



CITY COUNCIL STAFF REPORT



June 25, 2024

ITEM TITLE

Financial Report and Appropriation: Accept the Quarterly Financial Report for the Quarter Ending March 31, 2024 (Third Quarter Report) and Appropriate Funds to Implement Required Budget Adjustments

Report Number: 24-0179

Location: No specific geographic location

Department: Finance

G.C. § 84308: No

Environmental Notice: The activity is not a “Project” as defined under Section 15378 of the California Environmental Quality Act (CEQA) State Guidelines. Therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required. Under the National Environmental Policy Act (NEPA), the activity is exempt pursuant to Title 24, Part 58.34(a)(2)&(3) of the Code of Federal Regulations and pursuant to the U.S. Department of Housing & Urban Development Environmental Guidelines.

Recommended Action

Accept the quarterly financial report for the quarter ended March 31, 2024 (the “Third Quarter Report”) and adopt a resolution making various amendments to the fiscal year 2023-24 budget to adjust for variances and appropriating funds for that purpose. **(4/5 Vote Required)**

SUMMARY

The Finance Department, in collaboration with other City departments, 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. This Third Quarter Report is as of March 31, 2024 and is in compliance with Section 505(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 Third Quarter Report, staff has identified various budgetary changes that are needed to accurately 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 by the City Council, 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 amended November of 2022, and allows for budget transfers and adjustments to be completed. Budget transfers and adjustments processed pursuant to this authority are provided as Attachments 1 and 2 to this report. This Third Quarter Report discusses budget adjustments that staff recommends in the General Fund as well as various other funds to address identified fiscal issues.

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity for compliance with CEQA and NEPA. The activity is not a “Project” as defined under Section 15378 of the State CEQA Guidelines because the proposed activity consists of a governmental fiscal/administrative activity which does not result in a physical change in the environment. Therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Under NEPA, the activity is exempt pursuant to Title 24, Part 58.34(a)(2)&(3) of the Code of Federal Regulations and pursuant to the U.S. Department of Housing & Urban Development Environmental Guidelines. Thus, no further environmental review is necessary at this time.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

The Third Quarter Report is developed using nine months of actual financial activity for fiscal year 2023-24 as of March 31, 2024. Additionally, data in this report has been updated to include the most current data available through May 31, 2024; however, the projections are subject to change.

This report provides summary information for the following areas:

- General Fund Revenues and Expenditures
- Adjustments to General Fund Expenditures
- Adjustments to non-General Fund funds

The Finance Department will continue to monitor the City’s actual revenues and expenditures and will provide any significant changes in the Fourth Quarter Financial Report.

General Fund Overview

Revenues are projected to exceed budget by \$22.0 million, and expenditures are projected to surpass budget targets by \$22.0 million. Staff anticipates major discretionary revenues and departmental revenues to come in higher than the amended budget as detailed in the General Fund Revenues section. Economic growth slows as inflation remains below its peak and unemployment rates increase. Several other variables such as interest rates and other financial uncertainties may affect the General Fund revenues and expenditures. Staff will continue to monitor and will provide updates in a final review of fiscal year 2023-24 with the Fourth Quarter Financial Report.

Fiscal Year 2023-24 General Fund Overview

Table 1

in millions

	Adopted Budget	Amended Budget	Year-end Projection	Variance
Revenue Source				
<i>Major Discretionary Revenues</i>				
Property Tax	\$ 48.3	\$ 49.0	\$ 49.0	\$ -
Property Tax in lieu of VLF	29.3	29.9	29.9	-
Sales Tax	45.8	46.1	46.8	0.7
Measure P Sales Tax	27.8	27.8	28.8	0.9
Measure A Sales Tax	27.8	27.8	28.8	0.9
Franchise Fees	14.8	14.8	15.5	0.6
Transient Occupancy Tax	9.3	9.3	8.2	(1.1)
Utility User Tax	3.8	3.8	3.1	(0.7)
Major Discretionary Revenues Subtotal	207.1	208.6	210.0	1.4
<i>Other General Fund Revenues</i>				
Other Revenues	51.2	52.9	73.5	20.6
Other General Fund Revenues Subtotal	51.2	52.9	73.5	20.6
Total Revenues/Sources	\$ 258.2	\$ 261.5	\$ 283.5	\$ 22.0
Expenditures				
Personnel Services	\$ 132.9	\$ 133.8	\$ 134.8	\$ (1.0)
<i>Non-Personnel</i>				
Supplies and Services	25.2	28.2	27.6	0.6
Other Expenses	1.8	3.2	3.6	(0.4)
Transfers Out	86.8	87.1	108.4	(21.3)
Internal Service	4.5	4.5	4.5	-
Utilities	6.7	7.0	7.0	-
Other Expenditures Category	0.4	1.1	1.0	0.1
<i>Total Non-Personnel</i>	125.3	131.1	152.1	(21.0)
Total Expenditures	258.2	264.9	286.9	(22.0)
Total General Fund Surplus/(Deficit)	\$ -	\$ (3.4)	\$ (3.4)	\$ -
Use of Prior Year Fund Balance	-	3.4	3.4	
Total General Fund Surplus/(Deficit)	\$ -	\$ -	\$ -	\$ -

Note: Minor variances due to rounding.

General Fund Revenues

As shown in Table 1 above, the City's revenues are projected to exceed the amended budget by approximately \$22.0 million. This is a combination of Major Discretionary Revenues and Other General Fund Revenues which are projected to exceed the amended budget by \$1.4 million and \$20.6 million respectively.

Major Discretionary Revenues

Sales Tax revenue is trending higher than anticipated and is expected to exceed budget by \$0.7 million. Measure A and Measure P Sales Tax are anticipated to exceed budget by \$0.9 million each, for a combined total of \$1.8 million. Based on the latest information from HDL, the City's sales tax consultant, the additional Sales Tax revenue continues to be partially driven by construction material sales associated with the Bayfront development. These positive variances in major discretionary revenues are partially offset by shortfalls in Transient Occupancy Taxes (TOT) and Utility Users Tax (UUT), which are projected to come in approximately \$1.1 and \$0.7 million under budget, respectively.

Other General Fund Revenues

These revenues are projected to exceed the amended budget by \$20.6 million, primarily due to an increase in the Transfers In category from ARPA (\$19.4 million). This transfer is discussed in detail below in the American Rescue Plan Act section of this report.

General Fund Expenditures

As shown in Table 1, expenditures are anticipated to exceed the amended budget by \$22.0 million. This includes a projected increase in the Transfer Out category of \$21.3 million. This is primarily due to an increase in transfers out to the Capital Improvement Projects fund (\$18.6 million), the Development Services fund (\$0.8 million), and the Measure A and Measure P Sales Tax revenue funds. The recommended increase to General Fund expenditure appropriations is \$22.6 million, which is anticipated to be fully offset by Major Discretionary revenues made available from the use of ARPA funding to support labor expenditures across various departments. Staff will be closely monitoring expenditures and revenues and provide an update on the status via the Fourth Quarter Financial Report.

Departmental Revenues and Expenditures

Departmental Revenues

Table 2 below provides the Amended General Fund revenue budget, the projected year-end revenues, and the projected variance at the department level.

Fiscal Year 2023-24 General Fund Departmental Revenues

Table 2

Department	Amended Budget	Year-end Projection	Variance
City Council	\$ -	\$ -	\$ -
Boards & Commissions	-	-	-
City Clerk	47.8	65.7	17.9
City Attorney	425.4	794.6	369.3
Administration	55.1	55.1	-
Information Technology	394.7	394.7	-
Human Resources	622.3	717.8	95.5
Finance	1,902.0	1,490.4	(411.6)
Non-Departmental	222,204.5	245,174.4	22,969.9
Animal Care Facility	1,530.3	1,264.9	(265.4)
Economic Development	451.7	603.7	151.9
Development Services	2,288.7	1,989.1	(299.6)
Engineering/Capital Project	9,229.6	7,768.0	(1,461.6)
Police	5,919.2	6,026.5	107.3
Fire	2,899.4	4,223.3	1,324.0
Public Works	8,597.3	8,062.1	(535.2)
Parks and Recreation	3,918.0	4,219.5	301.5
Library	1,002.6	695.6	(307.0)
Total Departmental Revenue	\$ 261,488.6	\$ 283,545.5	\$ 22,056.9

The largest variances in Departmental Revenues are projected to occur in the Non-Departmental, Parks and Recreation, Public Works, Finance, and Library departments. The Non-Departmental positive variance of \$23.0 million is due to Sales Tax, Measure A and Measure P Sales Tax which are projected to come in above budget as well as additional transfers out that are anticipated to be made to the CIP Fund and Development Services Fund. The Fire Department’s positive variance of \$1.3 million is due to program reimbursements for the City’s Fire Department Strike Team activity and an increase in reimbursements from the San Diego Unified Port District for Fire services, pursuant to the Municipal Services Agreement between the agencies. Additionally, there is an expected decrease in departmental revenues, most notably in the Engineering & Capital Projects Department (\$1.5 million), Public Works Department (\$0.5 million) and Finance Department (\$0.4 million) primarily driven by a decrease in anticipated revenue recovery for staff time reimbursements. Staff time reimbursement shortfalls in Engineering & Capital Projects and Public Works are largely caused by staffing vacancies and therefore offset by personnel expenditure savings.

Departmental Expenditures

Table 3 below provides the Amended General Fund expenditure budget, the projected year-end expenditures, and the projected variance at the department level.

Fiscal Year 2023/24 General Fund Departmental Expenditures

Table 3

Department	Amended Budget	Year-end Projection	Variance
City Council	\$ 1,541.6	\$ 1,512.4	\$ 29.0
Boards & Commissions	2.1	2.1	-
City Clerk	3,509.7	3,341.4	168.3
City Attorney	3,178.2	2,934.2	244.0
Administration	2,603.2	2,474.9	128.3
Information Technology	4,599.2	4,599.2	-
Human Resources	3,564.5	3,646.8	(82.3)
Finance	4,754.1	4,647.4	106.7
Non-Departmental	97,547.2	118,985.4	(21,438.1)
Animal Care Facility	3,450.7	3,239.0	211.7
Economic Development	1,869.3	1,856.9	12.4
Development Services	2,870.3	2,701.9	168.4
Engineering/Capital Project	11,232.4	10,159.7	1,072.7
Police	55,806.9	58,582.6	(2,775.7)
Fire	35,346.8	35,456.8	(647.3)
Public Works	23,705.2	23,545.0	160.2
Parks and Recreation	5,453.9	5,059.7	394.2
Library	3,856.1	3,610.6	245.5
Total Expenditure Budget	\$ 264,891.5	\$ 286,923.2	\$ (22,031.9)

Departmental Expenditures are expected to exceed budget in various departments.

The following are explanations of the significant variances between budgeted and projected expenditures:

- The Police Department reflects a negative variance of \$2.8 million which is driven by an increase in overtime costs tied to staffing vacancies and operational needs.
- The Non-Departmental negative variance of \$21.4 million is primarily due to the Transfer Out for both Measure A and Measure P Sales Tax Funds combined, based on updated Measure A and Measure P Sales Tax projections and additional transfers to the CIP and Development Services Fund.
- The Engineering/Capital Projects Department’s positive variance of \$1.1 million is driven by department vacancies resulting in anticipated salary savings. Some of these vacancies are expected to result in a reduction of current services revenue.
- The Fire Department’s negative variance of \$0.6 million is expected to be completely offset by reimbursements from Strike Team deployments.

Fiscal Year 2023-24 Budget Adjustments

Staff recommends various adjustments, appropriations, and transfers to City Departmental and Fund budgets that require City Council authorization.

General Fund Adjustments

In the General Fund, some of the transfers are between expense categories within the same Department and some transfers are between Departments. There are also proposed budget adjustments reflecting increased estimated revenue where it is needed to address unanticipated expenditure category overages and ensure accurate year-end reporting. The recommended budget adjustments are shown in Table 4 below.

General Fund Budget Adjustments Summary - 3rd Quarter Fiscal Year 2023-24

Table 4

DEPARTMENT	Footnote	NON-		TOTAL EXPENSE	TOTAL REVENUE	NET IMPACT
		PERSONNEL SERVICES	PERSONNEL EXPENSES			
GENERAL FUND						
Boards & Commissions	1	\$ -	\$ 5,000	\$ 5,000	\$ -	\$ 5,000
City Attorney	2	80,000	(80,000)	-	-	-
Administration	1	-	(5,000)	(5,000)	-	(5,000)
Non-Departmental	3-5	29,156	21,725,549	21,754,705	(21,754,705)	-
Economic Development	6	-	19,250	19,250	(19,250)	-
Police	7	285,000	-	285,000	(285,000)	-
Fire	8	537,270	29,807	567,077	(567,077)	-
TOTAL GENERAL FUND		\$ 931,426	\$ 21,694,606	\$ 22,626,032	\$(22,626,032)	\$ -

Note: Minor variances due to rounding.

The proposed General Fund budget adjustments result in no net impact to the fiscal year 2023-24 budget, primarily being derived by the following transactions:

1. Transfer of expenditure appropriations in the amount of \$5,000 in the Administration Department to Board & Commissions to purchase business cards.
2. Transfer of expenditure appropriations in the amount of \$80,000 within the City Attorney's Department to cover year-end projected personnel expenses.
3. Transfer of expenditure appropriations in the amount of \$29,156 within Non-Departmental for unanticipated personnel.
4. Increase expenditure appropriations in the amount of \$21,725,549 for transfers to the Development Services Fund and Capital Improvement Projects Fund, detailed in Table 5A below.
5. Increase estimated revenues in the amount of \$21,754,705 in the Transfers In category related to increased Measure A and Measure P Sales Tax and various ARPA reimbursements.
6. Increase both expenditure appropriations and estimated revenues in the amount of \$19,250 for a CBRE Commission payment in order to properly reflect total revenue received and expenditures incurred.
7. Increase both expenditure appropriations and estimated revenues in the amount of \$285,000 for reimbursed overtime funded with grants.
8. Increase both expenditure appropriations and estimated revenues in the amount of \$567,077 for Strike Team deployment reimbursements.

Other Fund Adjustments

The following recommended adjustments are for funds outside of the General Fund. The proposed adjustments, displayed in Table 5, have a net cost decrease of approximately \$10.3 million to the various identified funds. The proposed adjustments will impact the fund balances or current year available revenues of the respective noted funds.

Other Fund Budget Adjustments Summary - 3rd Quarter Fiscal Year 2023-24

Table 5

	Footnote	NON-		TOTAL EXPENSE	TOTAL REVENUE	NET IMPACT
		PERSONNEL SERVICES	PERSONNEL EXPENSES			
2016 Measure P Sales Tax	1	\$ -	\$ -	\$ -	\$ (927,140)	\$ (927,140)
2018 Measure A Sales Tax	2	-	-	-	(927,385)	(927,385)
Donations	3	-	9,664	9,664	(9,664)	-
Local Grants	4	-	122,815	122,815	-	122,815
Federal Grants	5	-	709,736	709,736	(709,736)	-
Public Educational & Govt Fee	6	-	200,000	200,000	-	200,000
CFD 12M Village 7 Otay Ranch	7	-	35,000	35,000	-	35,000
Bayfront Special Tax District	8	-	484,652	484,652	-	484,652
Development Services Fund	9	-	-	-	(843,787)	(843,787)
Transport Enterprise	10-12	(150,000)	500,000	350,000	(350,000)	-
2017 CREBs LRBs	13	-	1,086	1,086	(1,086)	-
Transportation DIFs	14	-	-	-	3,500,000	3,500,000
Capital Improvement Projects	15	-	6,666,068	6,666,068	(18,568,286)	(11,902,218)
American Rescue Plan Act 2021 - Other Expenses - CIP Expenses - Transfers Out	16	-	(313,482) (8,949,394) 9,262,876	-	-	-
Public Liability Trust - Supplies & Services - Other Expenses	17	-	100,000 (100,000)	-	-	-
TOTAL OTHER FUNDS		\$ (150,000)	\$ 8,729,021	\$ 8,579,021	\$(18,837,085)	\$(10,258,064)

Note: Minor variances due to rounding.

The Other Funds proposed budget adjustments result in a positive net impact of \$10,258,064, primarily being derived by the following transactions:

1. Increase estimated revenues by \$927,140 for additional anticipated Measure P Sales Tax revenue.
2. Increase estimated revenues by \$927,385 for additional anticipated Measure A Sales Tax revenue.
3. Increase expenditure appropriations in the Other Expenses category and estimated revenue by \$9,664 for donations received.

4. Increase expenditure appropriations in the Other Expenses category by \$122,815 for court ordered return of currency seized in warrant search.
5. Increase expenditure appropriations in the Transfers Out category and estimated revenue by \$709,736 for State Water Resources Control Board grant.
6. Increase expenditure appropriations in the Supplies & Services category by \$200,000 from fund balance for upgrades needed for Council chambers.
7. Increase expenditure appropriations in the Supplies & Services category from fund balance by \$35,000 for trail repairs.
8. Increase expenditure appropriations by in the Other Expenses category \$484,652 for Bayfront Special Tax District payment.
9. Increase estimated revenue in the amount of \$843,787 for transfers from the General Fund.
10. Transfer of expenditure appropriations by \$150,000 from the Personnel category to Supplies & Services for various operational needs.
11. Transfer of expenditure appropriations by \$350,000 from the Other Capital category to Supplies & Services for various operational needs.
12. Increase expenditure appropriations and estimated revenue by \$350,000 for anticipated revenues and expenditures.
13. Increase expenditure appropriations in the Supplies & Services category and estimated revenue by \$1,086 for administrative costs.
14. Decrease estimated revenue by \$3,500,000 due to timing change included in updated developer agreement.
15. Increase expenditure appropriations in the CIP Budget category in the amount of \$7,101,651 and estimated revenues in the amount of \$18,568,268 for transfers from the General Fund.
16. Transfer of expenditure appropriations from the CIP Project Expenditures and Other Expenses category to the Transfers Out category in the amount of \$9,262,876 for various ARPA reallocation amendments for various projects.
17. Transfer of expenditure appropriations of \$100,000 from the Other Expenses category to the Supplies & Services category for Council authorized expenses.

American Rescue Plan Act (ARPA)

The City of Chula Vista received a total of \$57.5 million in ARPA funds, which were appropriated by the City Council with the initial Spending Plan presented on August 24, 2021. Subsequent to the initial 2021 allocation, various Spending Plan amendments have been approved by City Council as critical needs fluctuated throughout the response to the pandemic and various updates to the related guidance were received from the U.S. Department of Treasury (the "Treasury Department").

An eligible use of ARPA funding is the replacement of revenue loss of local governments due to the COVID-19 public health emergency. This use ensures continuity of vital government services by filling pandemic-caused budget shortfalls. Importantly, once a shortfall in revenue is identified, recipients have broad latitude to use this funding to support government services, up to the amount of revenue lost. As of April 2023, the City's revenue loss eligible for funding exceeds the total ARPA funds awarded to the City. This allows the entirety of the allocated funds to be utilized for revenue recovery purposes. This presents an opportunity to redirect previously allocated funds from other enumerated ARPA expenditure categories as well as other subsections within the City's Revenue Recovery category of the ARPA spending plan, to be directed to the General Governmental Services provision of the Revenue Recovery expenditure category. This allocation will cover a range of expenses typically supported by the General Fund, including public sector wages. Furthermore, such reallocation aligns with the flexibility granted to ARPA fund recipients and streamlines reporting obligations, guarantees resource efficiency, and addresses ARPA spending deadlines.

Summary of Proposed Reallocations to the Revenue Recovery Category

City of Chula Vista - ARPA Spending Plan					
Table 6					
	FY 2022 Final Budget	FY 2023 Final Budget	FY 2024 Amended Budget	FY 2024 Proposed Adjustments	Total Budget with Proposed Adjustments
CATEGORY					
EC 2 - Economic Development	\$ 2,900,000	\$ -	\$ (51,951)	\$ (2,663,482)	\$ 184,567
Small Business Grants	2,600,000	-	-	(2,600,000)	-
Choose Chula	100,000	-	-	(63,482)	36,518
Curb/Sidewalk Café Grant	200,000	-	(51,951)	-	148,049
EC 6 - Revenue Recovery	\$ 11,592,750	\$ 15,827,692	\$ 23,226,377	\$ 2,663,482	\$ 53,310,301
General Governmental Services	11,592,750	15,827,692	23,226,377	2,663,482	53,310,301

As illustrated in the preceding Table 6, staff proposes to reallocate \$2.6 million that has been fully expended on the Small Business Grants from the Economic Development category to the Revenue Recovery category, to allow for streamlined reporting obligations. These funds have been fully spent and this change will result in no changes to the program. Additionally, staff is recommending reallocating the unspent monies in the Choose Chula project to the Revenue Recovery category to allow these funds to be spent on core services across all areas of the City, which includes Police and Fire services; parks and recreation; libraries; and support services like Finance and Human Resources.

Summary of Proposed Reallocations within the Revenue Recovery Category

City of Chula Vista - ARPA Spending Plan					
Table 7					
	FY 2022 Final Budget	FY 2023 Final Budget	FY 2024 Amended Budget	FY 2024 Proposed Adjustments	Total Budget with Proposed Adjustments
CATEGORY					
Operational Support					
Development Services Fund	\$ -	\$ 1,000,000	\$ -	\$ (843,787)	\$ 156,213
Funding new positions	350,000	350,000	298,814	(473,273)	525,541
PW Proj Mgmt-Non CIP Proj (PWP0001)	1,000,000	500,000	-	(430,965)	1,069,035
General Governmental Services	2,000,000	5,576,442	(1,831,517)	13,628,755	19,373,680

**City of Chula Vista - ARPA Spending Plan
Table 7**

	FY 2022 Final Budget	FY 2023 Final Budget	FY 2024 Amended Budget	FY 2024 Proposed Adjustments	Total Budget with Proposed Adjustments
CATEGORY					
Infrastructure					
Loma Verde Community Center (GGV0247)	2,000,000	-	(1,765,000)	8,000,000	8,235,000
Casa Casillas (GGV0262)	1,000,000	1,450,000	-	(596,861)	1,853,139
HVAC Project (GGV0261)	-	-	10,000,000	(10,000,000)	-
Palomar Motel (GGV0270)	-	-	13,000,000	(7,734,565)	5,265,435
MacKenzie Creek Park (PRK0345)	-	-	283,326	(283,326)	-
IT Master Plan Implementation	-	-	1,015,978	(1,015,978)	-
Economic Development					
ADA Transition Plan Update	-	-	1,100,000	(250,000)	850,000
TOTAL/NET	\$6,350,000	\$8,876,442	\$22,101,601	\$-	\$37,328,043

As shown in Table 7 above, staff proposes the reallocation of \$13.6 million within the Revenue Replacement expenditure category to the General Governmental Services provision of Operational Support, designated for revenue loss replacement, for use toward expenses traditionally sustained by general fund revenue. This strategy aligns seamlessly with the wide discretion afforded to ARPA fund recipients to bolster government services in response to pandemic-induced revenue declines. The Treasury Department has encouraged recipients to adhere to existing budget procedures, minimizing administrative complexities. Leveraging the Revenue Recovery Category promises enhanced flexibility, coupled with simplified reporting protocols, streamlining the reporting process. The reallocated funds will be used to support General Fund labor expenses of various City departments which include Police and Fire services, parks and recreation, libraries, as well as support services like Finance and Human Resources.

Conclusion

Staff’s proposed reallocation of ARPA funds adheres to all allowable uses outlined in the final rule issued by the Treasury Department. The proposed reallocation was strategically created to reduce the effort to provide ongoing reporting of expenditures to the Treasury; provide the City greater flexibility in how to allocate the Revenue Recovery funds to projects and programs that are essential to our community; and ensure funds are fully utilized by the program deadline. In summary, the City of Chula Vista is strategically utilizing ARPA funds to address critical needs of the City. The City strives to promote equity in all areas of service, ARPA funds will be used to provide governmental services across all General Fund departments and will therefore support all areas of the City.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

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.

CURRENT-YEAR FISCAL IMPACT

The Third Quarter Report presents projected revenue and expenditure actuals as of March 31, 2024, with updates through May 31, 2024, as available. Approval of the resolution amending the fiscal year 2023-24 budget will result in the following impacts:

General Fund – The proposed adjustments result in no net impact to the fiscal year 2023-24 budget. This includes an increase in General Fund appropriations of approximately \$22,626,032 and an increase in estimated revenues of \$22,626,032.

Other Funds – The proposed adjustments result in a net positive impact to the fiscal year 2023-24 budget of the Other (non-General Fund) Funds of \$10,258,064. This includes an increase in appropriations of approximately \$8,579,021 and an increase in estimated revenues of \$18,837,085.

ONGOING FISCAL IMPACT

Staff will review the impacted budgets to identify potential ongoing impacts and will incorporate as required during the fiscal year 2024-25 budget development process.

ATTACHMENTS

1. General Fund Budget Transfers
2. General Fund Budget Amendments

*Staff Contact: Sarah Schoen, Director of Finance/Treasurer
Ed Prendell, Budget and Analysis Manager*

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
CHULA VISTA MAKING VARIOUS AMENDMENTS TO THE
FISCAL YEAR 2023-24 BUDGET TO ADJUST FOR
VARIANCES AND APPROPRIATING FUNDS THEREFOR

WHEREAS, the City Charter states that at 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, 2024 and is recommending a number of budget amendments in the General Fund and various other funds to align the budget with anticipated year-end actuals where the actuals are expected to exceed the budget; and

WHEREAS, staff is recommending increasing the revenue budget by \$22,626,032 in and expense appropriations by \$22,626,032 to various departments in the General Fund, resulting in no net fiscal impact to the General Fund; and

WHEREAS, the Local Grants Fund, Public Educational & Govt Fee Fund, CFD 12M Village 7 Otay Ranch Fund, Bayfront Special Tax District Fund and the Transportation DIFs will be negatively impacted due to adjustments that will add appropriations that will be made from the available balances of these funds; and

WHEREAS, the 2016 Measure P Sales Tax Fund, 2018 Measure A Sales Tax Fund, Development Services Fund and the Capital Improvement Projects Fund will be positively impacted as a result of increased revenue appropriations resulting from the recommended changes; and

WHEREAS, the recommended adjustments to the Donations Fund, American Rescue Plan Act 2021 Fund, Federal Grants Fund, Public Liability Trust Fund, Transport Enterprise Fund and the 2017 CREBs LRBs Fund consist of offsetting adjustments between revenue and expenditure categories and are neutral resulting in no net impact to these funds; and

WHEREAS, staff recommends that the City Council authorize the City Manager to amend the fiscal year 2023-24 budget and approve appropriations and transfers in the General Fund and various other funds in order to ensure audited actuals do not exceed budget resulting from any year-end closing entries.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chula Vista, that it does hereby amend the Fiscal Year 2023-24 budget and approves the following appropriations and transfers:

Summary of General Fund Appropriations and/or Transfers
General Fund Budget Amendments Summary – 3rd Quarter Fiscal Year 2023-24

DEPARTMENT	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	TRANSFERS OUT	TOTAL EXPENSE	TOTAL REVENUE	NET IMPACT
City Council	-	-	-	-	-	-	-
Boards & Commissions	-	5,000	-	-	5,000	-	5,000
City Clerk	-	-	-	-	-	-	-
City Attorney	80,000	(80,000)	-	-	-	-	-
Administration	-	(5,000)	-	-	(5,000)	-	(5,000)
Information Technology	-	-	-	-	-	-	-
Human Resources	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-
Non-Departmental	29,156	19,631	468,475	21,237,443	21,754,705	(21,754,705)	(0)
Animal Care Facility	-	-	-	-	-	-	-
Economic Development	-	19,250	-	-	19,250	(19,250)	-
Development Services	-	-	-	-	-	-	-
Engineering/Capital Projects	-	-	-	-	-	-	-
Police	285,000	-	-	-	285,000	(285,000)	-
Fire	537,270	29,807	-	-	567,077	(567,077)	-
Public Works	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-
TOTAL GENERAL FUND	\$ 931,426	\$ (11,312)	\$ 468,475	\$21,237,443	\$22,626,032	\$(22,626,032)	\$ -

**Summary of Appropriations and/or Transfers for Other Funds
Other Funds Budget Amendments Summary – 3rd Quarter Fiscal Year 2023-24**

	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	OTHER CAPITAL	CIP BUDGET	TRANSFERS OUT	TOTAL EXPENSE	TOTAL REVENUE	NET IMPACT
2016 Measure P Sales Tax	-	-	-	-	-	-	-	(927,140)	(927,140)
2018 Measure A Sales Tax	-	-	-	-	-	-	-	(927,385)	(927,385)
Donations	-	-	9,664	-	-	-	9,664	(9,664)	-
American Rescue Plan Act 2021	-	-	(313,482)	-	(8,949,394)	9,262,876	-	-	-
Local Grants	-	-	122,815	-	-	-	122,815	-	122,815
Federal Grants	-	-	-	-	-	709,736	709,736	(709,736)	-
Public Educational & Govt Fee	-	200,000	-	-	-	-	200,000	-	200,000
Public Liability Trust	-	100,000	(100,000)	-	-	-	-	-	-
CFD 12M Village 7 Otay Ranch	-	35,000	-	-	-	-	35,000	-	35,000
Bayfront Special Tax District	-	-	484,652	-	-	-	484,652	-	484,652
Development Services Fund	-	-	-	-	-	-	-	(843,787)	(843,787)
Transport Enterprise	(150,000)	850,000	-	(350,000)	-	-	350,000	(350,000)	-
2017 CREBs LRBs	-	1,086	-	-	-	-	1,086	(1,086)	-
Transportation DIFs	-	-	-	-	-	-	-	3,500,000	3,500,000
Capital Improvement Projects	-	-	-	-	6,666,070	-	6,666,070	(18,568,286)	(11,902,218)
TOTAL OTHER FUNDS	\$(150,000)	\$1,186,086	\$203,649	\$(350,000)	\$(2,283,326)	\$9,972,612	\$8,579,021	\$(18,837,085)	\$(10,258,064)

**Summary of Funding Source Updates for Various CIP Project Budgets
3rd Quarter Fiscal Year 2023-24**

FUND	PROJECT	INCREASE	DECREASE	NET IMPACT
American Rescue Plan Act 2021	DRN0208	1,862,275		1,862,275
	GGV0247	8,235,000		8,235,000
	GGV0270		7,747,365	(7,747,365)
	GGV0274		1,015,979	(1,015,979)
	PRK0345		450,000	(450,000)
	GGV0261		10,000,000	(10,000,000)
	CRF0014		63,483	(63,483)
	CRF0026		250,000	(250,000)
Capital Improvement Projects	DRN0208		1,862,275	(1,862,275)
	GGV0247		8,235,000	(8,235,000)
	GGV0270	7,747,365		7,747,365
	GGV0274	1,015,979		1,015,979
	PRK0345	450,000		450,000
TOTAL OTHER FUNDS		\$19,310,619	\$29,624,102	\$(10,313,483)

Presented by

Approved as to form by

Sarah Schoen
Director of Finance/Treasurer

Marco Verdugo
City Attorney

Attachment 1

Department	From	To	Reason	Amount
Finance	Contracted Services	Gas & Electric	Transfer for Utility Overage	\$ 23,000
Finance	Contracted Services	City Staff Services	Transfer for Staff Time Expense	10,594
Police	Salaries	Software Maint. Fees	Transfer for Software	29,000
Engineering	Salaries	Contracted Services	Transfer for Bayfront Contract	75,000
City Council	Travel/Conf/Meetings	Salaries	Transfer for Intern	5,000
Public Works	Salaries	Damage to City Property	Transfer for Window Repair at South Library	10,000
Public Works	Landscape Supplies	Damage to City Property	Transfer for Harborside Park Fence	4,000
Public Works	Salaries	Contracted Services	Transfer for Janitorial Services Contract	60,000
Development Services	Salaries	Attorney Services	Transfer for Contracted Attorney Services	10,000
Development Services	Salaries	Wearing Apparel	Transfer for Wearing Apparel	5,000
Public Works	Contracted Services	Damage to City Property	Transfer for Emergency Storm Related Repairs	75,000
Library	Personnel	Gas & Electric	Transfer for Utility Overage	75,000
Parks & Recreation	Salaries	Contracted Services	Transfer for Increased Programming	48,000
Parks & Recreation	Salaries	Pool Chemicals	Transfer for Pool Maintenance	5,000
Parks & Recreation	Salaries	Recreation Supplies	Transfer for Increased Programming	22,000
Engineering	Salaries	Gas & Electric	Transfer for Utility Overage	75,000
Public Works	Wages - Hourly	Repair & Maint of Bldg.	Transfer for Supplies	16,282
Public Works	Salaries	Contracted Services	Transfer for Janitorial Services Contract	15,000
Council	Travel/Conf/Meetings	Salaries	Transfer for Salaries	6,550
Public Works	Salaries	Maint of Comm Equip	Transfer for Radio Maint	45,000
Public Works	Salaries	Janitorial Supplies	Transfer for Supplies	50,000
Animal Care Facility	Salaries	Gas & Electric	Transfer for Utility Overage	18,000
Economic Development	Salaries	Contracted Services	Transfer for Commission Expenses	30,000
Total General Fund Budget Transfers				\$ 712,426

General Fund Budget Amendments
Fiscal Year 2023-2024 (as of March 31, 2024)

Attachment 2

Resolution	Date	Budget Amendments	Revenue	Expenditure	Net Impact
2023-083	7/1/2023	Personnel Appropriations (Animal Care)	\$ 156,800	\$ 156,800	\$ -
2023-141	9/12/2023	Personnel Appropriations (City Clerk)	34,279	68,557	(34,278)
2023-184	11/28/2023	FY24Q1 Appropriations (Various)	1,759,726	1,759,726	-
2024-012	1/9/2024	Personnel Appropriations (Council)	11,647	11,647	-
2024-028	2/13/2024	Personnel Appropriations (Various)	143,048	143,048	-
2024-046 & 047	3/19/2024	FY24Q2 Appropriations (Various)	1,160,932	1,160,932	-
Total General Fund Budget Amendments			\$ 3,266,432	\$ 3,300,710	\$ (34,278)