

Fiscal Year 2020-2021 Budget Workshop Session

City Council Meeting
May 4, 2021



Agenda

- **Public Outreach Efforts**
- **American Rescue Plan Act - Update**
- **3rd Quarter FY 2020-21 General Fund Update**
- **FY 2020-21 Budget Discussion and Capital Improvement Program (CIP)**
- **FY 2021-22 Budget Discussion, 10-year General Fund Outlook, Measure X Committee Recommendations and Spending.**
- **FY 2021-22 Draft Capital Improvement Program (CIP)**
- **FY 21-22 Budget Discussion**
- **Pension Refinancing Status**
- **Next Steps**

Public Outreach Efforts

- March 25 CommLink Budget Meeting in compliance with Sunshine Ordinance
- April 23 Public Opinion Survey Go-Live
 - Online
 - QRC codes for Survey Link and Paper Surveys at City Hall public counters
 - Survey closes on May 16
- Planned May 11 Community Meeting for federal stimulus spending plan

Revive Santa Ana



Recovery from COVID-19

Santa Ana is resilient—and we will recover together. We're ready to combat the remaining health and safety impacts of COVID-19.



Financial Assistance and Targeted Programs

In addition to financial assistance to help pay for essential goods and services, we're designing programs that meet the needs of our residents and businesses.



Public Health and Safety

We're ready to reinvest in our community to improve the future health and well-being of all.



Critical Infrastructure

Whether it's information technology, streets, or community facilities, the pandemic has elevated the need for significant investment in our municipal assets.



City Fiscal Health

As the economy rebounds, the City of Santa Ana will be a good steward of public dollars by carefully planning, managing, and paying for critical services and investments.

- Draft Spending Plan divided into two allocations
 - \$71.5 million to be received by May 10
 - \$71.5 million no earlier than May 10, 2022
- Spending guidelines expected prior to May 10
- Based on City Council input, staff input and Public Opinion

FY20-21 General Fund

3rd Quarter – Major Revenues

Revenue Source	FY 20-21 3rd Quarter Actuals	FY 20-21 Revised Budget	% Received
Sales Tax	\$ 30,755,266	\$ 49,198,300	62.5%
Sales Tax (Measure X)	41,325,363	61,432,700	67.3%
Property Tax/ Property Tax In-Lieu of VLF	43,783,256	76,624,612	57.1%
Hotel Visitor's Tax	2,536,181	4,250,000	59.7%
Business License	10,015,245	9,300,000	107.7%
Utility User's Tax	15,585,274	22,650,000	68.8%
Jail Revenue	10,482,232	16,113,896	65.1%
Permits	2,788,912	3,109,000	89.7%
Cannabis Tax*	13,167,323	19,250,000	68.4%
Subtotal Top GF Revenues	\$ 170,439,053	\$ 261,928,508	65.1%
Other General Fund Revenues	39,356,488	61,664,635	63.8%
Total Revenues	\$ 209,795,541	\$ 323,593,143	64.8%

FY20-21 General Fund Expenditures - 3rd Quarter

Department	FY 20-21 3rd Quarter Actuals	FY 20-21	% Expended
City Manager	1,278,100	1,887,880	67.7%
City Council	326,572	489,780	66.7%
Non-Departmental	33,105,148	44,087,316	75.1%
Clerk of the Council	853,666	1,457,539	58.6%
City Attorney's Office	2,202,597	3,034,052	72.6%
Human Resources	1,570,662	3,059,931	51.3%
Finance & Management Services	6,390,976	9,573,666	66.8%
Library	3,409,920	5,568,789	61.2%
Bowers Museum	1,230,206	1,473,430	83.5%
Parks and Recreation Services Agency	15,752,375	23,257,922	67.7%
Police Department	99,941,583	135,096,727	74.0%
Fire Department*	37,390,340	46,730,217	80.0%
Planning & Building Agency	10,244,681	16,712,402	61.3%
Public Works Agency	9,636,532	16,563,498	58.2%
Community Development	2,280,127	4,232,874	53.9%
SUBTOTAL GENERAL FUND	\$ 225,613,487	\$ 313,226,023	72.0%
NET TRANSFERS	14,604,124	21,290,260	68.6%
TOTAL GENERAL FUND	\$ 240,217,611	\$ 334,516,283	71.8%

*Includes one month advanced payment

Vacancy Report as of March 31, 2021

Department	FY 20-21 Adopted Positons	GF Vacancies	Non-GF Vacancies	Total Hiring Freeze Vacancies	Total Funded Vacancies
City Manager's Office	10	2	0	0	2
City Attorney's Office	15	3	0	2	1
Clerk of the Council	6	0	0	0	0
Community Development	48	1	3	0	4
Finance & Management Services	62	7	0	4	3
Information Technology	24	0	9	0	9
Human Resources	27	2	0	1	1
Planning & Building	75	19	2	9	12
Police Department	629	37	3	9	31
Parks & Rec Services Agency	79	17	5	6	16
Library	26	5	0	3	2
Public Works Agency	234	8	47	3	52
Total	1235	101	69	37	133

Fiscal Year 2020-2021

Budget Discussion

GENERAL FUND

	FY20-21
	Current Adjusted Budget
Beginning Fund Balance	\$ 81,868,704
Revenue	323,593,143
Expenditures	(313,226,023)
Transfers Out	(21,290,260)
Net Activity	<u>\$ (10,923,140)</u>
Estimated Ending Fund Balance	<u>\$ 70,945,564</u>
Reserves (18% of recurring revenue)	58,155,866
Estimated Available Balance	<u>\$ 12,789,698</u>

Estimated Available Balance comes from:

- \$3 million of positive budget variances from FY19-20
- \$2.7 million of unspent money from closing FY14-15 AMES Fund
- \$12.5 million increased sales tax estimate, less \$5.9 million increase to Reserve
 - When revenue estimates increase, so does the required reserve

Available to help balance the FY21-22 budget

Fiscal Year 2020-2021

Capital Improvement Program (CIP)

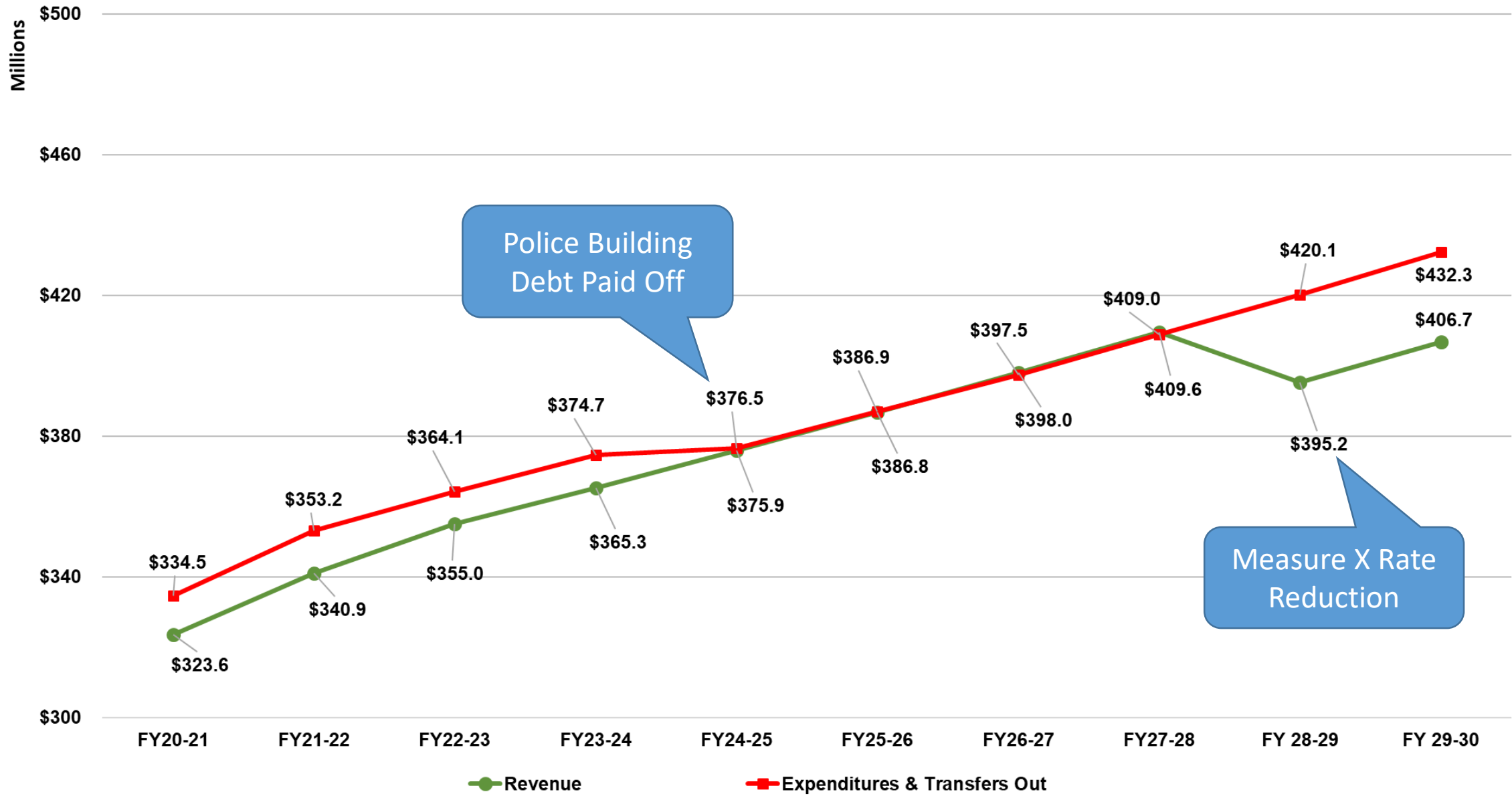


Fiscal Year 2021-2022

General Fund Budget Discussion

- Structural deficit of \$14+ million
- Estimated available General Fund balance at June 30, 2021 is \$12.8 million (in excess of Policy Reserve requirement)
- Proposed hiring freeze will close the gap (roughly half the scope of FY20-21 freeze)
- Mandated cost increases are included
 - Contract increases (e.g. OCFA, Ambulance, previously bargained wage increases, etc.)
 - Redistricting cost
- Spending restored for pandemic related reductions during FY20-21, but only partial revenue recovery is included
- Train Station recurring subsidy included
- **NEW** Park Facility Attendants and **NEW** Citywide Text Communication Platform
- Scheduled increase of Pension Debt payment included, but refinancing savings not yet included
- Draft budget does **not** include anything for future labor negotiations

Ten-Year General Fund Outlook



Measure X Oversight Committee Recommendations

1. Favor one-time spending from Measure X revenue.
2. Consider pilot programs to reduce reliance on sworn Police for some types of response, and community cooperatives for economic development.
3. Prepare a long-term plan to prepare for the Measure X rate reduction.
4. Shift Measure X revenue to fixing streets.
5. Use Measure X revenue increase to reduce the reliance on the General Fund Reserve to preserve service levels.
6. Use the pandemic as an opportunity to identify lessons learned and shifting priorities.
7. The Committee supports dedicated Measure X spending accounts within the General Fund.

Measure X

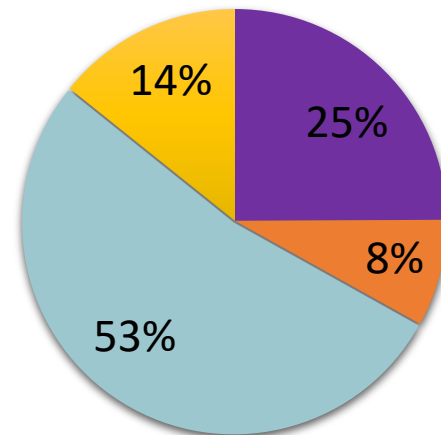
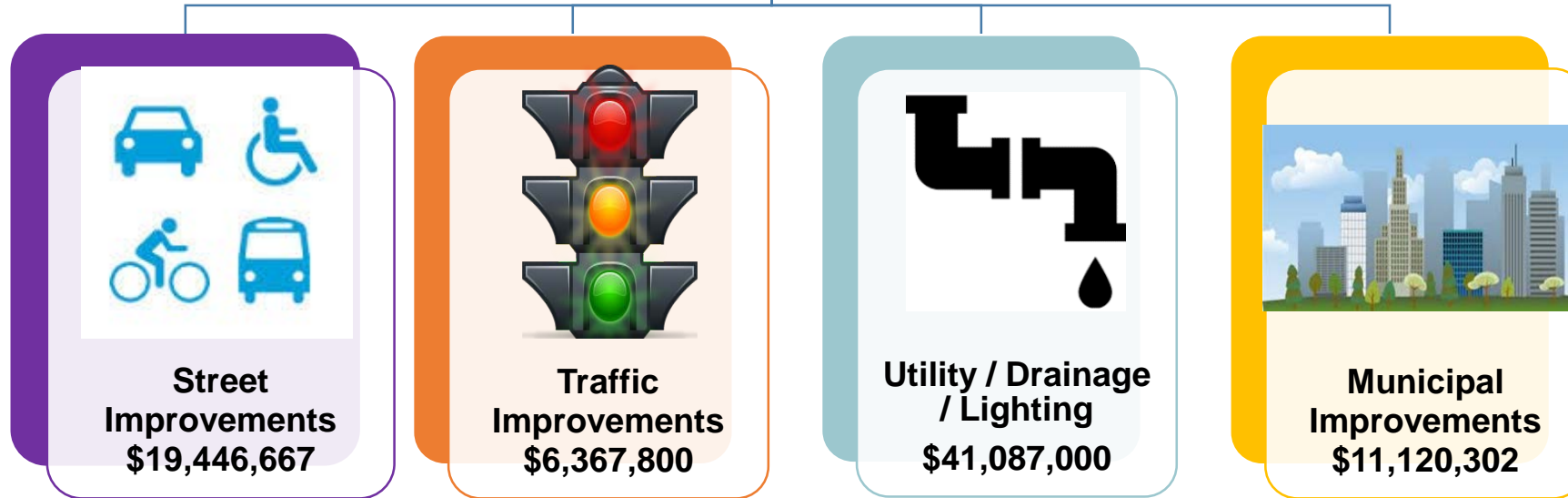
Proposed Spending By Ballot Category

Category	Total
Maintain Effective 9-1-1 Response	\$ 5,655,163
Retaining Firefighters	5,674,555
Retaining Police Officers	28,669,088
Addressing Homelessness	1,270,760
Fixing Streets	500,000
Maintaining Parks	3,014,292
Youth Services	1,240,415
Unrestricted General Revenue Purpose	32,346,911

Total Spending: \$ 78,371,184

Revenue Estimate is \$65 million

**FY 21/22 DRAFT
CAPITAL IMPROVEMENT
PROGRAM (CIP)
\$78,021,769**



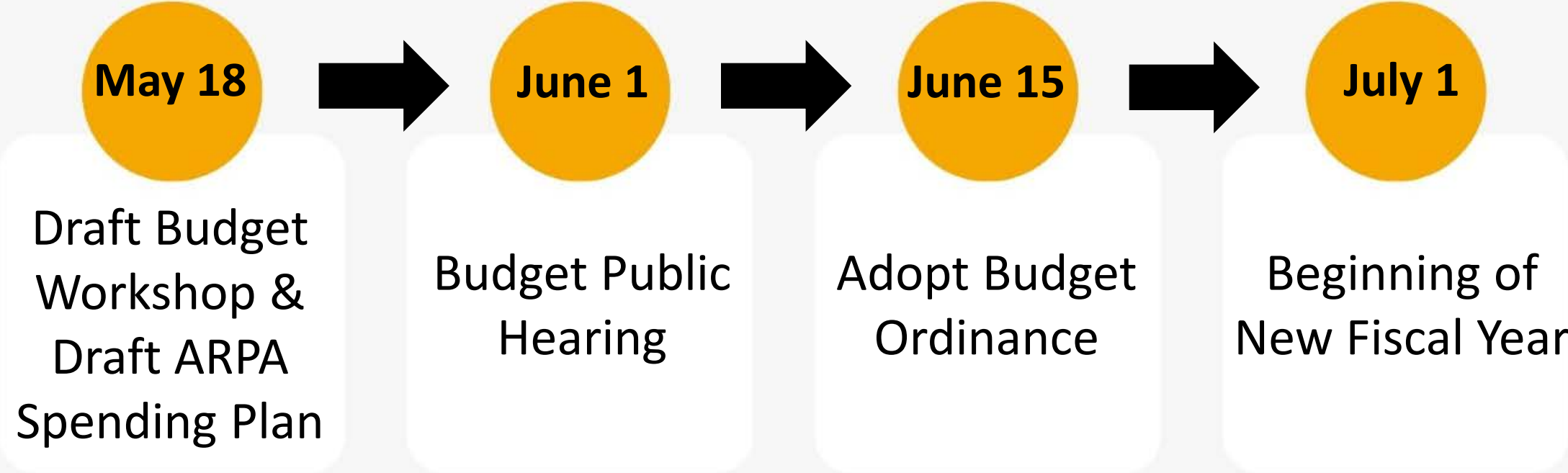
- Street Improvements
- Traffic Improvements
- Utility / Drainage / Lighting Improvements
- Municipal Facilities

Pension Debt Refinancing Status

- March 11 Competitive Proposals for Underwriters Received
- March 26 Filed for Judicial Validation
- April 19 Interviewed Underwriters
- May 18 Propose Underwriters for Council Consideration
- July – September
 - Bond Documents for Council Consideration, including Preliminary Official Statement
 - Obtain Credit Rating
- Issue Debt

Savings not included in draft budget yet

Next Steps



Questions?

