FY 16-17 3rd Quarter Update & FY 17-18 General Fund Trial Budget

City Council Meeting
City of Santa Ana
May 2, 2017
AGENDA

- FY 16-17 General Fund 3rd Quarter Update
- FY 17-18 General Fund Trial Budget Overview
- FY 17-18 Capital Improvement Program (CIP)
- Budget Schedule and Next Steps
FY 16-17 GENERAL FUND 3rd QUARTER UPDATE
General Fund Operations Mid-Year Review (Feb. 2017 CCM)

PROJECTED YEAR-END FY 16-17

<table>
<thead>
<tr>
<th>GENERAL FUND</th>
<th>FY 16-17 Annual Budget</th>
<th>FY 16-17 Projected</th>
<th>% Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$228,970,000</td>
<td>$225,671,339</td>
<td>98.6%</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$228,970,000</td>
<td>$228,851,023</td>
<td>99.9%</td>
</tr>
</tbody>
</table>

Projected Net Operating Balance: ($3,179,684)

Pending items:
1) Christmas Sales
2) Additional major development
3) Additional utility usage
4) Expenditure Trends
### 3rd Quarter
Top 6 General Fund Revenues
BUDGET TO ACTUALS

**JULY - MARCH (75%)**

<table>
<thead>
<tr>
<th>Top 6 General Fund Revenues</th>
<th>FY 16-17 Annual Budget</th>
<th>FY 16-17 July - Mar. Actuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax</td>
<td>$46,504,000</td>
<td>$29,090,428</td>
</tr>
<tr>
<td>Property Tax</td>
<td>$33,022,000</td>
<td>$21,227,955</td>
</tr>
<tr>
<td>Property Tax In-Lieu of VLF</td>
<td>$30,096,000</td>
<td>$14,815,071</td>
</tr>
<tr>
<td>UUT</td>
<td>$27,780,000</td>
<td>$16,748,149</td>
</tr>
<tr>
<td>Business License</td>
<td>$11,632,323</td>
<td>$8,785,611</td>
</tr>
<tr>
<td>Hotel Visitors Tax</td>
<td>$9,430,000</td>
<td>$6,317,968</td>
</tr>
<tr>
<td><strong>Total Top 6</strong></td>
<td><strong>$158,464,323</strong></td>
<td><strong>$96,985,183</strong></td>
</tr>
</tbody>
</table>
# 3rd Quarter General Fund Expenditures: BUDGET TO ACTUALS

## July – March (75%)

<table>
<thead>
<tr>
<th>DEPARTMENT EXPENDITURES</th>
<th>FY 2016-17 ADOPTED BUDGET</th>
<th>FY 2016-17 3RD QUARTER ACTUALS</th>
<th>% Expended</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Manager</td>
<td>2,647,520</td>
<td>2,281,432</td>
<td>86.2%</td>
</tr>
<tr>
<td>Non-Dept.</td>
<td>17,434,530</td>
<td>11,727,708</td>
<td>67.3%</td>
</tr>
<tr>
<td>Clerk of the Council</td>
<td>976,761</td>
<td>626,536</td>
<td>64.1%</td>
</tr>
<tr>
<td>City Attorney's Office</td>
<td>2,878,925</td>
<td>2,232,456</td>
<td>77.5%</td>
</tr>
<tr>
<td>Personnel Department</td>
<td>1,405,042</td>
<td>939,045</td>
<td>66.8%</td>
</tr>
<tr>
<td>Finance &amp; Management Services Agency</td>
<td>4,873,614</td>
<td>3,198,432</td>
<td>65.6%</td>
</tr>
<tr>
<td>Bowers Museum</td>
<td>1,475,890</td>
<td>1,103,260</td>
<td>74.8%</td>
</tr>
<tr>
<td>Parks and Recreation Services Agency</td>
<td>19,366,804</td>
<td>12,817,138</td>
<td>66.2%</td>
</tr>
<tr>
<td>Police Department</td>
<td>120,257,118</td>
<td>87,454,230</td>
<td>72.7%</td>
</tr>
<tr>
<td>Fire Department</td>
<td>41,765,144</td>
<td>33,669,627</td>
<td>80.6%</td>
</tr>
<tr>
<td>Planning &amp; Building Agency</td>
<td>9,514,222</td>
<td>7,170,077</td>
<td>75.4%</td>
</tr>
<tr>
<td>Public Works Agency</td>
<td>5,908,755</td>
<td>3,499,329</td>
<td>59.2%</td>
</tr>
<tr>
<td>Community Development Agency</td>
<td>465,675</td>
<td>328,085</td>
<td>70.5%</td>
</tr>
<tr>
<td><strong>TOTAL GENERAL FUND</strong></td>
<td><strong>228,970,000</strong></td>
<td><strong>167,047,355</strong></td>
<td><strong>73.0%</strong></td>
</tr>
</tbody>
</table>
Year-End General Fund Operations

PROJECTED YEAR-END FY 16-17
(Based on 3rd Quarter Revenues & Expenditures)

<table>
<thead>
<tr>
<th>GENERAL FUND</th>
<th>FY 16-17 Annual Budget</th>
<th>FY 16-17 Projected</th>
<th>% Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$228,970,000</td>
<td>$224,331,070</td>
<td>98.0%</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$228,970,000</td>
<td>$226,573,612</td>
<td>99.0%</td>
</tr>
</tbody>
</table>

Projected Operating Balance: ($2,242,542)

Year-End Fiscal Management Strategies
1) Continued Department Savings
2) Review of encumbrances and continuing projects
FISCAL YEAR 2017-2018
GENERAL FUND
TRIAL BUDGET OVERVIEW
FY 17-18 TRIAL BUDGET
BASELINE ELEMENTS

► Recognizes full budget loss of ICE contract ($11M)
► Reduction of the Water Transfer ($2.4M)
► Graffiti Abatement Program funding of $1.2M
► Includes FY 17-18 actuarial PERS rates
  PD Safety – 43.106%
  Fire Safety – $7.4M (UAL)
  Miscellaneous – 34.106%
► Health insurance rates increase of 9% ($1.3M)
FY 17-18 TRIAL BUDGET
BASELINE ELEMENTS

► OCFA & Ambulatory Cost Increase ($1.3M)

► Allocated $1.0M in matching City Funds for 3rd COPs Hiring Grant

► Funding for City’s share of Animal Shelter construction costs ($750K)

► Financing of 800 MHz Final Phase Backbone ($200K)

► Continue current attrition value

► Maintain current programs and service levels
FY 2017 - 2018
General Fund 11 Revenue Sources
Estimated Revenues: $224,311,978

- Property Tax In-Lieu VLF: $30,886,459 (13.77%)
- Property Tax: $34,544,000 (15.4%)
- Sales Tax: $50,300,000 (22.42%)
- Franchise Fees: $3,358,047 (1.50%)
- Use of Money & Property: $5,702,808 (2.54%)
- Utility Users Tax: $27,780,000 (12.38%)
- Other Revenues & Taxes: $22,712,417 (10.13%)
- Business License Tax: $11,770,000 (5.25%)
- Licenses, Permits, & Fees: $10,547,418 (4.70%)
- Charges for Services & Fees: $11,239,266 (5.01%)
- Hotel Visitors’ Tax: $9,600,000 (4.28%)
- Intergovernmental: $5,871,563 (2.62%)
FY 2017 - 2018
General Fund 11 Appropriations
$ 238,741,172

- Police Department: $119,416,165 (50.02%)
- Fire Department: $50,421,073 (21.12%)
- Recreation & Library: $20,178,408 (8.45%)
- All Others: $14,409,747 (6.04%)
- Debt Service & Transfers: $12,778,065 (5.35%)
- Planning & Building: $9,829,537 (4.12%)
- Public Works Agency: 6,690,612 (2.80%)
- Finance & Management Services Agency: $5,017,564 (2.10%)
- City Manager’s Office Administration: $2,355,453 (0.99%)
- City Attorney’s Office: $908,317 (0.38%)
- Clerk of the Council Office: $441,615 (0.18%)
- Bower’s Museum: $1,475,890 (0.62%)
- Information Services: $2,632,230 (1.10%)
- Personnel: $1,631,723 (0.68%)
- Community Development: $482,475 (0.20%)
- Legislative: $441,615 (0.18%)
- Non-Departmental: $1,515,363 (0.63%)

Total: $238,741,172
FY 17-18 GENERAL FUND TRIAL BUDGET

$14.4M Budget Gap

Revenues: $224.3 million
Expenditures: $238.7 million
GENERAL FUND FORECAST
FY 2016-2017 to FY 2018-2019

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year</th>
<th>Revenues</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016/17</td>
<td>$224.3 Mil.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017/18</td>
<td>$231.0 Mil.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018/19</td>
<td>$250.5 Mil.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Revenues:
- $180 Mil.
- $190 Mil.
- $200 Mil.
- $210 Mil.
- $220 Mil.
- $230 Mil.
- $240 Mil.
- $250 Mil.

Expenditures:
- $226.6 Mil.
- $238.7 Mil.
- $250.5 Mil.

($14.4M) Deficit in 2017/18
($19.5M) Surplus in 2018/19
ADDITIONAL IMPACT ITEMS

- Enterprise Program Review
- Negotiations
- Final cost of the SEIU Job Classification Study
- Additional Deferred Maintenance (Facilities, Vehicles, & Equipment)
- Liability Premium Increases
- Pension Stability Fund
- Fiscal Policy
KEY BUDGET CHALLENGES

- Provide a balanced budget
- Continue to provide core City services
- Continue to meet City’s pension obligations
- Maintain operating reserves
- Explore new revenue and cost saving opportunities
COMMUNITY BUDGET OUTREACH EFFORTS & PRIORITIES

Key Highlights

▸ Conducted 13 Community Budget Outreach Meetings in various city locations

▸ Received Community priorities key areas:
  ▸ Increase funding for public Safety initiatives
  ▸ Increase investment in youth and recreation programs
  ▸ Improve traffic and pedestrian safety

FOR FULL DETAILS OF COMMUNITY INPUTS AND SUGGESTIONS, PLEASE VISIT:

www.santa-ana.org/finance/budget

177 Total Attendees
FISCAL YEAR 2017-2018 CAPITAL IMPROVEMENT PROGRAM (CIP)
17/18 CAPITAL IMPROVEMENT PROGRAM (CIP) $46,184,312

- **Street Improvements**: $20,388,998 (44%)
- **Traffic Improvements**: $7,370,950 (16%)
- **Utility / Drainage / Lighting Improvements**: $12,683,750 (28%)
- **City Facility Improvements**: $5,740,614 (12%)
BUDGET SCHEDULE AND NEXT STEPS
FY 17-18 Budget/CIP Calendar – Next Steps

- **May 15, 2017**
  Review of the Fiscal Policy at the Economic Development, Infrastructure, Budget and Technology Committee

- **May 16, 2017**
  City Manager’s Proposed FY 17-18 Budget Work Study Session; includes CIP, Miscellaneous Fees & Workforce Changes

- **June 6, 2017**
  First Reading: Tentative Budget/CIP Ordinance Adoption, Miscellaneous Fees, and Personnel Resolution

- **June 20, 2017**
  Second Reading: Final Budget/CIP Ordinance Adoption

- **July 1, 2017**
  Start of the new Fiscal Year
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May 2, 2017