

Draft FY 20-21 City Budget

**CITY OF SANTA ANA
JUNE 2, 2020**



Purpose

- Review entire detailed draft budget, including direction provided by City Council on May 19.
- Obtain additional direction from City Council, to be included in the next version of the draft on June 16.
- Budget Steps to Date:
 - Live Community input in March, with ongoing input received via email
 - Department budget hearings in April
 - April 21 Report to City Council with expected impact of COVID-19 on revenue
 - May 19 Summarized Draft Budget



Updates from May 19

City Council Input	Action Taken
Revisit cost recovery opportunities	FEMA application submitted. Monitoring state budget action for CARES Act allocation to Santa Ana. Agreement with County for CARES Act allocation in process.
Look to labor agreements	Preliminary labor discussions in process. Laid-off 178 part-time employees. Updated draft budget with hiring freeze.
Generate more fee revenue	Fee increases to be proposed June 16.
Delay budget adoption to allow for more solutions	Budget adoption delayed to July 7.



Updates from May 19

CONTINUED

City Council Input	Action Taken
Deliver pension analysis	Final analysis may be ready for Council review in July.
More flexibility to assist local business, leading to sales tax recovery	Executive Order 5 allows use of downtown sidewalks and parking spaces and off-site parking citywide for dining & retail operations.
Additional QOLT debris removal and homeless assistance	Draft budget includes \$500,000 increase for debris removal contract, and \$75,000 for outreach.
Maximize one-time spending, especially for park amenities	Draft General Fund budget includes \$5 million of one-time spending. Draft CIP budget includes \$3.4 million of additional funding for park & trail lighting & irrigation, and zoo habitat.



Updates from May 19

CONTINUED

City Council Input	Action Taken
Parks Master Plan	Included in the draft budget.
Plan for Senior Services	Citywide draft budget includes \$10.4 million for senior services.
Parking Plan	Included in the draft budget.
Business License Reform	In process of developing proposed amendments to improve business equability.
Revisit CIP projects funded in prior years	Exhibit 4 lists all existing CIP appropriations.



General Fund Budget Status

	General Fund Draft Budget
Beginning Balance	\$ 67,784,132
Revenue	307,392,970
Expenditures	(310,065,470)
Transfers Out for:	
Debt Service	(9,336,460)
Cannabis Public Benefit Fund	(6,766,700)
SARTC Subsidy	(1,100,000)
Civic Center Authority	(1,179,400)
Ending Fund Balance	<u>\$ 46,729,072</u>
Operating Reserve (16.67% of Revenue)	51,242,408
Economic Uncertainty Reserve (minimum 1%)	-
General Fund Balance Excess/(Shortfall)	(4,513,336)

Current Version

Draft budget will be adjusted to eliminate use of Operating Reserve



Potential Budget Mitigation

The draft budget is not ready for adoption

- CARES Act funding may be available to pay for:
 - \$1.9 million of admin leave.
 - Up to \$3.6 million through December 31 for staff time spent on COVID-19 response (e.g. response planning, public safety, public information).
 - Sourced partially from state if budget adopted with a City allocation, and partially from county.
- Pending Phase 4 Federal Funding – potential backfill for City’s \$19.5 million revenue loss.
- Labor Concessions – maximum potential savings of \$6 million.



Next Steps

- Staff to update the draft budget with direction from tonight, CARES Act funding, and other adjustments.
- Public Hearing for proposed budget on June 16.
- Adopt budget on July 7.
- Staff to carefully monitor on a monthly basis.
- Provide a quarterly update to City Council no later than October.

