



AGENDA REPORT

SAN CLEMENTE CITY COUNCIL MEETING
Meeting Date: June 2, 2020

Agenda Item 8A

Approvals:

City Manager BD

Dept. Head _____

Attorney _____

Finance _____

Department: Finance and Administrative Services
Prepared By: Jake Rahn, Financial Services Officer

Subject: *ADOPTION OF FISCAL YEAR 2020-21 BUDGET*

Fiscal Impact: The adoption of the Fiscal Year (FY) 2020-21 budget will establish funding levels for all City funds for the period July 1, 2020 through June 30, 2021. For all funds for FY 2020-21, total expenditures amount to \$150,130,540, while total revenues equal \$143,659,290.

Summary: Staff recommends that the City Council adopt the FY 2020-21 Budget for all funds, including the General Fund, of the City of San Clemente.

Background: On May 27, 2020, the City held a budget workshop and public hearing on the proposed FY 2020-21 operating and capital improvement budgets. At the workshop, staff presented the summarized budget and covered decision packages included in the budget and other items that were not included in the budget. Staff presented a financial overview related to the Budget identifying cost mitigation steps taken, current year accomplishments, fund/department budgets, and capital improvements.

At the conclusion of the presentation, staff sought direction from City Council on certain zoning items that were not included in the proposed budget. An action was approved to defer zoning related actions to a later time, therefore, staff is not including those items in the FY 2020-2021 budget. In sum, City Council did not approve any formal budget changes.

The San Clemente budget, if adopted, is subject to change by the Council action during the budget year to address items that arise during the year and to address any revenue and cost adjustments as a result of the pandemic. Staff will continue to provide regular updates to Council as to revenues and expenditures. Actions can be approved by Council to change service levels, and make revenue or cost adjustments at any future City Council meetings.

Discussion: After the budget workshop and public hearing, the FY 2020-21 proposed budget is summarized as follows:

All Funds Budget:

For FY 2020-21 revenues for all funds, including fund balances, total \$255.9 million. Excluding fund balances, revenues for all funds total \$143,659,290 and expenditures total \$150,130,540. A Resolution (Attachment 1) has been prepared to adopt and approve the FY 2020-21 budget for the General Fund, Special Revenue Funds, Capital Project Funds, Enterprise Funds, and Internal Services Funds. The All Funds Budget Summary (Exhibit 1) presents the total budget for FY 2020-21.

General Fund:

The FY 2020-21 General Fund budget reflects total revenues of \$68,236,380 and total expenditures of \$69,988,150, including one-time amounts, and total fund balance is projected to be \$16.4 million at the end of FY 2020-21. Based on fiscal policy and GASB 54, the City Council has committed a portion of the General Fund's fund balance for an Emergency Reserve (20% of operating costs), these funds are included as part of a resolution and can be used through Council formal action.

The General Fund operating position is \$63,610 which is the result of reductions of over \$1.0 million to salaries and benefits, travel and training cuts, new educational assistance suspension, lowering the annual contribution to the Street Improvement Fund, deferrals of capital projects, and other reductions to non public safety departments. The following table lists departments with decreases:

Department	% Change Adj Budget 19-20 to Budget 20-21
General Government	-35%
Finance & Admin Services	-9%
Community Development	-8%
Marine Safety	-20%
Public Works	-25%
Beaches, Parks & Recreation	-2%

Due to the City's commitment to public safety, no changes to public safety levels were made and total public safety costs budget increased \$862,460 from the FY 2019-20 Adjusted Budget (see page 188 of budget). In total, public safety has increased by \$4.6 million from FY 2018-19 actual results to the FY 2020-21 proposed budget. The budget adoption will facilitate staff in bringing the proposed law enforcement contract for consideration at the City Council meeting of June 16.

Recommended

Action: STAFF RECOMMENDS THAT the City Council

1. Adopt Resolution No. _____ entitled: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN CLEMENTE, CALIFORNIA, ADOPTING AND APPROVING THE BUDGET AT THE FUND LEVEL FOR THE CITY OF SAN CLEMENTE FOR THE 2020-21 FISCAL YEAR AND THE COMMITMENT OF FUND BALANCE; and

- Attachments:**
- 1) Resolution No. _____ entitled A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN CLEMENTE, CALIFORNIA, ADOPTING AND APPROVING THE BUDGET AT THE FUND LEVEL FOR THE CITY OF SAN CLEMENTE FOR THE 2020-21 FISCAL YEAR AND THE COMMITMENT OF FUND BALANCE
 - 2) Exhibit I - All Funds Budget Summary

ATTACHMENT 1

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN CLEMENTE, CALIFORNIA, ADOPTING AND APPROVING THE BUDGET AT THE FUND LEVEL FOR THE CITY OF SAN CLEMENTE FOR THE 2020-21 FISCAL YEAR AND THE COMMITMENT OF FUND BALANCE

WHEREAS, the City Manager has prepared the City of San Clemente's budget for the Fiscal Year (FY) ending June 30, 2021; and

WHEREAS, the City Council held a public budget workshop and a public hearing on the proposed 2020-21 Fiscal Year budget on May 27, 2020; and

WHEREAS, pursuant to Governmental Accounting Standards Board Statement No. 54, an action of the City Council is necessary to commit budget amounts in various funds for the specific purposes they intended.

NOW, THEREFORE, The City Council of the City of San Clemente does hereby resolve as follows:

Section 1. The City Council does hereby approve and adopt the Budget for the City of San Clemente for the Fiscal Year 2020-21 at the fund level for all funds. (see Exhibit I).

Section 2. General Fund Reserves are established and maintained based on the following levels within the General Fund. The City Council is authorized to expend the reserved funds through a formal action.

Emergency Reserve of 20% of budgeted operating expenditures

Section 3. Copies of the FY 2020-21 budget document are on file in the Office of the City Clerk.

Section 4. The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED AND ADOPTED this _____ day of _____,
_____.

ATTEST:

City Clerk of the City of
San Clemente, California

Mayor of the City of San
Clemente, California

STATE OF CALIFORNIA)
COUNTY OF ORANGE) §
CITY OF SAN CLEMENTE)

I, JOANNE BAADE, City Clerk of the City of San Clemente, California, do hereby certify that Resolution No. _____ was adopted at a regular meeting of the City Council of the City of San Clemente held on the _____ day of _____, _____, by the following vote:

AYES:

NOES:

ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of San Clemente, California, this _____ day of _____, _____.

CITY CLERK of the City of
San Clemente, California

Approved as to form:

City Attorney

EXHIBIT I

All Funds Budget Summary

	Beginning Balance	FY 2020-21 Revenues	FY 2020-21 Expenditures	Ending Balance	Changes in Balances	% Change
General Fund	18,138,853	68,236,380	69,988,150	16,387,083	(1,751,770)	-10%
Special Revenue Funds						
Street Improvement	2,436,990	1,722,330	2,858,230	1,301,090	(1,135,900)	-47%
Gas Tax	1,213,920	4,188,930	4,642,830	760,020	(453,900)	-37%
Miscellaneous Grants	371,300	648,700	665,900	354,100	(17,200)	-5%
Disaster Relief	0	0	0	0	0	0%
Air Quality Improvement	129,180	778,770	488,570	419,380	290,200	225%
Local Cable Infrastructure	841,480	223,000	5,970	1,058,510	217,030	26%
Police Grants	227,330	159,000	155,000	231,330	4,000	2%
Capital Project Funds						
Parks Acquisition & Dev.	1,512,000	72,500	8,400	1,576,100	64,100	4%
Local Drainage Facilities	2,406,470	45,500	23,180	2,428,790	22,320	1%
RCFPP	555,010	40,000	94,020	500,990	(54,020)	-10%
Public Facilities Construction Fee	4,944,650	471,530	3,836,460	1,579,720	(3,364,930)	-68%
Developers Improvement	15,201,500	462,180	473,100	15,190,580	(10,920)	0%
Low/ Moderate Income Housing Reserve	2,600,720	4,500	258,890	2,346,330	(254,390)	-10%
	12,880,280	1,687,110	3,725,000	10,842,390	(2,037,890)	-16%
Enterprise Funds						
Water - Operating	3,883,667	24,447,174	23,435,070	4,895,771	1,012,104	26%
- Depreciation Reserve	2,671,339	4,480,157	2,933,120	4,218,376	1,547,037	58%
- Acreage Fee	838,657	23,653	14,110	848,200	9,543	1%
- Other Agency	5,563,797	846,286	1,212,150	5,197,933	(365,864)	-7%
Sewer - Operating	(341,368)	11,474,487	11,016,480	116,639	458,007	-134%
- Depreciation Reserve	3,482,936	3,722,570	2,883,820	4,321,686	838,750	24%
- Connection Fee	7,190,198	149,814	874,120	6,465,892	(724,306)	-10%
- Other Agency	2,626,664	222,729	1,017,100	1,832,293	(794,371)	-30%
Storm Drain - Operating	385,779	1,562,323	1,679,520	268,582	(117,197)	-30%
- Depreciation Reserve	1,039,981	919,177	676,700	1,282,458	242,477	23%
Solid Waste Management	406,190	192,100	230,440	367,850	(38,340)	-9%
Golf - Operating	72,023	2,302,960	2,387,430	(12,447)	(84,470)	-117%
- Depreciation Reserve	2,988,093	251,249	13,340	3,226,002	237,909	8%
- Capital Improvement	1,438,364	147,191	8,100	1,577,455	139,091	10%
Clean Ocean - Operating	2,539,794	2,249,096	2,499,610	2,289,280	(250,514)	-10%
- Depreciation Reserve	130,016	120,974	246,630	4,360	(125,656)	-97%
Internal Service Funds						
Central Services	193,670	522,660	542,030	174,300	(19,370)	-10%
Information Technology	827,280	2,041,730	2,075,710	793,300	(33,980)	-4%
Contract Fleet Services	147,446	998,748	1,099,480	46,714	(100,732)	-68%
Fleet Replacement Reserve	5,237,674	654,682	294,610	5,597,746	360,072	7%
Medical Insurance	142,600	4,029,100	4,010,970	160,730	18,130	13%
Workers' Compensation	1,823,010	520,000	563,260	1,779,750	(43,260)	-2%
General Liability Self Insurance	5,446,430	3,040,000	3,193,040	5,293,390	(153,040)	-3%
Total All Funds	112,193,923	143,659,290	150,130,540	105,722,673	(6,471,250)	-6%