

# Recommended Modifications to the FY 2020 Budget

Item 201 – Approval of the FY 2020 Budget

June 10, 2019



Independent Budget Analyst



# Final Budget Recommendations

*City Council is being asked to approve the following actions:*

1. Approve the Mayor's FY 2020 Proposed Budget, as modified by the Mayor's May Revision (see IBA report 19-12, Attachment 1, page 2)
2. Approve the IBA's recommended final budget modifications of \$4.3 M, included in IBA Report 19-12 (page 4), or as modified by the City Council
3. Approve the IBA's Option 1 or Option 2 for additional \$1.7M, included in IBA Report 19-12 (page 7), or as modified by City Council
4. Approve the IBA's recommendation, included in Addendum to IBA Report 19-12, that recently identified \$2.8M RPTTF funds remain in fund balance for the future

# Overview of the FY 2020 May Revision

## *IBA has reviewed all the Mayor's revisions to the Proposed Budget*

- Mayor placed strong emphasis on restoring/adding number of Council priorities
- No significant concerns with proposed revisions
- Note that scope of Disparity Study will need to be resolved through RFP
- General Fund expenditures increased to \$1.58B
  - \$6.7M (0.4%) added to the budget with 30.10 FTE positions
  - Mayor used combination of Excess Equity and additional revenue to fund his proposal



# Excess Equity Estimate at FY 2019 Year-End

- \$2.5M Remains Available for Council Modifications

<b>Excess Equity Estimate (\$ in millions)</b>	
<b>FY 2019 Year-End Excess Equity Estimate</b>	<b>\$ 38.1</b>
FY 2020 Proposed Budget Use of Excess Equity	(30.7)
<i>Subtotal Available Excess Equity (as of the Proposed Budget)</i>	<i>\$ 7.4</i>
FY 2020 May Revision Use of Excess Equity	(4.9)
<b>Estimated Available Excess Equity (as of the May Revision)</b>	<b>\$ 2.5</b>

- Funding Sources Used for FY 2020 May Revision

<b>Resources for May Revision Expenditures (\$ in millions)</b>	
Use of Excess Equity	\$ 4.9
Department Revenue	3.4
Major General Fund Revenue	(1.6)
<b>Total Resources</b>	<b>\$ 6.7</b>



# Significant May Revision Additions – General Fund

- Mobility Programming - \$2.4M
- Brush Management - \$1.9M
- Downtown Planning, Permitting & Parking - \$1.6M
- Homeless Coordination Positions - \$420,000
- Planning Department Positions - \$389,000
- Storm Drain Lining Projects - \$300,000
- Companion Unit Fee Waiver - \$300,000
- Private Property Graffiti Abatement - \$300,000
- Restoration of Park Rangers - \$205,000
- Clean SD Expansion - \$200,000
- Disparity Study - \$200,000
- Tree Planting - \$77,800



# Significant May Revision Additions – Non-General Fund

## *Two Key Non-General Fund Adjustments*

- \$4.7M in Development Services Fund includes:
  - 24.00 FTE positions for 5G permitting
  - 10.00 FTE positions for residential permitting
- \$1.8M in General Plan Maintenance Fund from fee increase
  - Budgeted to support Planning Department

# Recommended Budget Modifications

*IBA recommendations are based on multiple sources*

- Our analyses of the FY 2020 Proposed Budget, FY 2020 May Revision, the FY 2019 Third Quarter Report, and the FY 2019 CIP Year-End Report
- Review of Councilmember budget priority memoranda submitted to our Office on May 20
  - **All majority-support items were included in IBA scenario**
- Feedback from the public, City staff, and City Council during the Budget Review Committee hearings



# Resources Available for Council Modifications

Resources for Final Budget Modifications			
<i>(\$ in millions)</i>	One-time	Ongoing	Total
FY 2019 Excess Equity per Third Quarter Report	\$ 2.0	\$ 0.5	\$ 2.5
Additional RPTTF Revenues	1.7	1.8	3.5
Housing Affordability Program Expenditure Correction	0.1	(0.1)	-
<b>Total Resources</b>	<b>\$ 3.8</b>	<b>\$ 2.2</b>	<b>\$ 6.0</b>

- California Department of Finance ROPS 13 determination disallowed Park Boulevard At-Grade Crossing project
  - Results initially estimated at \$1.7M RPTTF one-time in FY 2019 and \$1.8M RPTTF ongoing in FY 2020





# Recommended Budget Modifications - \$4.3M General Fund (\$2.2M Ongoing)

Ongoing Expenditure Items	Amount
Tree Trimming	\$ 971,000
Lifeguard Positions - 4.00 FTE Lifeguard IIIs	533,000
Deputy City Attorneys Association MOU	478,000
Child Care Coordinator - 1.00 FTE	118,000
Library Programming	100,000
City Attorney - Convert 9.25 FTEs Supplemental to Permanent	-
<b>Total Ongoing Expenditures</b>	<b>\$ 2,200,000</b>
Ongoing Resources	Amount
Ongoing RPTTF	\$ 1,800,000
Ongoing Excess Equity	500,000
Correction to May Revise - Housing Affordability Program	(100,000)
<b>Total Ongoing Resources</b>	<b>\$ 2,200,000</b>
<b>Balance of Ongoing Expenditures/Resources</b>	<b>\$ -</b>



# Recommended Budget Modifications - \$4.3M General Fund (\$2.1M One-Time)

<b>One-Time Expenditure Items</b>	<b>Amount</b>
Storm Water Pipe Re-Lining	\$ 1,100,000
Fire-Rescue Wellness Program	300,000
Chicano Park Museum & Cultural Center Improvements	250,000
Oak Park Library Feasibility Study	250,000
Library Programming	200,000
<b><i>Total One-Time Expenditures</i></b>	<b>\$ 2,100,000</b>
<b>One-time Resources</b>	<b>Amount</b>
One-Time Excess Equity	\$ 2,000,000
One-Time RPTTF	1,700,000
Correction to May Revise - Housing Affordability Program	100,000
<b><i>Total One-Time Resources</i></b>	<b>\$ 3,800,000</b>
<b>Balance of One-Time Expenditures/Resources</b>	<b>\$ 1,700,000</b>
<b><i>Grand Total of All General Fund Expenditures</i></b>	<b>\$ 4,300,000</b>
<b><i>Grand Total of All General Fund Resources</i></b>	<b>\$ 6,000,000</b>
<b>Final Balance of All General Fund Expenditures/Resources</b>	<b>\$ 1,700,000</b>



# Recommended Budget Modifications - Non-General Fund

Non-General Fund	
Ongoing Expenditure Items	Amount
Public Utilities - 2.00 FTE Corrosion Engineers (Water Fund)	\$ 187,500

# Potential Uses for Remaining \$1.7M in One-Time General Fund

Option 1	Department	Amount
Remain as Excess Equity for FY 2020		\$ 1,700,000
<b>Total Option 1</b>		<b>\$ 1,700,000</b>

Option 2	Department	Amount
Additional Storm Water Pipe Re-Lining (for total \$1.5 million)	Transportation & Storm Water	\$ 400,000
Initiate Emerald Park General Development Plan Amendment	Planning	400,000
Climate Action Resiliency Study	Sustainability	300,000
Additional Companion Unit Fee Waivers (for total \$800,000)	Citywide Program Expenditures	200,000
1.00 City Council Government Affairs Coordinator <sup>1</sup>	Council Administration	150,000
1.00 City Council Public Communications Position <sup>1</sup>	Council Administration	150,000
Additional Tree Trimming (for total \$1.1 million)	Transportation & Storm Water	100,000
<b>Total Option 2</b>		<b>\$ 1,700,000</b>

<sup>1</sup> For one or both Council Administration positions to be funded as an ongoing expenditure, one-time funds could be swapped for a portion of ongoing tree trimming funds. This would not change the amount of tree trimming funding for FY 2020.

# Addendum to IBA Report 19-12

## *Increase RPTTF Revenue*

- On June 3, the County Auditor-Controller released final distributions for City RPTTF
- The total RPTTF deposits are higher than expected, at \$159M for June versus \$153.5M
- This increases the City's share by a total of \$1.3M in one-time funds in FY 2019 and \$1.5M in ongoing funds in FY 2020.
- Our Office recommends these funds (total \$2.8M) remain in fund balance for the future

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# Final Steps in the Budget Process

*City Charter requires that the Budget be adopted by June 15, and the Appropriation Ordinance adopted by June 30*

- **Monday, June 10:** City Council FY 2020 budget decisions and final budget adoption
- **Tuesday, June 11:** City Clerk to transmit resolution to Mayor within 48 hours of passage
- **Wednesday, June 12:** Mayor's veto period begins (5 business days)



## Final Steps in the Budget Process *cont'd*

- **Tuesday, June 18:** Mayor's veto period ends; Council has five days to override Mayor's veto if necessary
- **Wednesday, June 19:** Budget & Government Efficiency Committee review of Appropriation Ordinance
- **Tuesday, June 25:** City Council adoption of FY 2020 Appropriation Ordinance