Financial Budget Review

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



Covid-19 Budget Impacts – General Fund Preliminary Financial Forecast

General Fund (including Library and Parks & Recreation)									
	Actual	Projected	Projected	Projected	Projected	Projected			
	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24			
Contingency Reserve	9,513,445								
Available Unassigned Fund Balance	656,376								
Available Beginning Fund Balance		10,169,821	6,964,420	(2,015,561)	(11,175,142)	(20,517,915)			
Revenues		95,026,578	97,107,102	99,049,244	101,030,229	103,050,834			
Expenditures		(98,231,979)	(106,087,083)	(108,208,825)	(110,373,002)	(112,580,462)			
Operating Surplus / (Deficit)		(3,205,401)	(8,979,981)	(9,159,581)	(9,342,773)	(9,529,628)			
Ending Fund Balance		6,964,420	(2,015,561)	(11,175,142)	(20,517,915)	(30,047,543)			
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					Updated: 04/21/202				
					Note: Figures are subject to chan				



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 1st and 2nd 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



Additional Budget Balancing Options

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



Updated Financial Forecast with Cost Savings Proposals

Gene	eral Fund (inclu	ding Library a	and Parks & Re	ecreation)		
	Actual	Projected	Projected	Projected	Projected	Projected
	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24
Contingency Reserve	9,513,445					
Available Unassigned Fund Balance	656,376					
Available Beginning Fund Balance		10,169,821	7,110,532	5,822,971	4,329,294	2,652,425
Revenues		95,026,578	97,107,102	99,049,244	101,030,229	103,050,834
Expenditures		(98,231,979)	(106,087,083)	(108,208,825)	(110,373,002)	(112,580,462)
Cost Reductions Measures with Vacancy Savings		146,113	7,692,420	7,665,904	7,665,904	7,665,904
Operating Surplus / (Deficit):		(3,059,289)	(1,287,561)	(1,493,677)	(1,676,869)	(1,863,724)
Ending Fund Balance		7,110,532	5,822,971	4,329,294	2,652,425	788,701
Contingency Reserve Balance	9,513,445					
Reduction of Contingency Reserve to Balance Budget		(3,059,289)	(1,287,561)	(1,493,677)	(1,676,869)	(1,863,724)
Contingency Reserve Balance		6,454,157	5,166,596	3,672,919	1,996,050	132,326
					Updated: 04/21/202	
					Note: Figures are subject to chang	



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



- 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.



Questions?