



# City of Chula Vista

## Legislation Details (With Text)

**File #:** 15-0037      **Name:** Fiscal Year 2015 Second Quarter Financial Report  
**Type:** Consent Item      **Status:** Agenda Ready  
**In control:** City Council

**On agenda:** 3/3/2015      **Final action:**

**Title:** A. QUARTERLY FINANCIAL REPORT FOR THE QUARTER ENDING DECEMBER 31, 2014  
 B. RESOLUTION NO. 2015-040 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA MAKING VARIOUS AMENDMENTS TO THE FISCAL YEAR 2014/2015 BUDGET TO ADJUST FOR VARIANCES AND APPROPRIATING FUNDS THEREFOR (4/5 VOTE REQUIRED)

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Item 7 - Attachment 1, 2. Item 7 - Resolution, 3. Item 7 - Exhibit 1 - Budget Amendment Summary

Date	Ver.	Action By	Action	Result
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A. QUARTERLY FINANCIAL REPORT FOR THE QUARTER ENDING DECEMBER 31, 2014

B. RESOLUTION NO. 2015-040 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA MAKING VARIOUS AMENDMENTS TO THE FISCAL YEAR 2014/2015 BUDGET TO ADJUST FOR VARIANCES AND APPROPRIATING FUNDS THEREFOR (4/5 VOTE REQUIRED)

**RECOMMENDED ACTION**

Council accept the report and adopt the resolution.

**SUMMARY**

The Finance Department 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. The quarterly financial reports are in compliance with Section 504 (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 quarterly financial projections, staff has identified various budget changes that are needed to better 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 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 allows for budget transfers to be completed. This report discusses budget adjustments that staff recommends in the General Fund as well as various other funds.

## **ENVIRONMENTAL REVIEW**

The Development Services Director has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" in accordance with Section 15378(b)(4) of the State CEQA because it involves only acceptance of the quarterly fiscal report and various adjustments to the budget, therefore it is governmental fiscal activity which does not involve any commitment to any specific project and will not result in a potentially significant physical impact on the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

## **BOARD/COMMISSION RECOMMENDATION**

Not applicable.

## **DISCUSSION**

### **General Fund Overview**

The Finance Department 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. The quarterly financial reports are in compliance with Section 504 (f) of the City Charter, which requires that quarterly financial reports be filed by the Director of Finance through the City Manager.

Attachment A - Quarterly Financial Report provides the financial outlook for the General Fund for the current fiscal year and includes summary information for revenues and expenditures.

The following chart summarizes the projections based on revenue and expenditure trends through the second quarter of fiscal year 2014/15 for the City's General Fund. The Amended Budget column includes all Council approved changes to the fiscal year 2014/15 adopted budget that have taken place through the end of the second quarter ending December 31, 2014. The Projected column lists the fiscal year 2014/15 projections for revenues and expenditures as of June 30, 2015. The table also includes an appropriation of \$1.8 million from reserves to establish a capital improvement project, Telegraph Canyon Road Erosion Repair and \$0.3 million from reserves for the purchase of a commercial property along Third Avenue, which staff is recommending to the City Council. These appropriations are not reflected in the Amended Budget column as the appropriation occurred after the end of the Second Quarter and is outside of this reporting period. However, due to the projected impact to operating reserves it is included on this table to better reflect projected operating reserves as June 30, 2015.

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General Fund Operating Reserve	Amended Budget	Projected (millions)
Reserves - July 1, 2014 (audited)	\$14.3	\$14.3
Revenues & Transfers In	\$137.3	\$137.6
Expenditures & Transfers Out	(\$137.4)	(\$136.9)
Pending:		
Telegraph Canyon CIP	(\$1.8)	(\$1.8)
Third Avenue Commercial Property	(\$0.3)	(\$0.3)
Projected Surplus/Deficit	(\$2.2)	(\$1.5)
Projected Fund Balance for June 30, 2015	\$12.1	\$12.9
Percentage of Operating Budget	8.7%	9.3%

Notes:

1. The Amended Budget and Projected totals do not include prior year appropriations for capital improvement projects and other encumbrances totaling \$3.7 million that were carried forward into the fiscal year 2014/15 budget. These expenditure impacts are already reflected in the fund balance as of July 1, 2014 and are therefore not included in the above table.
2. The table includes a staff recommended appropriations of \$1.8 million for the Telegraph Canyon Road Erosion Repair CIP and \$0.3 million for the purchase of a commercial property along Third Avenue.
3. The revenues reflected in the Amended Budget column reflect revenues of \$276,446 that should have been added to the budget as part of budget amendments approved by Council through 12/31/14 but due to an administrative error these revenues were not budgeted. In order to more accurately reflect the fiscal impact of the budget amendments through 12/31/14 these revenues are reflected in the Amended Budget column.

The City’s financial outlook appears stable through the end of the second quarter. Staff is projecting revenues of \$137.6 million and expenditures of \$136.9 million, for a projected positive impact of \$0.7 million. However, there has been one prior approved appropriation (\$90,000 for two propositions included in the November 2014 election), Council will consider two other appropriations with fiscal negative impact in the current fiscal year (\$1.8 million for the Telegraph Canyon Erosion Repair CIP and \$0.3 million for the purchase of a commercial property along Third Avenue). Taking into consideration these appropriations, the General Fund is projected to end the current fiscal year with a decrease in fund balance of approximately \$1.5 million. Staff will continue to evaluate revenue and expenditures to identify ways to mitigate the projected impact on General Fund reserves.

In total, General Fund revenues are tracking close to budget and are projected to increase by \$0.3 million above the current amended budget. This projected increase reflects the net impact of various revenue increases and decreases in individual revenue categories. Most significantly, Franchise Fees, Other Revenues, and Transient Occupancy Taxes reflect higher than anticipated revenues of approximately \$1.2 million. These increases are mitigated by revenue shortfalls of approximately \$1.0 million reflected in Revenue from Other Agencies, Charges for Services, Sales Tax in Lieu, and Use of Money and Property.

General Fund expenditures are tracking slightly below budget and are projected to come in approximately \$0.5 million below budget. Staff is projecting \$0.5 million in savings for General Fund departments based on year to date expenditure trends. Most City departments are on track to end the year with expenditure savings. Details of projected General Fund revenues and expenditures

can be found in Attachment 1 (Second Quarter Financial Report).

### Development Services Fund Overview

The Development Services Department Enterprise fund consists of Land Development, Development Planning, the DSF Front Counter and the Building Division. Based on trends through the first half of the year, staff is projecting to end the fiscal year with a projected deficit of \$0.6 million for the current fiscal year, which would reduce the net position (reserves) of this fund to approximately \$85,000. Projections for the same time last fiscal year indicated a similar trend.

The table below compares the budgeted revenue and expenditures to the projected revenues and expenditures for June 30, 2015. Expenditures are currently on trend to exceed revenues. Staff will continue to monitor this projected shortfall and will make adjustments in an effort to mitigate further impact to the Development Services Fund's reserves.

#### Development Services Fund Summary

Development Services Fund	Amended Budget	Projected
Reserves - July 1, 2014*	685,631	685,631
Revenues & Transfers In	7,160,836	6,546,167
Expenditures & Transfers Out	(7,350,542)	(7,146,468)
Projected Surplus/Deficit	(189,706)	(600,301)
Projected Fund Balance for June 30, 2015	495,925	85,330

\*Does not account for compensated absences of \$343,118

### Budget Amendments

In preparing the quarterly financial projections, staff has identified various budget changes that are needed to better reflect actual revenues and expenditures or address changes in budgetary needs. The following section reflects the recommended budget amendments for the General Fund by Department, as well as other Funds by Fund.

**General Fund Budget Amendments** - Staff is recommending budget amendments in the following departments: Non-Departmental, Animal Care Facility, Recreation, Library, Fire, Police, Public Works, and Human Resources. These changes result in no net fiscal impact to the General Fund.

Non Departmental - Staff is requesting the following budget adjustments in the Non-Departmental budget:

- The Non-Departmental budget includes all General Fund discretionary revenues, including property tax, sales tax, franchise fees, and vehicle license fees. During the first half of the fiscal year, City Council approved a series of appropriations that reflected no net fiscal impact to the General Fund but due to an administrative error, the budget was not amended to reflect the offsetting revenues. In order to correct this oversight, staff is recommending the appropriation of \$276,446 in Franchise Fee revenues. This change will balance these

previous appropriations. In order to more accurately reflect the impact of the budget amendments through December 30, 2014, these appropriations are included in the Amended Budget column of the General Fund Summary table. This appropriation does not result in an additional fiscal impact to the General Fund.

- Over the last few years, office chairs have not been replaced in City facilities and are coming to the end of their useful life. Additionally, a wellness committee has been organized by employees to encourage the importance of health and wellness. Staff is requesting an appropriation of \$50,000 to the Supplies and Services category for the replacement of chairs and in support of the employee wellness program for gym equipment. This appropriation would be offset by unanticipated revenue, resulting in no net impact to the General Fund.

Animal Care Facility (ACF) - The ACF has received donations/grants from various sources that include H.E.A.R.T. of Chula Vista, PetSmart Charities, PETCO Foundation, Rescue Organizations, and private donors. These unanticipated revenues total \$86,500 and staff is requesting to appropriate these funds to address various operational needs. These funds will be used to replace one animal control truck (\$41,000), replace two animal transport units and associated installation costs (\$36,000), purchase and install four LED emergency vehicle light bars for safety reasons for all four animal control trucks (\$3,000), and various repair costs for the animal control trucks (\$6,500). Staff is requesting an appropriation of \$71,000 be made to the Capital Expense category and \$15,500 be appropriated to Supplies and Services for these expenses; these costs will be fully offset by the donations revenue. The requested appropriation results in no net fiscal impact.

Recreation - The Recreation Department is requesting a transfer of \$9,804 from the Utilities expense category to the Supplies and Services category in order to pay for T-1 and T-3 data lines. This transfer is required as these expenses were re-categorized by the Finance Department as supplies and services. The requested transfer results in no net fiscal impact.

Library - The Library has received donations and grants from various sources totaling \$24,575; these donations include: the Friends Executive Board (\$15,000), the Civic Center Friends (\$2,000), the Stanley/Stearns Fund at the San Diego Foundation (\$5,000), The Selma Harris Family and Civic Center Friends (\$550), the Chula Vista Women's Club (\$400), Target Corporation (\$1,000) and the Friends of the Heritage Museum (\$625).

The donations from the Friends Executive Board, the Selma Harris Family and Civic Center Friends and the Woman's Club will be used to purchase various books and reading materials for teens and children. The donation from Civic Center Friends will be used to purchase contemporary teen furniture as part of a "Teen Focus" project. The Target Corporation grant will be used for the Kindergarten Boot Camp Program and the donation from the Friends of the Heritage Museum will be used for operating expenses at the Heritage Museum per their MOU agreement. Staff is requesting that \$23,405 be appropriated to the Supplies and Services budget, \$1,000 be appropriated to the Personnel Services budget, and that \$170 be appropriated to the Utilities budget; these appropriations will be fully offset by unanticipated revenue resulting in no net fiscal impact.

Fire - The Fire Department is requesting a transfer of \$33,600 from the Utilities Expense Category to the Services and Supplies Expense Category to cover costs associated with the data lines provided to the Fire Stations. These costs were included in the Utilities budget but it was subsequently determined that these costs should be paid from Supplies and Services.

Police - The Police Department is requesting the following budget adjustments:

- A transfer of \$100,000 from the Capital category to the Supplies and Services category for costs associated with the body worn camera program. These costs were originally included in the Capital expense category but as the cameras do not meet the \$10,000 capital threshold, the purchase of the body worn cameras was posted in the Supplies and Services category. This transfer will allow this equipment purchase to be accurately reflected within the City's financial system. There is no net fiscal impact as a result of this change.
- A transfer of \$300,000 from Personnel Services to the Supplies and Services category for projected cost overages in uniforms, training, ammunition, ARJIS fees, and prisoner transport costs. There is no net fiscal impact as a result of this change.
- A transfer of \$145,000 from Personnel Services to the Utilities expense category is also requested in order to offset higher than anticipated gas and electric costs. There is no net fiscal impact as a result of this transfer.

Public Works/Human Resources - An appropriation of \$6,700 to the Supplies and Services expenditure category of the Public Works' budget is requested in order pay for the repair and replacement of the bollards that were damaged due to an accident that took place on Third Avenue. The requested Supplies and Services appropriations will be offset by unanticipated revenue received from the responsible insurance company that have been realized in the Human Resources Department. The Human Resources Department's budget will be amended to reflect this unanticipated revenue.

Public Works - An appropriation in the amount of \$7,365 to the Public Works' Supplies and Services expenditure category is requested to fund a display that will showcase a laundry-to-landscape graywater system as a water conservation opportunity for city residents to consider. The display will provide relevant information such as potential water savings, municipal permitting requirements, and safety/health best practices regarding gray water treatment. Once completed, the display will be incorporated into the City of Chula Vista's South Bay Energy Roadshow Trailer. Funding for this project is provided by grant from the Sweetwater Authority.

**Budget Amendments to Other Funds** - In addition to the General Fund changes requested above, staff is also recommending a number of changes to other funds. These changes are as follows:

Community Development Block Grant (CDBG) Fund - Staff is requesting an appropriation of \$14,000 to the Neighborhood Stabilization Program in the CDBG Fund. These funds will be used to establish a property management budget for a city-owned affordable housing unit. These costs will be offset by revenue generated from rental payments received from the tenant as well as the County Housing Authority for Section 8 Program rental subsidies. This appropriation results in no net fiscal impact to the CDBG Fund.

HOME Program Fund - Staff is requesting a revenue offset appropriation of \$65,000 in the HOME Program Fund. The proposed budget amendment in the Home Investment Partnerships Act Program will establish the property management budgets for five city-owned affordable housing units. These costs will be offset by revenue generated from rental payments received from the tenant as well as the County Housing Authority for Section 8 Program rental subsidies. This appropriation results in no net fiscal impact to the HOME Program Fund.

Development Services Fund - Development Services has experienced a sharp increase in the use of credit cards as a form of payment. As a result the Department has exceeded the budget for credit card transaction fees and is requesting a transfer of \$21,100 from Personnel Services to the Other Expenses category for these increased expenditures. There is no net fiscal impact as a result of this transfer.

State Grants Fund - The City was awarded a \$1.0 million grant from the State of California for a homebuyer program. Funds will be used for the implementation of the City's Homebuyer Assistance Program and all related costs associated with the administration of the program (staff time and Contracted Services). The appropriation of \$1.0 million will be fully offset by the grant funds resulting in no net fiscal impact to the State Grants Fund.

Federal Grants Fund- Staff is requesting a transfer from the Supplies and Services category of \$81,580 to the Other Expense category for the University Park and Research Center grant budget. The fiscal year 2015 budget included funding for contractual services (Supplies and Services); since the adoption of the budget, staff has determined that the project work will be performed through a combination of consultant's and City Staff. In order to reimburse the City staff time spent on this project, a transfer is needed to add funds for City Staff Charges (Other Expenses). There is no net fiscal impact as a result of this transfer.

Transportation Sales Tax (TransNet) Fund and Other Transportation Programs Fund - Capital Improvement Projects STL368, STL375 and STM377 were funded from the Highway Safety Improvements Program, Safe Route Program, and Bicycle Transportation Account grants respectively, within the Other Transportation Programs Fund. All eligible capital improvement costs for these projects (STL368, STL375, and STM377) have been incurred; however expenditures totaling \$6,997 were posted to the TransNet Fund in error. Conversely, \$543 in costs related to STL364 and TF368 should have been posted to the Other Transportation Programs Fund but were posted to the TransNet fund. Staff is requesting an appropriation in the amount of \$6,454 from the available fund balance of the Other Transportation Programs Fund to reimburse the TransNet Fund for the net impact of these changes.

Traffic Signal Fund and Other Transportation Programs Fund - Capital Improvement Project TF376 was funded from the Highway Safety Improvements Program within the Other Transportation Programs Fund. All eligible capital improvement costs for TF376 have been incurred; however expenditures totaling \$25,738 were posted to the Traffic Signal Fund in error. Staff is requesting that an appropriation in the amount of \$25,738 from the available fund balance of the Other Transportation Programs Fund to the Transfers Out category and a matching appropriation to the Transfers In category of the Traffic Signal Fund be made to reimburse the Traffic Signal Fund for expenditures incurred in prior fiscal years.

Equipment Replacement Fund - the Police Department is requesting an appropriation of \$37,079 to the Equipment Replacement Fund's Capital expense category for the purchase of a Police vehicle. This appropriation will be offset by revenue received in an insurance claim for the damaged Patrol vehicle. There is no net fiscal impact as a result of this appropriation.

Open Space, Maintenance and Community Facility Districts - An appropriation of \$319,000 to the Utility expense category of various open space, maintenance and community facility districts is requested to address increased water expenses. An additional \$25,000 appropriation to the Supplies

and Services category is also requested for increased landscape contract costs. These appropriations will be funded from the available fund balance of each district. The Public Works Department programs the annual Open Space District and Community Facility District budgets based on anticipated activity. The maintenance costs associated with each District are borne by property owners within the Districts.

Central Garage Fund - The San Diego Metropolitan Transit System (MTS) has consolidated the Chula Vista Transit operations into their South Bay Yard operations and vacated the Public Works Center Yard. MTS has assumed all City transit fleet related-contracts associated with the maintenance and operation of transit facilities and the City's Central Garage Operations Fund has assumed the maintenance costs of the Compressed Natural Gas station estimated at \$9,130 and the compressor repair cost estimated at \$9,500. Staff is requesting an appropriation in the amount of \$18,630 to Supplies and Services category of Central Garage budget from its available fund balance to account for these increased costs.

The Central Garage Fund's budget also includes reimbursements from Transit for Compressed Natural Gas fuel expenses. The Central Garage Fund will no longer incur these costs on behalf of Transit with the transition. As a result staff is recommending a reduction of \$42,000 in the Supplies and Services category and a corresponding reduction of \$42,000 in revenues to reflect this change.

#### **DECISION-MAKER CONFLICT**

Each of the decisions contemplated by this action either: (i) is not site specific; (ii) is ministerial, secretarial, manual, or clerical in nature, thus, not requiring the members to make or participate in making a governmental decision, pursuant to California Code of Regulations Title 2, section 18702.4 (a); or (iii) solely concerns the repair, replacement or maintenance of existing streets, sewer, storm drainage or similar facilities and, as such, the financial effect of the decision on real property is presumed not to be material, pursuant to California Code of Regulations Title 2, sections 18705.2(c).

Staff is not independently aware, nor has staff been informed by any City Councilmember, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

#### **LINK TO STRATEGIC GOALS**

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. This action supports the Operational Excellence goal by communicating the City's projected financial position for the current fiscal year in an open and transparent manner. This transparency supports City Initiative 1.3.1. - "Foster public trust through an open and ethical government."

#### **CURRENT YEAR FISCAL IMPACT**

There is no fiscal impact resulting from accepting the Quarterly Financial Report.

General Fund - Approval of the resolution amending the fiscal year 2014/15 budget will result in appropriations and budget amendments in the following departments: Non-Departmental, Human Resources, Animal Care Facility, Public Works, Library, Police, Fire, and Recreation. There is no net fiscal impact to the General Fund as a result of the proposed additional changes in the Second Quarter Report.

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### Summary of Budget Appropriations and Amendments by Department

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DEPARTMENT	DESCRIPTION	EXPENSE	REVENUE	NET
General Fund	Amended Budget as of 12/31/14	\$ 137,394,333	\$ 137,023,887	\$(370,446)
Non-Departmental	Franchise Fee Revenue Adjustment	\$ -	\$ 276,446	\$ 276,446
	Appropriation for office equipment	\$ 50,000	\$ 50,000	\$ -
Human Resources	3rd Ave Damaged Bollards Repair revenue	\$ -	\$ 6,700	\$ 6,700
Animal Care Facility	Unanticipated Revenue - Appropriation for Equipment Purchase	\$ 86,500	\$ 86,500	\$ -
Public Works	Sweetwater Authority Funding for laundry to-landscape graywater system	\$ 7,365	\$ 7,365	\$ -
	3rd Ave Damaged Bollards Repair expenses	\$ 6,700		\$ (6,700)
Library	Donations (Various Sources)	\$ 24,575	\$ 24,575	\$ -
Total General Fund Amendment		\$ 175,140	\$ 451,586	\$ 276,446
Amended Budget with Proposed Change		\$ 137,569,473	\$ 137,475,473	\$ (94,000)

Other Funds - Approval of the resolution amending the fiscal year 2014/15 budget will result in appropriations and budget amendments to various funds. The corresponding fiscal impact is included in the table below.

Summary of Budget Appropriations and Amendments by Fund

FUND	DESCRIPTION	EXPENSE	REVENUE	NET
Traffic Signal	Reimb from Other Transportation Programs Fund	\$ -	\$ 25,738	\$ 25,738
Transp Sales Tax Fund	Reimb from Other Transportation Programs Fund	\$ -	\$ 6,454	\$ 6,454
State Grants Fund	Homebuyer Assistance Program	\$ 1,000,500	\$ 1,000,500	\$ -
HOME Program	Property Management Expenses	\$ 65,000	\$ 65,000	\$ -
Comm Development Block Grant	Property Management Expenses	\$ 14,000	\$ 14,000	\$ -
CFD 12-M Village 7 MM	Increased Water Costs	\$ 10,000	\$ -	\$ (10,000)
CFD 12M Village 7 Otoy Ranch	Increased Water Costs	\$ 15,000	\$ -	\$ (15,000)
Eastlake Maintenance Dist 1	Increased Water Costs	\$ 10,000	\$ -	\$ (10,000)

FUND	DESCRIPTION	EXPENSE	REVENUE	NET
Open Space District #1	Increased Water Costs	\$ 10,000	\$ -	\$ (10,000)
Open Space District #3	Increased Water Costs	\$ 5,000	\$ -	\$ (5,000)
Open Space District #8	Increased Water Costs	\$ 5,000	\$ -	\$ (5,000)
Open Space District #9	Increased Water Costs	\$ 10,000	\$ -	\$ (10,000)
Open Space District #10	Increased Water Costs	\$ 7,000	\$ -	\$ (7,000)
Open Space District #11	Increased Water Costs	\$ 10,000	\$ -	\$ (10,000)
Open Space District #14	Increased Water Costs	\$ 20,000	\$ -	\$ (20,000)
Open Space District #18	Increased Water Costs	\$ 6,000	\$ -	\$ (6,000)
Open Space District #20	Increased Water Costs	\$ 46,000	\$ -	\$ (46,000)
Open Space District #24	Increased Water Costs	\$ 5,000	\$ -	\$ (5,000)
Open Space District #31	Increased Water Costs	\$ 5,000	\$ -	\$ (5,000)
CFD 07M-Eastlk II Woods, Vista	Increased Water and Landcape Maint Costs	\$ 20,000	\$ -	\$ (20,000)
CFD 08M-Vlg 6 McM & Oty Ranch	Increased Landscape Maint Costs	\$ 15,000	\$ -	\$ (15,000)
CFD 99-2 Otoy Ranch Vlg 1 West	Increased Water Costs	\$ 45,000	\$ -	\$ (45,000)
CFD 98-3 Sunbow 2	Increased Water Costs	\$ 30,000	\$ -	\$ (30,000)
Community Facility Dst 97-1 OR	Increased Water Costs	\$ 70,000	\$ -	\$ (70,000)
Central Garage Fund	Elimination of Transit	\$ (23,370)	\$ (42,000)	\$ (18,630)
Equipment Veh Replacement Fnd	Vehicle replacement	\$ 37,079	\$ 37,079	\$ -
Other Transportation Programs	Reimb TransNet & Traffic Signal	\$ 32,192	\$ -	\$ (32,192)
		<b>\$ 1,469,401</b>	<b>\$ 1,106,771</b>	<b>\$ (362,630)</b>

In addition to the appropriations included above, staff is also recommending a number of transfers between expenditure categories for various departments and funds. These changes result in no net fiscal impact.

Summary of Requested Transfers within Departments/Funds

Department/Fund	Transfer From	Amount	Transfer To	Amount
Police	Capital	\$ (100,000)	Utilities	\$ 145,000
	Personnel	\$ (445,000)	Supplies & Svcs.	\$ 400,000
Fire	Utilities	\$ (33,600)	Supplies & Svcs.	\$ 33,600
Recreation	Utilities	\$ (9,804)	Supplies & Svcs.	\$ 9,804
Development Services Fund	Personnel	\$ (21,100)	Other Expenses	\$ 21,100
Federal Grants Fund	Supplies & Svcs.	\$ (81,580)	Other Expenses	\$ 81,580
Total Transfers		\$ (691,084)		\$ 691,084

There is no net fiscal impact to the following funds: Federal Grants Fund, States Grant Fund, Development Services Fund, Home Program Fund and the Community Development Block Grant Fund.

Projected impacts to the remaining funds are as follows:

- The amendments in the various Open Space Districts and Community Facility Districts result in a \$344,000 net impact to these funds. The appropriations will be made from the available fund balances of these funds.
- The appropriation of \$18,630 in the Central Garage Fund will be made from the available fund balance of this fund.
- The revenue adjustments to the Traffic Signal Fund (\$25,738) and the Transportation Sales Tax Fund (\$6,454) result in a positive impact to these funds.
- The appropriation of \$32,192 in the Other Transportation Programs Fund will be made from it's the available fund.

### **ONGOING FISCAL IMPACT**

Staff will continue to monitor and analyze revenue and expenditure trends and incorporate changes as necessary into future financial reports and/or budgets.

### **ATTACHMENT**

1. Second Quarter Financial Report

Staff Contact: Angelica Aguilar, Finance Department

## OVERVIEW

This financial report summarizes the City's General Fund financial position for fiscal year 2015 through December 31, 2014 and projecting out to June 30, 2015. The purpose of this report is to provide the City Council, Management and the Citizens of Chula Vista an update on the City's fiscal status based on the most recent financial information.

## ECONOMIC HIGHLIGHTS

**The Nation** - The following national economic occurrences are notable as of the Second Quarter<sup>1</sup>:

- Economic growth is forecast to average 3% over the next 2 years as the weaker growth rates that hovered around 2% become a thing of the past.
- The significant drop in oil prices should help further boost consumer spending as this price reduction is estimated to translate into a \$67 billion boon to consumers.
- Unemployment rates should continue to improve as the economy is projected to produce 200,000 to 260,000 jobs on a monthly basis in 2015.

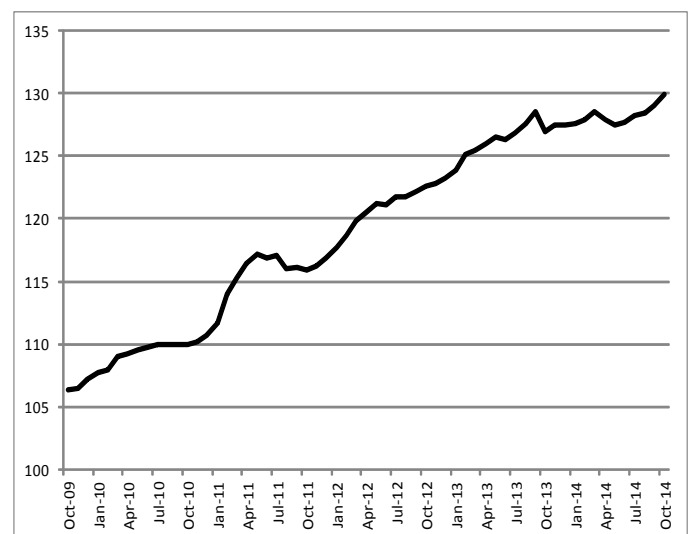
**The State** - The major changes forecast for the State are as follows<sup>2</sup>:

- Trepid growth in parts of Asia and Europe will reduce the growth of California's manufactured goods sector.
- Real personal income growth is estimated to be 3.1% in 2014 and forecast to be 4.5% in both 2015 and 2016.
- Unemployment will fall through 2015 and will average approximately 6.6%. In 2016 the unemployment rate is predicted to be approximately 5.6%, a half percent higher than the U.S. forecast.

**San Diego Region** - The major changes reported in October for the Index of Leading Economic Indicators for San Diego County are as follows<sup>3</sup>:

- A 0.6% change was reported in October 2014 signaling the fifth consecutive gain for the index. This change may be an indicator of solid growth in the local economy at least through the end of 2015.
- The local unemployment rate was 1.6% lower than last year and civilian employment increased almost 55,000 since the same time last year, indicating perhaps more money is available in the local economy.
- Consumer confidence advanced for the ninth month in a row, which is important since consumer spending is typically two-thirds or more of economic activity.
- Residential units authorized by building permits continue to be the one drag on the local economy. With strong job growth and increasing incomes, the demand for housing remains strong. The problem appears to be on the supply side, with the lack of skilled labor and developable land being the main reason.

**San Diego Index of Leading Economic Indicators  
San Diego County, 2009 - 2014**



<sup>1</sup>Source: UCLA Anderson Forecast, December 2014

<sup>2</sup>Source: UCLA Anderson Forecast, December 2014

<sup>3</sup>Source: University of San Diego School of Business Administration, USD Index of Leading Economic Indicators, December 2014; retrieved from URL: <http://home.sandiego.edu/~agin/usdlel/index.html>

## GENERAL FUND SUMMARY

**General Fund Reserves** - The General Fund Reserve policy was established to ensure that the City's finances are managed in a manner which will:

1. Continue to provide for the delivery of quality services
2. Maintain and enhance service delivery as the community grows in accordance with the General Plan
3. Minimize or eliminate the need to raise taxes and fees because of temporary revenue shortfalls
4. Establish the reserves necessary to meet known and unknown future obligations and ability to respond to unexpected opportunities.

The following table reflects the audited General Fund reserves as of June 30, 2014 as well as the projected General Fund reserves for June 30, 2015.

General Fund Reserve	Amended Budget	Projected (millions)
Reserves - July 1, 2014 (audited)	\$14.3	\$14.3
Revenues & Transfers In	\$137.3	\$137.6
Expenditures & Transfers Out	(\$137.4)	(\$136.9)
Pending:		
Telegraph Canyon CIP	(\$1.8)	(\$1.8)
Third Avenue Commerical Property	(\$0.3)	(\$0.3)
Projected Surplus/Deficit	(\$2.2)	(\$1.5)
Projected Fund Balance for June 30, 2015	\$12.1	\$12.9
Percentage of Operating Budget	8.7%	9.3%

**Notes:**

1. The Amended Budget and Projected totals do not include prior year appropriations for capital improvement projects and other encumbrances totaling \$3.7 million that were carried forward into the fiscal year 2014/15 budget. These expenditure impacts are already reflected in the fund balance as of July 1, 2014 and are therefore not included in the above table.
2. On March 3, 2015 City Council will consider two appropriations from reserves - an appropriation of \$1.8 million to establish a capital improvement project, Telegraph Canyon Road Erosion Repair and \$0.3 million for the purchase of a commercial property along Third Avenue. These appropriations are not reflected in the Amended Budget column as the appropriations occurred after the end of the Second Quarter and are outside of this reporting period. However, due to the projected impact to operating reserves they are included on this table.
3. The revenues reflected in the Amended Budget column reflect revenues of \$276,446 that should have been added to the budget as part of budget amendments approved by Council through 12/31/14 but due to an administrative error these revenues were not budgeted. In order to more accurately reflect the fiscal impact of the budget amendments through 12/31/14 these revenues are reflected in the Amended Budget column.

The City's financial outlook appears stable through the end of the Second Quarter. Staff is projecting revenues of \$137.6 million and expenditures of \$136.9 million, for a projected positive impact of \$0.7 million. However, there has been one prior approved appropriation (\$90,000 for two propositions included in the November 2014 election), Council will consider two other appropriations with fiscal negative impact in the current fiscal year (\$1.8 million for the Telegraph Canyon Erosion Repair CIP and \$0.3 million for the purchase of a commercial property along Third Avenue). Taking into consideration these appropriations, the General Fund is projected to end the current fiscal year with a decrease in fund balance of approximately \$1.5 million. Staff will continue to evaluate revenue and expenditures to identify ways to mitigate the projected impact on General Fund reserves.

Overall, General Fund revenues are tracking close to budget and are projected to increase by \$0.3 million above the current amended budget. This increase is due to improved Franchise Fee revenues, Other Revenues, and Transient Occupancy Tax revenues that are projected to increase by a combined \$1.2 million over the current budgeted level. This increase is largely offset by a combined decrease of \$1.0 million in Revenue from Other Agencies, Charges for Services, Sales Tax in Lieu, and Use of Money and Property.

Staff is projecting \$0.5 million in savings for General Fund departments based on year to date expenditure trends. Most City departments are on track to end the year with expenditure savings.

**General Fund Revenues** – Overall, General Fund revenues reflect a positive trend and are projected to increase by \$0.3 million above the current amended budget. This increase reflects improved Franchise Fee revenues, Other Revenues, and Transient Occupancy Tax revenues that are projected to increase by a combined \$1.2 million over the current budgeted level. This increase is largely offset by a combined decrease of \$1.0 million in Revenue from Other Agencies, Charges for Services, Sales Tax in Lieu, and Use of Money and Property. Major variances include:

- A \$0.6 million increase in Franchise Fee revenues that reflect the updated franchise agreement for waste hauling services negotiated earlier this year.
- A net increase of \$0.5 million in the Other Revenue reflects projected increases in Other Reimbursements to account for reimbursements related to fire strike teams, an insurance reimbursement, and a settlement agreement.
- A \$0.4 million decrease in Revenue from Other Agencies largely reflects projected shortfalls in revenues related to decreased participation in various regional Police Task Forces.
- A net decrease of \$0.3 million in Charges for Services which includes reduced projections for Recreation programs, reimbursements related to the jail, and reduced Animal Shelter fees.

The following table compares the projected revenues included in the amended budget and the updated revenue projections for discretionary and departmental program revenues.

**General Fund Revenues**

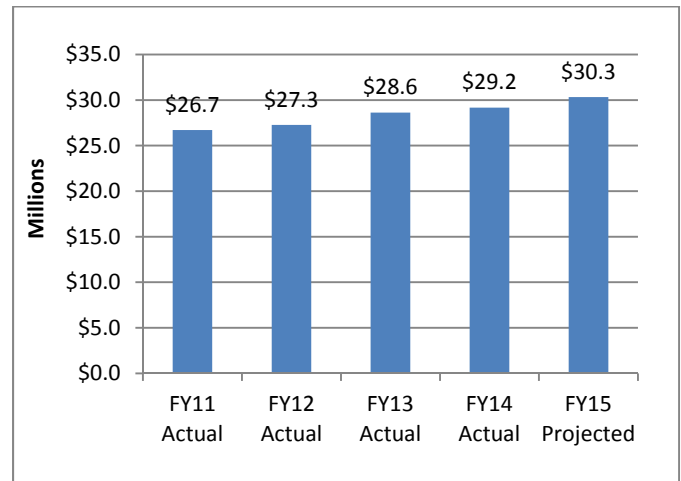
Category	Amended Budget as of 12/31/14	Q2 Projected 6/30/15	Variance
Property Taxes	\$ 28,659,698	\$ 28,662,334	\$ 2,636
Sales Tax	\$ 22,704,845	\$ 22,704,845	\$ -
Sales Tax In Lieu	\$ 7,750,848	\$ 7,615,383	\$ (135,465)
Motor Vehicle License	\$ 17,870,912	\$ 17,883,946	\$ 13,034
Other Revenue	\$ 11,853,747	\$ 12,310,718	\$ 456,971
Transfers In	\$ 10,732,359	\$ 10,694,899	\$ (37,460)
Franchise	\$ 9,563,163	\$ 10,188,250	\$ 625,087
Charges for Services	\$ 7,649,532	\$ 7,339,195	\$ (310,337)
Revenue from Other Agencies	\$ 2,984,310	\$ 2,588,480	\$ (395,830)
Utility Users Tax	\$ 7,175,000	\$ 7,175,000	\$ -
Transient Occupancy Taxes	\$ 2,518,329	\$ 2,687,833	\$ 169,504
Use of Money & Property	\$ 2,439,246	\$ 2,331,036	\$ (108,210)
Other Local Taxes	\$ 2,161,605	\$ 2,152,083	\$ (9,522)
Licenses and Permits	\$ 1,309,447	\$ 1,309,549	\$ 102
Fines, Forfeitures, Penalties	\$ 1,110,800	\$ 1,104,536	\$ (6,264)
Real Property Transfer Tax	\$ 816,492	\$ 816,492	\$ -
<b>Total General Fund</b>	<b>\$ 137,300,333</b>	<b>\$ 137,564,579</b>	<b>\$ 264,246</b>

**Sales Tax (Sales Tax and Sales Tax in lieu)** - Sales tax is projected to be the City’s largest revenue source, representing 26.4% of projected General Fund revenues for fiscal year 2014/15. HdL Companies, the City’s Sales Tax consultant, recently provided data for the third quarter of calendar year 2014. They report that the change in sales tax receipts between third quarter calendar year 2014 and third quarter calendar year 2013 increased by 4.4% in Chula Vista. General Consumer Goods represents the largest major industry group for Sales Tax generation. In this category, the change in Sales Tax increased by 0.8% in Chula Vista when compared to the same quarter for 2013. General Consumer Goods are expected to increase by 2.8% on a Statewide level but Chula Vista appears to be lagging behind this trend.

The First Quarter report reflected a projected shortfall in Sales Tax revenues of \$359,000. Based on the most recent data, projected Sales Tax revenues are now tracking on budget. However, Sales Tax in Lieu will fall short of budget by approximately \$135,000 based on the County’s estimate. Staff will continue to update Sales Tax projections as more information is received.

The following chart represents actual sales tax collections since fiscal year 2010/11 and the projection for fiscal year 2014/15.

**Sales Tax and Sales Tax in Lieu**

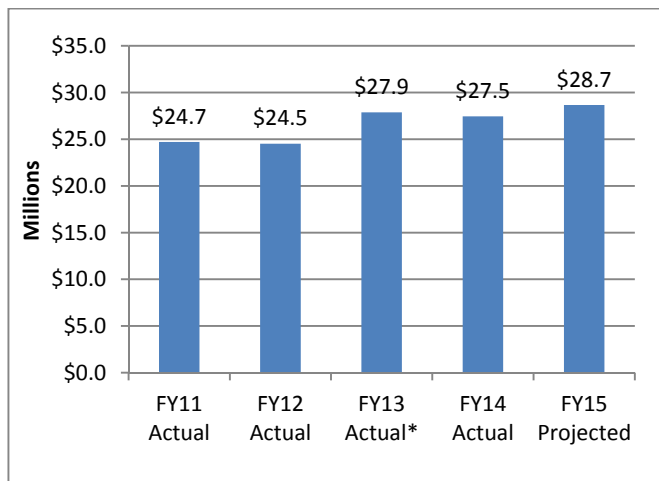


**Property Taxes** - The City of Chula Vista receives property tax revenue based upon a 1.0% levy on the assessed value of all real property. Property tax is the City’s second largest revenue source, representing 20.8% of projected General Fund revenues for fiscal year 2014/15.

As reported in the First Quarter, the City received information from the County regarding assessed property values (AV) for the City of Chula Vista after the adoption of the budget. The adopted budget reflected 4% growth in AV however, based on the County's most recent report the City should experience 6% growth in AV. In a Council action earlier this fiscal year, the City Council approved an amendment to Property Tax revenues to reflect this change. Property Tax revenues were increased by \$0.6 million when compared to budget. Revenue trends through the end of the Second Quarter are consistent with this change.

The following chart represents actual property tax revenues since fiscal year 2010/11 and the projection for fiscal year 2014/15.

Property Tax



\*Fiscal year 2012/13 Property Tax includes a one-time payment related to the elimination of the City's Redevelopment Agency

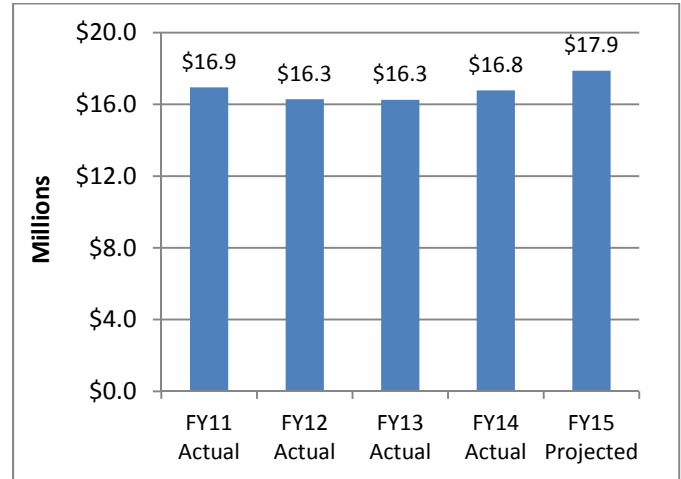
**Motor Vehicle License Fee (VLF)** – Since the State Budget Act of 2004, the allocation of VLF revenues to cities and counties was substantially changed. Beginning in 2005/06, the majority of VLF revenues for each city grew essentially in proportion to the growth in the change in gross assessed valuation. Due to this change in the formula by the State, the majority of the City's VLF revenues fluctuate with changes in assessed values in the City.

VLF revenue projections have been revised to reflect the change in city-wide assessed valuation projected for fiscal year 2014-15. As discussed above, assessed property values (AV) for the City of Chula Vista are projected to grow by 6% as opposed to the 4% reflected in the adopted budget. City Council approved an amendment to VLF Tax revenues to reflect this change. VLF revenues were increased by \$0.4 million

when compared to the adopted budget. Revenue trends through the end of the Second Quarter are consistent with this change.

The following chart represents actual VLF revenues since fiscal year 2010/11 and the projection for fiscal year 2014/15.

Motor Vehicle License Fee

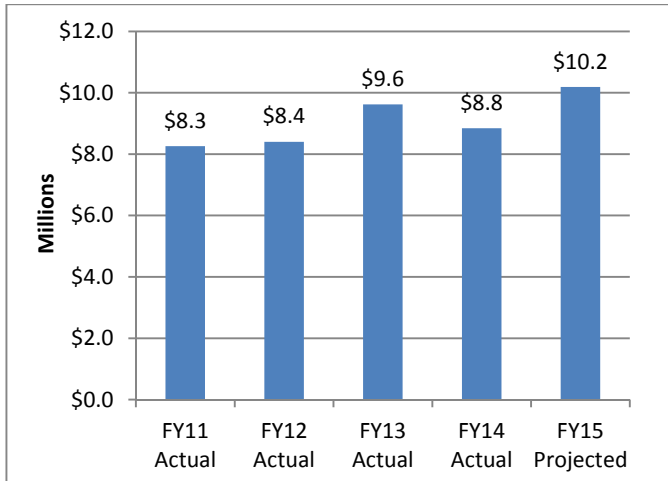


**Franchise Fees** - Franchise fee revenues are generated from public utility sources such as San Diego Gas & Electric (2% on gas and 1.25% on electricity), trash collection franchises (20% fee), and cable franchises (5% fee) conducting business within City limits. SDG&E collects the franchise fee from Chula Vista customers and remits these revenues to the City. Trash franchise fees and cable fees are based on fixed rates.

As reported in the First Quarter Financial Report, projections for Franchise Fee revenues have been updated to reflect increases resulting from new franchise agreement negotiated by the City. Revenue trends through the end of the Second Quarter are consistent with this change.

The following chart represents actual franchise fee revenues since fiscal year 2010/11 and the projection for fiscal year 2014/15. Fiscal year actual 2012-13 revenues reflect previously accrued Franchise Fee revenues that were realized by the City.

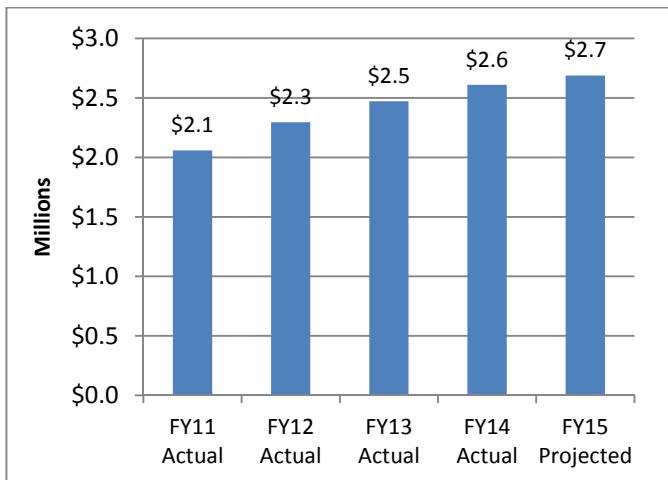
Franchise Fees



**Transient Occupancy Tax (TOT)** - The City receives 10% of hotel and motel room rates for stays less than 30 days. Projections for TOT revenues have been updated to reflect the positive trend that began in fiscal year 2012 and has continued. Based on better than anticipated revenues in fiscal year 2014, the projection for fiscal year 2014/15 has been increased by \$169,500 when compared to the adopted budget. It is anticipated that TOT will continue to grow at a modest pace.

The following chart represents actual TOT revenues since fiscal year 2010/11 and the projection for fiscal year 2014/15. These projections remain unchanged from the First Quarter Financial Report.

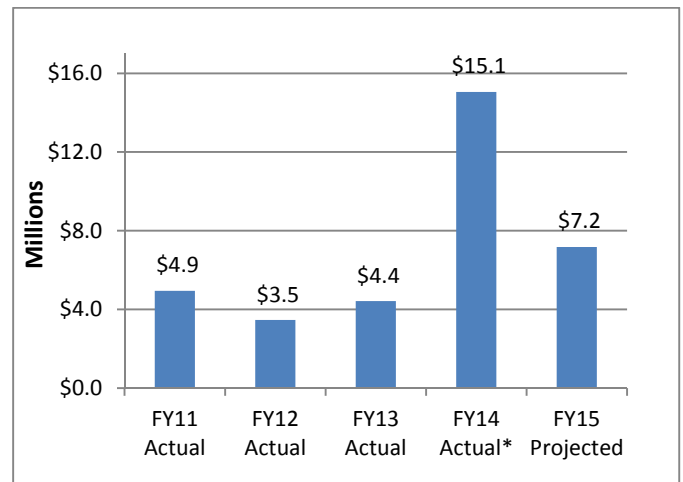
Transient Occupancy Tax (TOT)



**Utility Users Tax (UUT)** - The City adopted its Utility Users Tax (UUT) in 1970. The City of Chula Vista imposes a UUT on the use of telecom at the rate of 5% of gross receipts. The UUT on natural gas services is \$0.00919 per therm and \$0.00250 per kilowatt on electricity services, which equates to approximately a 1% tax. Current projections for UUT revenues indicate these revenues are tracking at budget.

The following chart reflects actual UUT revenue since fiscal year 2010/11. Fiscal year 2014/15 is projected and does not reflect actual collections.

Utility Users Tax (UUT)



\*Increased fiscal year 2013/14 Utility User's tax revenue reflect a mid-year appropriation (Council resolution 2013-092) of previously collected wireless telecommunication related tax revenue that was utilized to fund attorney and City administrative costs pertaining to a City class-action lawsuit.



**General Fund Expenditures** - The General Fund's amended budget reflects the Council adopted budget of \$134.5 million, Council approved mid-year appropriations of \$2.9 million, and \$3.7 million of prior year encumbrances that were carried over into the current fiscal year. As of the end of the Second Quarter, the amended budget totals \$141.1 million.

The following table reflects the General Fund amended budget and actual expenditures by department as of December 31, 2014. In total, Departments have expended 45% of the General Fund budget after 50% of the fiscal year has elapsed.

General Fund Expenditures as of 12/31/2014

Department	Amended Budget as of 12/31/14	Expended as of 12/31/14	% Expended
City Council	\$ 1,309,326	\$ 661,619	51%
Boards & Commissions	\$ 85,076	\$ 7,522	9%
City Clerk	\$ 985,056	\$ 592,103	60%
City Attorney	\$ 2,644,553	\$ 1,164,943	44%
Administration	\$ 3,090,046	\$ 1,379,231	45%
Information Tech Svcs	\$ 3,201,624	\$ 1,599,006	50%
Human Resources	\$ 2,276,755	\$ 1,103,530	48%
Finance	\$ 3,636,881	\$ 1,666,944	46%
Non-Departmental	\$ 11,555,482	\$ 2,333,676	20%
Animal Care Facility	\$ 2,823,471	\$ 1,277,305	45%
Dev Services (GF)	\$ 2,637,808	\$ 1,280,040	49%
Police	\$ 47,561,415	\$ 22,645,140	48%
Fire	\$ 24,912,156	\$ 12,295,993	49%
Public Works	\$ 26,465,793	\$ 12,236,706	46%
Recreation	\$ 4,210,235	\$ 1,787,264	42%
Library	\$ 3,675,481	\$ 1,735,141	47%
<b>Total Expenditures</b>	<b>\$ 141,071,158</b>	<b>\$ 63,766,163</b>	<b>45%</b>

As part of the Second Quarter Financial review, staff prepared projections for 6/30/2015 based on current expenditures and trends. As noted on the following table, most departments are on track to stay within their budgets. Most City departments are projecting expenditure savings in the current fiscal year. Overall a \$0.5 million net savings in General Fund expenditures is projected. The majority of these savings are estimated to be realized within the departments' Personnel Services expenditure category. The two departments that are exceptions to this trend are:

- Non-Departmental – The Non-Departmental budget reflects a \$1.0 million overage when compared to budget. The overage is due to budgeted salary savings of \$0.8 million, which

actual salary savings are being realized within individual department budgets. Another contributing factor to the projected overage in the Non-Departmental budget is the unanticipated cost related to the Bayfront development of approximately \$0.2 million.

- Fire Department – The Fire Department is projecting a \$0.5 million overage in operating expenses. This projected overage largely reflects the costs for the Fire Academy that began in late February. These costs will be offset by unanticipated revenues. Staff is requesting an appropriation for these costs as part of a separate Council agenda also being considered on March 3rd.

General Fund Projections by Department  
for June 30, 2015

Department	Amended Budget as of 12/31/14	Q2 Projected 6/30/15	Variance
City Council	\$ 1,309,326	\$ 1,309,326	\$ -
Boards & Commissions	\$ 85,076	\$ 85,076	\$ -
City Clerk	\$ 985,056	\$ 985,056	\$ -
City Attorney	\$ 2,644,553	\$ 2,619,602	\$ (24,951)
Administration	\$ 3,090,046	\$ 3,090,046	\$ -
Information Tech Svcs	\$ 3,201,624	\$ 3,094,633	\$ (106,991)
Human Resources	\$ 2,276,755	\$ 2,242,919	\$ (33,836)
Finance	\$ 3,636,881	\$ 3,403,429	\$ (233,452)
Non-Departmental	\$ 11,555,482	\$ 12,578,091	\$ 1,022,609
Animal Care Facility	\$ 2,823,471	\$ 2,673,635	\$ (149,836)
Dev Services (GF)	\$ 2,637,808	\$ 2,609,985	\$ (27,823)
Police	\$ 47,561,415	\$ 47,032,576	\$ (528,839)
Fire	\$ 24,912,156	\$ 25,367,902	\$ 455,746
Public Works	\$ 26,465,793	\$ 25,991,703	\$ (474,090)
Recreation	\$ 4,210,235	\$ 4,007,423	\$ (202,812)
Library	\$ 3,675,481	\$ 3,503,805	\$ (171,676)
<b>Total Expenditures</b>	<b>\$ 141,071,158</b>	<b>\$ 140,595,207</b>	<b>\$ (475,951)</b>

### Budget Transfers

The following table reflects the administrative budget transfers that have been approved through the Second Quarter. These changes result in no net fiscal impact to the General Fund budget and are within the Council policy allowing for transfers up to \$15,000.

#### Summary of General Fund Budget Transfers

Date	Description	Amount	From/To
<b>City Council</b>			
Jul-14	Transfer for copier lease	\$2,000	Supplies & Services to Capital
Jul-14	Transfer to Personnel Services	\$7,850	Supplies & Services to Personnel
<b>City Attorney</b>			
Jul-14	Transfer for copier lease	\$1,600	Supplies & Services to Capital
<b>Administration</b>			
Jul-14	Transfer for copier lease	\$1,520	Supplies & Services to Capital
Oct-14	Consultant for OTC Analysis	\$15,000	Personnel to Supplies & Services
<b>Finance</b>			
Jul-14	Folding machine and copier lease	\$4,500	Supplies & Services to Capital
<b>Development Services</b>			
	St. Mobilehome Park Act Fee	\$35	Supplies & Services to Other Expenses

### Mid-Year Budget Amendments

Mid-year expenditure appropriations approved through December 31, 2014 totaled \$2,857,589. The City Council approved changes to budgeted revenues of \$2,487,143. Combined, these changes result in a negative net impact of \$370,446. Due to an administrative error, a budgetary increase of \$276,446 in Franchise Fee revenues was not posted. Adjusting for this omission, the actual fiscal impact of budget amendments approved through the end of the Second Quarter totals \$94,000.

The City Council approved the following budget amendments during through the Second Quarter:

#### Summary of General Fund Budget Amendments

Date	Description/Dept	Revenue	Expenditure	Net Impact
7/8/2014	Cal Id Finger Print Tech (Police)	\$ 75,000	\$ 75,000	\$ -
7/8/2014	SDG&E Plant (Public Works)	\$ 13,118	\$ 13,118	\$ -
7/22/2014	Rice Canyon Brush Clearance (\$113,000) Transfer (Fire)	\$ -	\$ -	\$ -
8/5/2014	Special Election Charter Amend 1009,10,11 (City Clerk)	\$ -	\$ 47,000	\$ 47,000
8/5/2014	Special Election Charter Amend 1009,10,11 (City Clerk)	\$ -	\$ 47,000	\$ 47,000
8/12/2014	Negotiated Salary Increases with City Bargaining Units (Various)	\$ 1,048,271	\$ 5,659	\$ (1,042,612)
8/12/2014	Council Salary Adjustment	\$ -	\$ 6,034	\$ 6,034
8/12/2014	Deputy City Manager Adj. Salary transfer from (Finance to Admin.)	\$ -	\$ -	\$ -
9/9/2014	Macy's Heart Your Park Prog. (Public Works)	\$ 550	\$ 550	\$ -
10/14/2014	STL 384 & 261 Adjustments (Non-Departmental)	\$ 534,900	\$ 534,900	\$ -
10/28/2014	CRA Funding Agreement (Non-Departmental)	\$ 250,000	\$ 250,000	\$ -
10/28/2014	Dog Park Donations (Public Works)	\$ 10,300	\$ 10,300	\$ -
11/4/2014	1st Qtr. Budget Adjustments (Various)	\$ 163,961	\$ 1,044,471	\$ 880,510
11/4/2014	Police Officers MOU Adj. (Police)	\$ -	\$ 410,503	\$ 410,503
11/18/2014	Misc. Position Adjustments (Various)	\$ -	\$ 22,011	\$ 22,011
12/2/2014	International Assn. Firefighters MOU Adjustments (Fire/Non-Departmental)	\$ 383,543	\$ 383,543	\$ -
12/2/2014	Attorneys Fees Transfer from Non-Departmental (\$300,00) (Non-Departmental/City Attorney)	\$ -	\$ -	\$ -
12/16/2014	HarborFest Appropriation (Administration)	\$ 7,500	\$ 7,500	\$ -
12/16/2014	Amended Compensation Schedule (\$59,813) Transfer (Administration & Human Resources)	\$ -	\$ -	\$ -
	<b>Sub-total Budget Amendments</b>	<b>\$ 2,487,143</b>	<b>\$ 2,857,589</b>	<b>\$ 370,446</b>
	*Franchise Fee Revenues (Non-Departmental)	\$ 276,446	\$ -	\$ (276,446)
	<b>Total Appropriations to date:</b>	<b>\$ 2,763,589</b>	<b>\$ 2,857,589</b>	<b>\$ 94,000</b>

RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
CHULA VISTA MAKING VARIOUS AMENDMENTS TO THE  
FISCAL YEAR 2014/2015 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 motion adopted by the affirmative votes of at least four members; and

WHEREAS, staff has completed the budget review for the quarter ending December 31, 2014 and is recommending a number of budget amendments; and

WHEREAS, staff is recommending approximately \$175,140 in new appropriations to various departments in the General Fund to be offset by \$175,140 in new revenues; and

WHEREAS, staff is also requesting the appropriation of \$276,446 of franchise fee revenues that were previously recognized as part of the City's fiscal year 2014-15 General Fund budget plan but not appropriated; and

WHEREAS, the appropriations to the State Grants Fund, Home Program Fund, Equipment Replacement Fund, and the Community Development Block Grant Fund are revenue offset resulting in no net fiscal impact to these funds; and

WHEREAS, the requested transfers within the Federal Grants Fund and the Development Services Fund are neutral resulting in no net impact to these funds; and

WHEREAS, the Central Garage Fund's includes \$42,000 in the Supplies and Services category for costs related to Transit for Compressed Natural Gas fuel expenses, these costs and the associated reimbursement revenue are being eliminated from the Central Garage Fund's budget; and

WHEREAS the departure of MTS results in the assumption of the maintenance costs of the Compressed Natural Gas station estimated at \$9,130 and compressor repair costs estimated at \$9,500 that will be appropriated from the available fund balance of the Central Garage Fund; and

WHEREAS, the appropriation of \$344,000 to various community facility and open space district funds is required in order to fund increases for water utility costs and landscape contract costs to be funded from the available fund balances of these funds; and

WHEREAS, the amendments to the Other Transportation Programs Fund, Traffic Signal Fund, and Transnet Fund are administrative in nature and needed in order to correctly reflect expenditures and revenues for these funds.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chula Vista that it amends the fiscal year 2014/15 budget and approves the appropriations as listed in Exhibit 1 Budget Amendment Summary.

Presented by

Approved as to form by

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Maria Kachadoorian  
Deputy City Manager

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Glen R. Googins  
City Attorney

Budget Amendment Summary - Second Quarter Fiscal Year 2014-15

EXHIBIT 1

GENERAL FUND

DEPARTMENT/FUND	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	CAPITAL	NON-CIP BUDGET	TRANSFERS OUT	UTILITIES	TOTAL EXPENSE	TOTAL REVENUE	NET COST
Non-Departmental		\$ 50,000						\$ 50,000	\$ 326,446	\$ (276,446)
Human Resources								\$ -	\$ 6,700	\$ (6,700)
Animal Care Facility		\$ 15,500		\$ 71,000				\$ 86,500	\$ 86,500	\$ -
Police	\$ (445,000)	\$ 400,000		\$ (100,000)			\$ 145,000	\$ -	\$ -	\$ -
Fire		\$ 33,600					\$ (33,600)	\$ -	\$ -	\$ -
Public Works		\$ 14,065						\$ 14,065	\$ 7,365	\$ 6,700
Recreation		\$ 9,804					\$ (9,804)	\$ -	\$ -	\$ -
Library	\$ 1,000	\$ 23,405					\$ 170	\$ 24,575	\$ 24,575	\$ -
<b>TOTAL GENERAL FUND</b>	<b>\$ (444,000)</b>	<b>\$ 546,374</b>	<b>\$ -</b>	<b>\$ (29,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 101,766</b>	<b>\$ 175,140</b>	<b>\$ 451,586</b>	<b>\$ (276,446)</b>

OTHER FUNDS

FUND	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	CAPITAL	NON-CIP BUDGET	TRANSFERS OUT	UTILITIES	TOTAL EXPENSE	TOTAL REVENUE	NET COST
Traffic Signal								\$ -	\$ 25,738	\$ (25,738)
Transp Sales Tax Fund								\$ -	\$ 6,454	\$ (6,454)
Federal Grants Fund		\$ (81,580)	\$ 81,580					\$ -	\$ -	\$ -
State Grants Fund		\$ 40,000	\$ 20,000		\$ 940,500			\$ 1,000,500	\$ 1,000,500	\$ -
Development Services Fund	\$ (21,100)		\$ 21,100					\$ -	\$ -	\$ -
HOME Program			\$ 3,000	\$ 62,000				\$ 65,000	\$ 65,000	\$ -
Comm Development Block Grant			\$ 2,000	\$ 12,000				\$ 14,000	\$ 14,000	\$ -
CFD 12-M Village 7 MM							\$ 10,000	\$ 10,000	\$ -	\$ 10,000
CFD 12M Village 7 Otay Ranch							\$ 15,000	\$ 15,000	\$ -	\$ 15,000
Eastlake Maintenance Dist 1							\$ 10,000	\$ 10,000	\$ -	\$ 10,000
Open Space District #1							\$ 10,000	\$ 10,000	\$ -	\$ 10,000
Open Space District #3							\$ 5,000	\$ 5,000	\$ -	\$ 5,000
Open Space District #8							\$ 5,000	\$ 5,000	\$ -	\$ 5,000
Open Space District #9							\$ 10,000	\$ 10,000	\$ -	\$ 10,000
Open Space District #10							\$ 7,000	\$ 7,000	\$ -	\$ 7,000
Open Space District #11							\$ 10,000	\$ 10,000	\$ -	\$ 10,000
Open Space District #14							\$ 20,000	\$ 20,000	\$ -	\$ 20,000
Open Space District #18							\$ 6,000	\$ 6,000	\$ -	\$ 6,000

DEPARTMENT/FUND	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	CAPITAL	NON-CIP BUDGET	TRANSFERS OUT	UTILITIES	TOTAL EXPENSE	TOTAL REVENUE	NET COST
Open Space District #20							\$ 46,000	\$ 46,000	\$ -	\$ 46,000
Open Space District #24							\$ 5,000	\$ 5,000	\$ -	\$ 5,000
Open Space District #31							\$ 5,000	\$ 5,000	\$ -	\$ 5,000
CFD 07M-Eastlk II Woods, Vista		\$ 10,000					\$ 10,000	\$ 20,000	\$ -	\$ 20,000
CFD 08M-Vlg 6 McM & Oty Ranch		\$ 15,000						\$ 15,000	\$ -	\$ 15,000
CFD 99-2 Otay Ranch Vlg 1 West							\$ 45,000	\$ 45,000	\$ -	\$ 45,000
CFD 98-3 Sunbow 2							\$ 30,000	\$ 30,000	\$ -	\$ 30,000
Community Facility Dst 97-1 OR							\$ 70,000	\$ 70,000	\$ -	\$ 70,000
Central Garage Fund		\$ (23,370)						\$ (23,370)	\$ (42,000)	\$ 18,630
Equipment Veh Replacement Fnd				\$ 37,079				\$ 37,079	\$ 37,079	\$ -
Other Transportation Programs						\$ 32,192		\$ 32,192	\$ -	\$ 32,192
<b>TOTAL OTHER FUNDS</b>	<b>\$ (21,100)</b>	<b>\$ (39,950)</b>	<b>\$ 127,680</b>	<b>\$ 111,079</b>	<b>\$ 940,500</b>	<b>\$ 32,192</b>	<b>\$ 319,000</b>	<b>\$ 1,469,401</b>	<b>\$ 1,106,771</b>	<b>\$ 362,630</b>

<b>TOTAL BUDGET AMENDMENTS</b>	<b>\$ (465,100)</b>	<b>\$ 506,424</b>	<b>\$ 127,680</b>	<b>\$ 82,079</b>	<b>\$ 940,500</b>	<b>\$ 32,192</b>	<b>\$ 420,766</b>	<b>\$ 1,644,541</b>	<b>\$ 1,558,357</b>	<b>\$ 86,184</b>
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