



# **Financial Budget Review**

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## **FY 2020-21 Proposed Operating Budget**

City of Fullerton, CA | May 5, 2020



# Overview of Budget Process

- January 2020 – Budget Kickoff Meeting held with all Departments
  - Budget Process – Collaborative Citywide Process & Maintenance of Effort Budget
- March/April 2020 – Department Budget Hearings held with City Manager
- April 2020 – City Manager finalizes FY 2020-21 Proposed Operating Budget
- May 5, 2020 – Financial Budget Review of FY 2020-21 Proposed Budget with the City Council



# Covid-19 Impacts to the City

- January/Feb. 2020 – Early onset of Covid-19 health pandemic
- March 16, 2020 – City officially activates its Emergency Operations Center (EOC)
- March 19, 2020 – Governor Newsom issues “Safer at Home” ordinance
- March 20, 2020 – All City facilities and parks are closed to public
- April 2020 – ASD Briefings on Covid-19 Fiscal Impacts to the Council



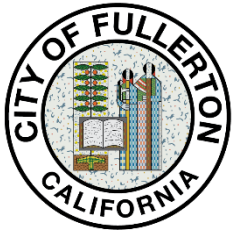
# Fiscal Year 2020-21 – All Funds Preliminary Proposed Operating Budget

- Fiscal Year 20/21 Preliminary All Funds Budget:
  - \$240.4 M in Expenditures
  - \$227.4 M in Revenues
  - \$13 M reserves and available fund balance - budget balancing
- CIP Budget of \$50.1 M
  - Grant funding of \$23.8 million, developer loans of \$7.6 million and City restricted funding sources of \$23.8 million
- Gas Tax, SB1 and Measure M Funds – Impacted by Covid-19



Updated: 04/21/2020

Note: Figures are subject to change



# Fiscal Year 2020-21 – General Fund Preliminary Proposed Operating Budget

- FY 20/21 Preliminary General Fund Budget, including Library and Park Funds:
  - Expenditure Budget of \$106.1 M
    - Maintenance of Effort Budget
    - Includes CalPERS retirement and medical premium increases
    - Includes additional budget requests, as approved by the City Manager
    - Does not include Vacancy Savings
  - Revenues projected at \$97.1 M
    - Revenue Impacts from reduced Sales Tax, Transient Occupancy Taxes (Hotel Occupancy Tax or TOT), development related fees, & fines and fees through 1<sup>st</sup> and 2<sup>nd</sup> quarters of FY 2020-21
- Projected General Fund Operating Deficit of \$9.0 M



# Fiscal Year 2020-21 – Proposed Budget Balancing Options

## Enacted Budget Balancing Measures

- Separation of the Majority of Non-Regular Employees
  - Separated Non-Regular positions to be held vacant in FY 20-21
- Reducing Library's Operating Hours from 61 to 34 Hours open to public
- Executive Team Salary Reduction of 10%



# Fiscal Year 2020-21 – Proposed Budget Balancing Options

## Additional Budget Balancing Options

- Temporary Closure of the Museum
  - Re-evaluate future operations of the Museum for potential partnership opportunities
- Holding additional positions vacant
- Employee Furloughs - Two Friday Closures Per Month
  - Subject to discussions with bargaining groups





# Fiscal Year 2020-21 – Proposed Budget Solutions

## Additional Budget Balancing Options

- Department Programs and/or Services Reductions
- Continued Use of Vacancy Savings (Hiring Freeze)
- Use of Available Contingency Reserves



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# Cost Recovery Efforts – Federal Aid

- FEMA's Public Assistance Program
  - Expedited pre-funding of up to 50% of estimated eligible costs
- Police DOJ Emergency Assistance Grants
- Federal CARES Act
  - HHS one-time stimulus grant
  - Possible Phase III of funding for local governments



## Next Steps

- Continuous monitoring of revenues
  - Property Tax & Sales Tax
- Continue with Cost Reduction Discussions with Bargaining Groups
- Budget Adoption tentatively at June 2, 2020 City Council Meeting



# Recommendations

- City Council provide input and direction to Staff with regard to the FY 2020-21 Proposed Operating Budget.
- Receive and file Financial Budget Review report for the FY 2020-21 Proposed Operating Budget.



**Fiscal Year 2020-21**

**Questions?**