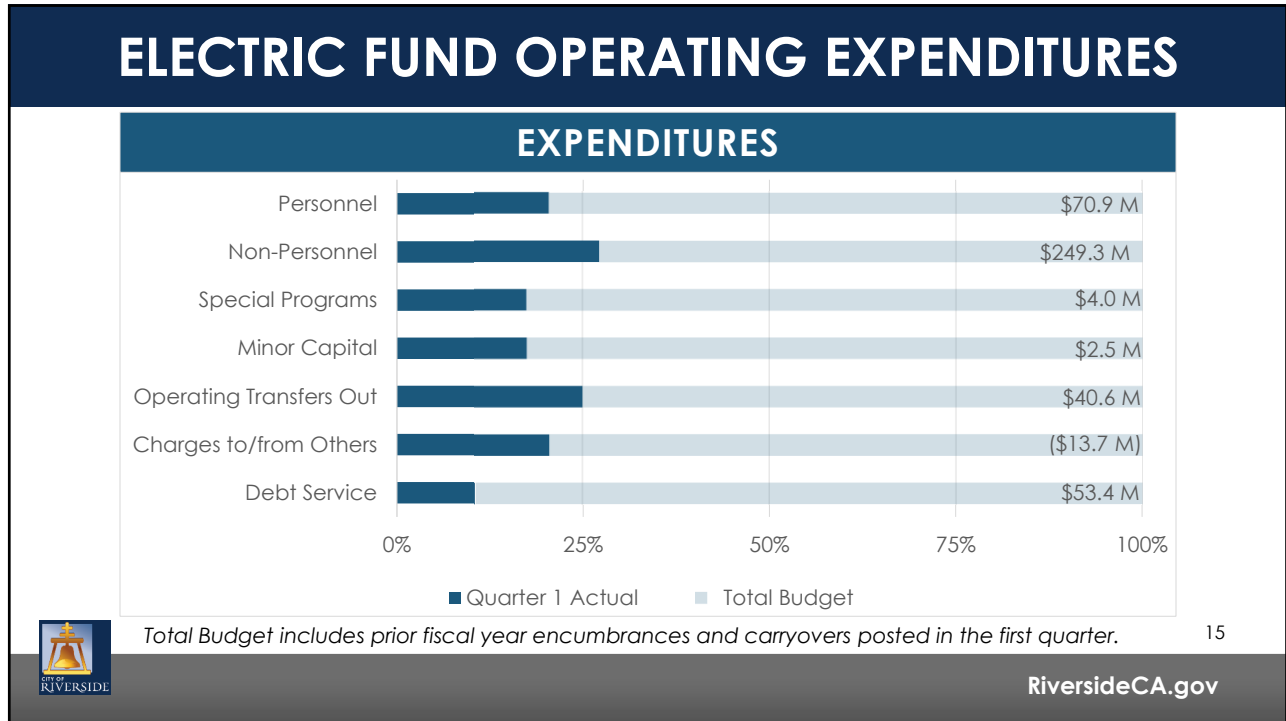
ELECTRIC FUND OPERATING REVENUE



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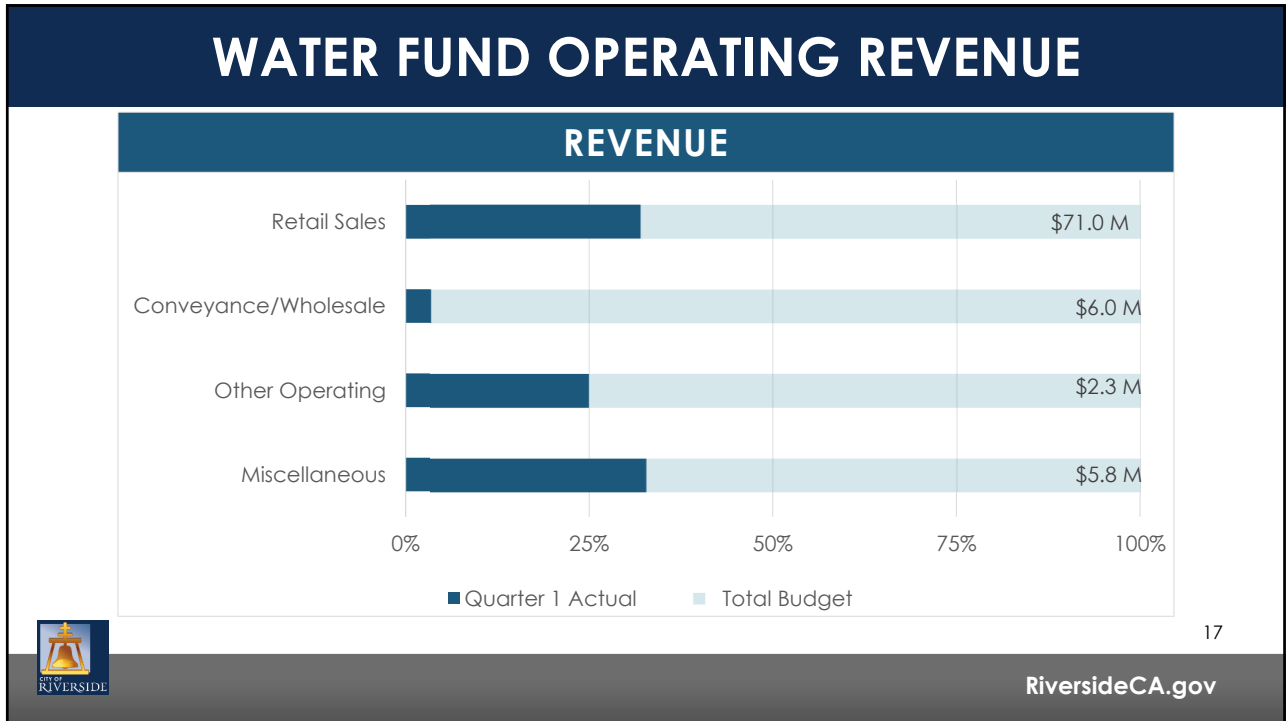
WATER FUND OVERVIEW

FY 2021/22 Operating Budget	Adopted Budget	Quarter 1 Actuals
Revenue & Transfers In	\$ 85,043,500	\$ 25,399,731
Expenditures & Transfers Out	(77,863,871)	(15,808,379)
Surplus/(Deficit)	\$ 7,179,629	\$ 9,591,353

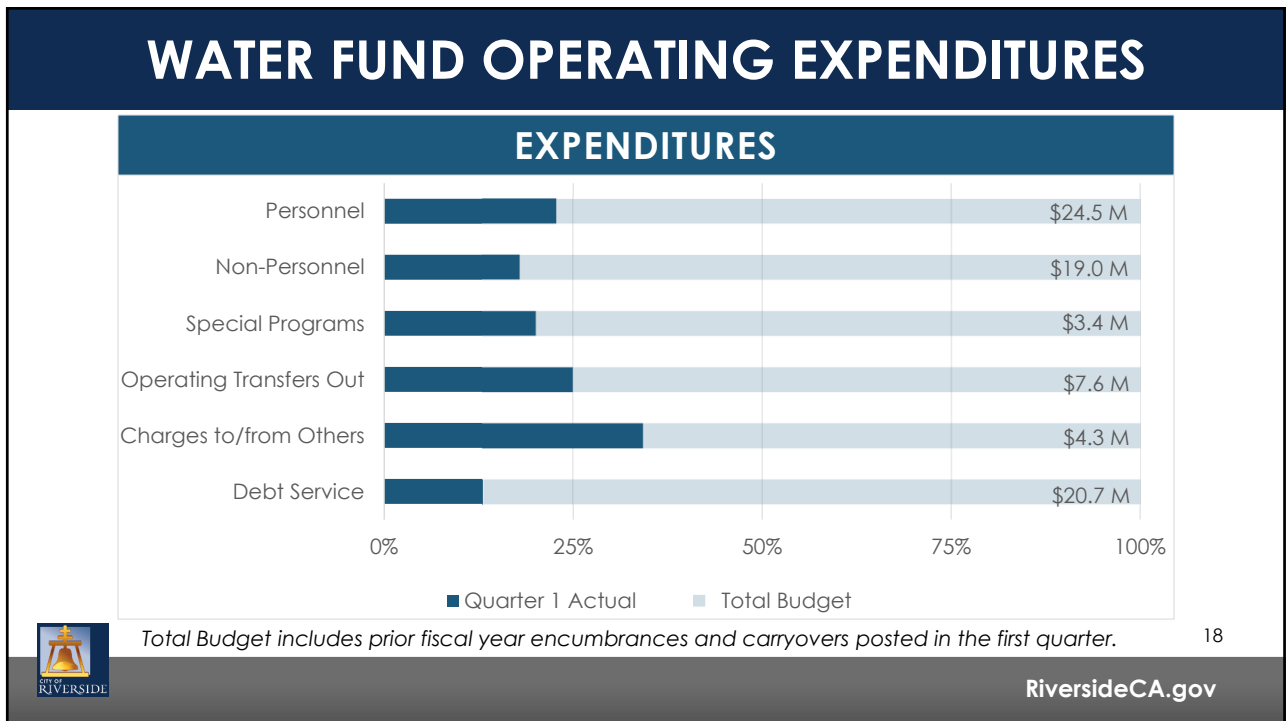
Unrestricted, Undesignated Cash Reserves Preliminary, as of 9/30/2021 (in millions)	
Cash Reserves	\$ 39 M
Available Line of Credit	\$ 25 M
Minimum Reserve Level	\$ 42 M
Maximum Reserve Level	\$ 64 M

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MID-CYCLE BUDGET ADJUSTMENTS

	Revenue	Expenditures
General Fund: Revise revenue projections; increase fund subsidies; reduce CalPERS UAL budget to actual payment; cannabis study	\$ 13,626,644	\$ 672,979
General Fund: Rescind vacancy savings target*		\$ 5,500,000
Measure Z: Revise revenue projections; interfund transfer of unused capital lease proceeds to Refuse	\$ 9,846,390	\$ (693,718)
Measure Z: Rescind funding for Fire vacancy savings target*		\$ (2,006,427)
Central Stores: complete personnel transfer from Public Utilities to Finance		\$ 70,136
Grants & Restricted Programs Fund: Remove venue operator grant	\$ (2,143,229)	\$ (2,143,229)
Entertainment Fund: Add venue operator grant	\$ 2,143,229	\$ 2,143,229
Refuse Fund: interfund transfer of unused capital lease proceeds from Measure Z		\$693,718



* Contingent upon the certification of Measure C ballot measure results

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STRATEGIC PLAN ALIGNMENT



HIGH PERFORMING GOVERNMENT

CROSS-CUTTING THREADS



Community Trust



Equity



Innovation



Fiscal Responsibility



Sustainability and Resiliency



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RECOMMENDATIONS

That the City Council:

1. Receive and provide input on the Fiscal Year 2021/22 First Quarter financial update;
2. With at least five affirmative votes and contingent upon a successful certification of the General Fund Transfer election results (Measure C), authorize the Chief Financial Officer, or designee, to record a supplemental appropriation in the General Fund of \$5.5 million to rescind a portion of the \$10 million adopted vacancy factor;
3. With at least five affirmative votes and contingent upon a successful certification of the General Fund Transfer election results (Measure C), authorize the Chief Financial Officer, or designee, to record an increase in the General Fund Fire Department of 14.0 full-time equivalent firefighter positions and a corresponding reduction firefighter positions in the Measure Z fund;

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RECOMMENDATIONS

4. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record a supplemental appropriation in the General Fund of \$572,979 to increase the fund subsidies for the Convention Center and Entertainment funds;
5. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record a supplemental appropriation of \$100,000 in the General Fund to fund consultant costs to conduct a study on the establishment of cannabis storefronts in the City as recommended by the Economic Development, Placemaking and Branding/Marketing Committee;
6. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record a supplemental appropriation of \$70,136 and increase of 1.0 FTE in the Central Stores Fund;

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RECOMMENDATIONS

7. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record an interfund transfer of \$2,143,229.51 in shuttered venue operator grant funding from the Grants & Restricted Programs Fund to the Entertainment Fund; and
8. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record an interfund transfer of \$693,718 in capital lease funding from the Measure Z Operating Fund to the Refuse Fund to accommodate the previously approved purchase of Refuse trucks utilizing a combination of cash and capital lease financing

