

October 29, 2020

Community Budget Meeting

SUNSHINE ORDINANCE
FINANCE & MANAGEMENT
SERVICES



Agenda

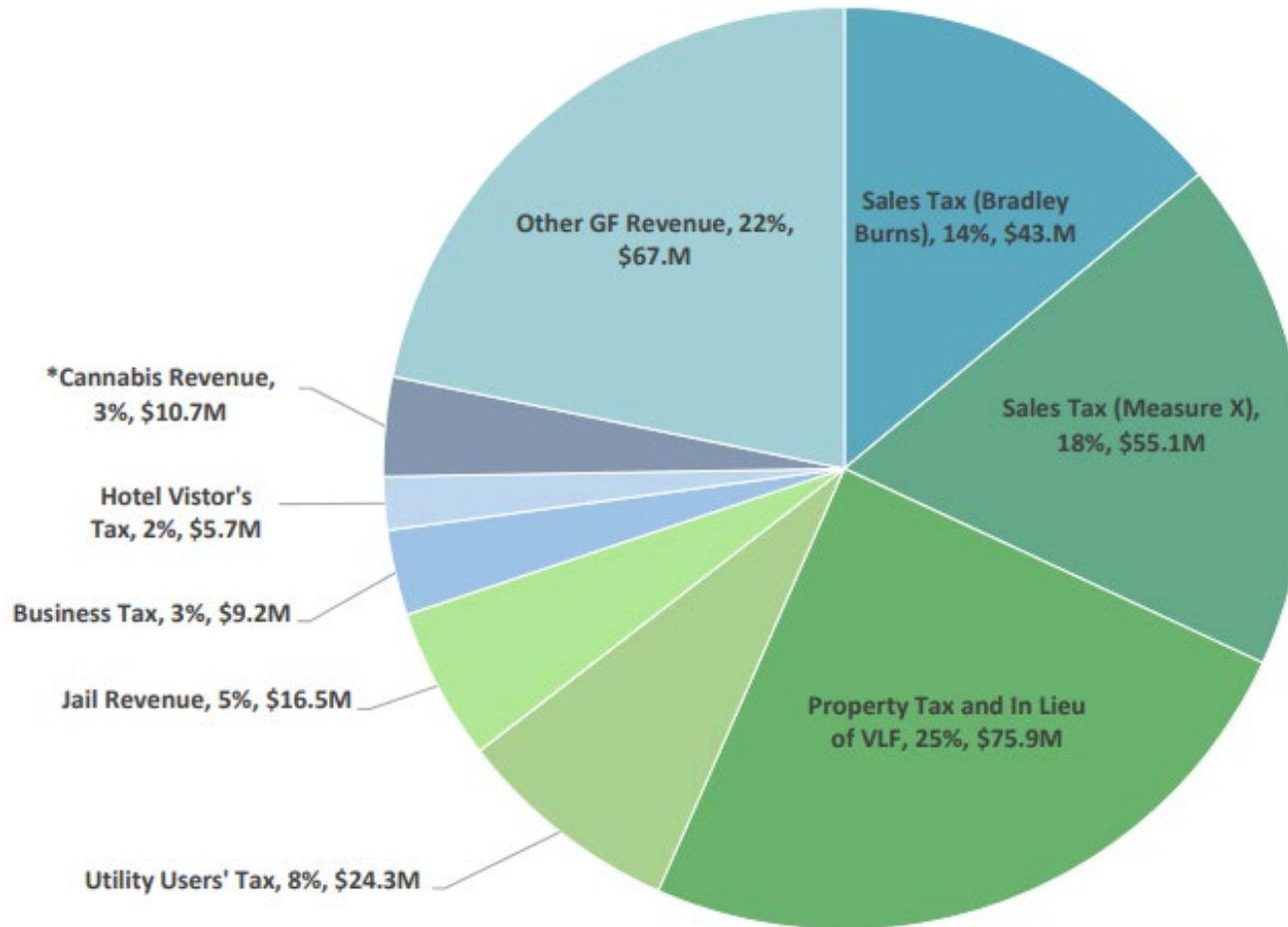
- FY 20-21 Budget Overview
- Strategic Plan
- Financial Planning
 - General Fund Revenue
 - 10-Year Outlook
 - CARES Act Funding
 - Measure X
 - CIP Spending



FY 20-21 Budget Overview



Adopted FY 20-21 General Fund Revenue: \$307.4M



* Cannabis Revenue includes: Adult-Use Retail Tax (\$9.7M), Medical Marijuana Taxes (\$0.5M), and Commercial Cannabis Taxes (\$0.5M)



Development Example: Mixed Use Residential Building



Number of Units	171
Property Tax	\$ 210,000
Property Tax In-Lieu of VLF	\$ 130,000
Sales & Use Tax	\$ 82,000
Transient Occupancy Tax	\$ 270,000
Utility User Tax	\$ 45,000
Total:	\$ 737,000
Tax Revenue Per Unit:	\$ 4,310



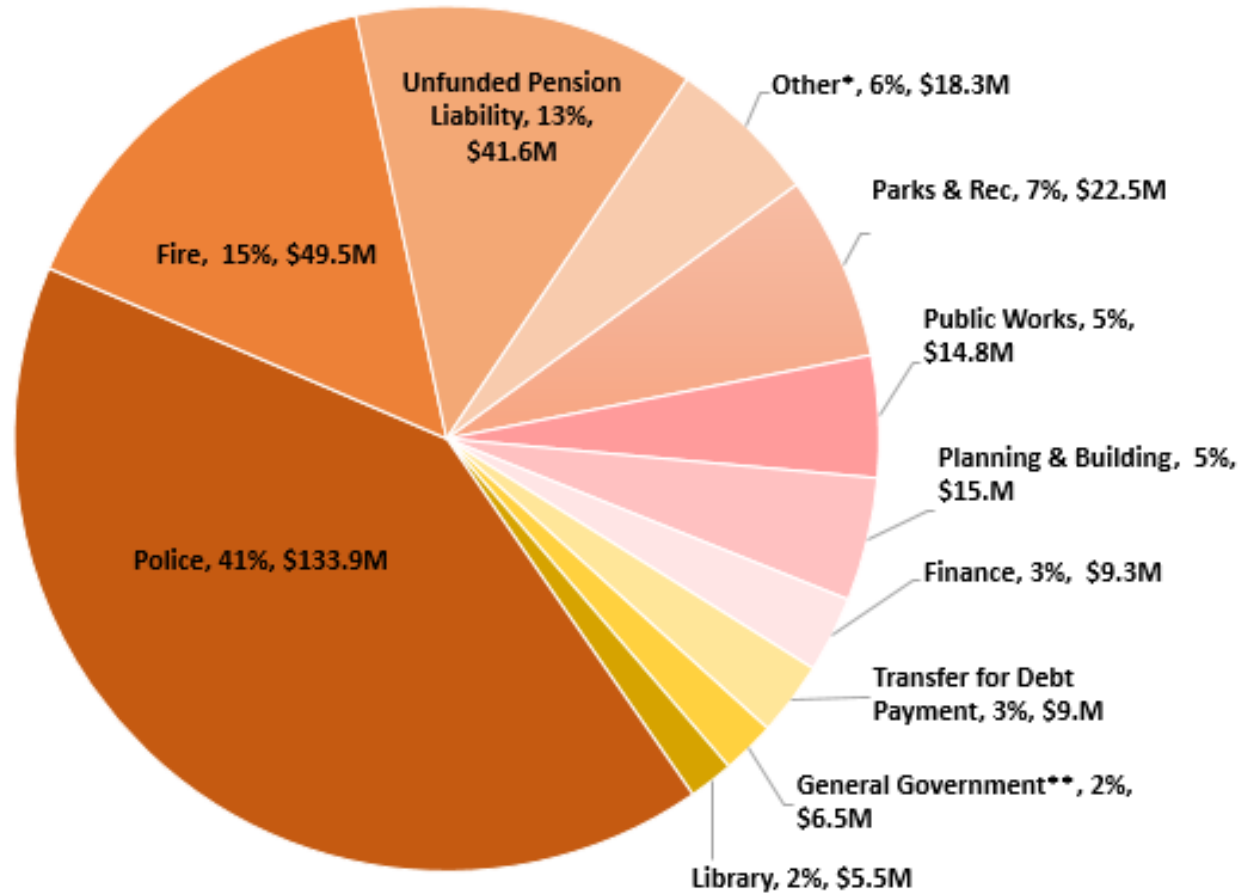
Fast Food Location Example

Description	Estimated Revenue
Sales Tax	\$ 16,000
Business License Tax	\$ 1,119
Property Tax	\$ 2,225
Estimated Annual Revenue:	\$ 19,344
Project Valuation (New Project)*	\$ 1,375,000
<i>*Does not include land value/purchase price</i>	





Adopted FY 20-21 General Fund Expenditure: \$325.9M

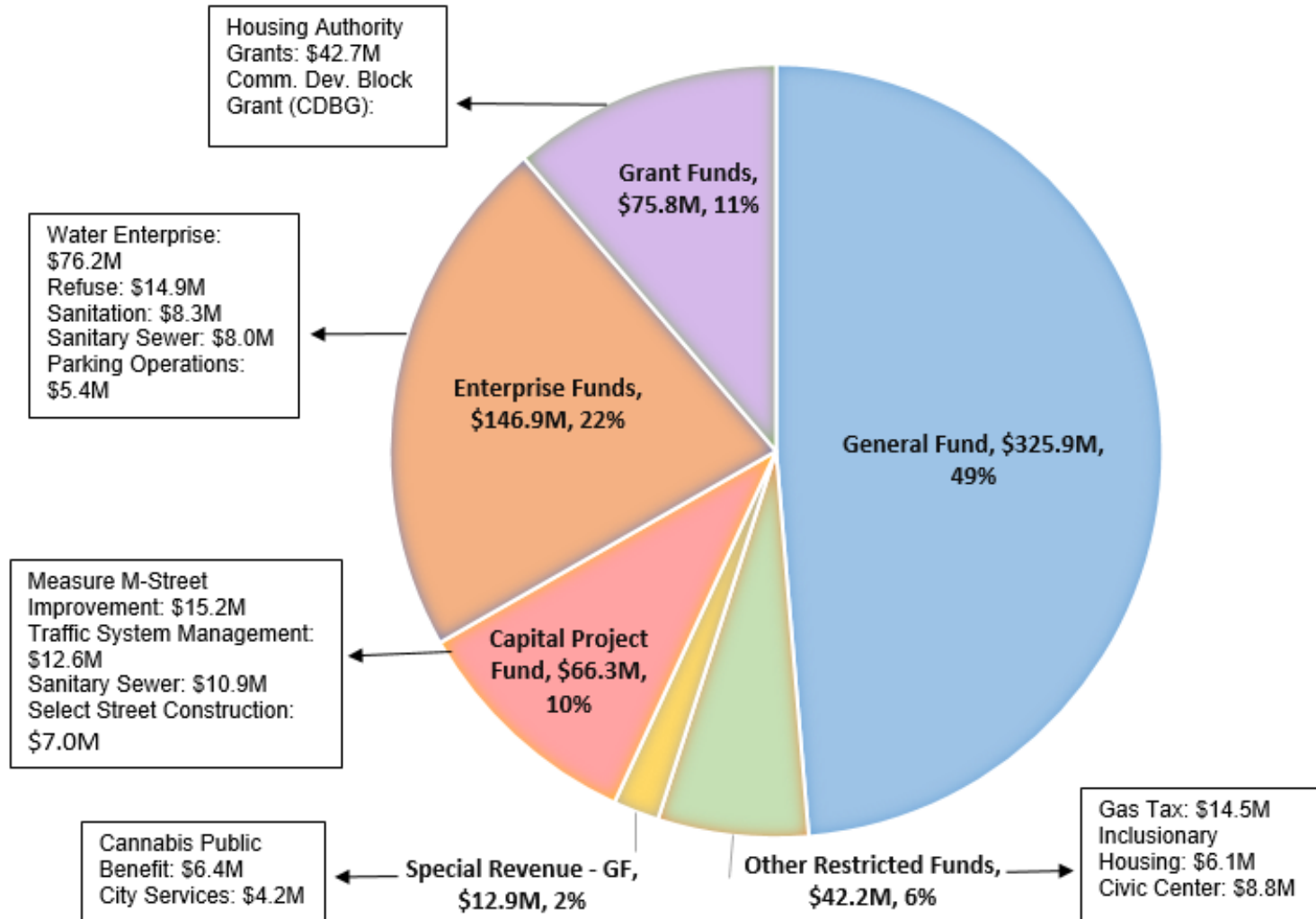


*Other includes: Transfer to Cannabis (\$6.8M), Civic Center (\$1.2M), SARTC (\$1.1M), Loan Repayment to WC (\$0.3M), Non-Dept. (\$1.2M), CDA (\$3.6M), HR (\$2.9M), Bowers (\$1.5M) & Labor Concession Savings (- \$0.2M)

**General Government includes City Attorney (\$3.0M), City Manager (\$1.7M), Clerk (\$1.4M) & Legislative (\$0.5M)



Adopted FY 20-21 Citywide Operating Budget: \$669.9M



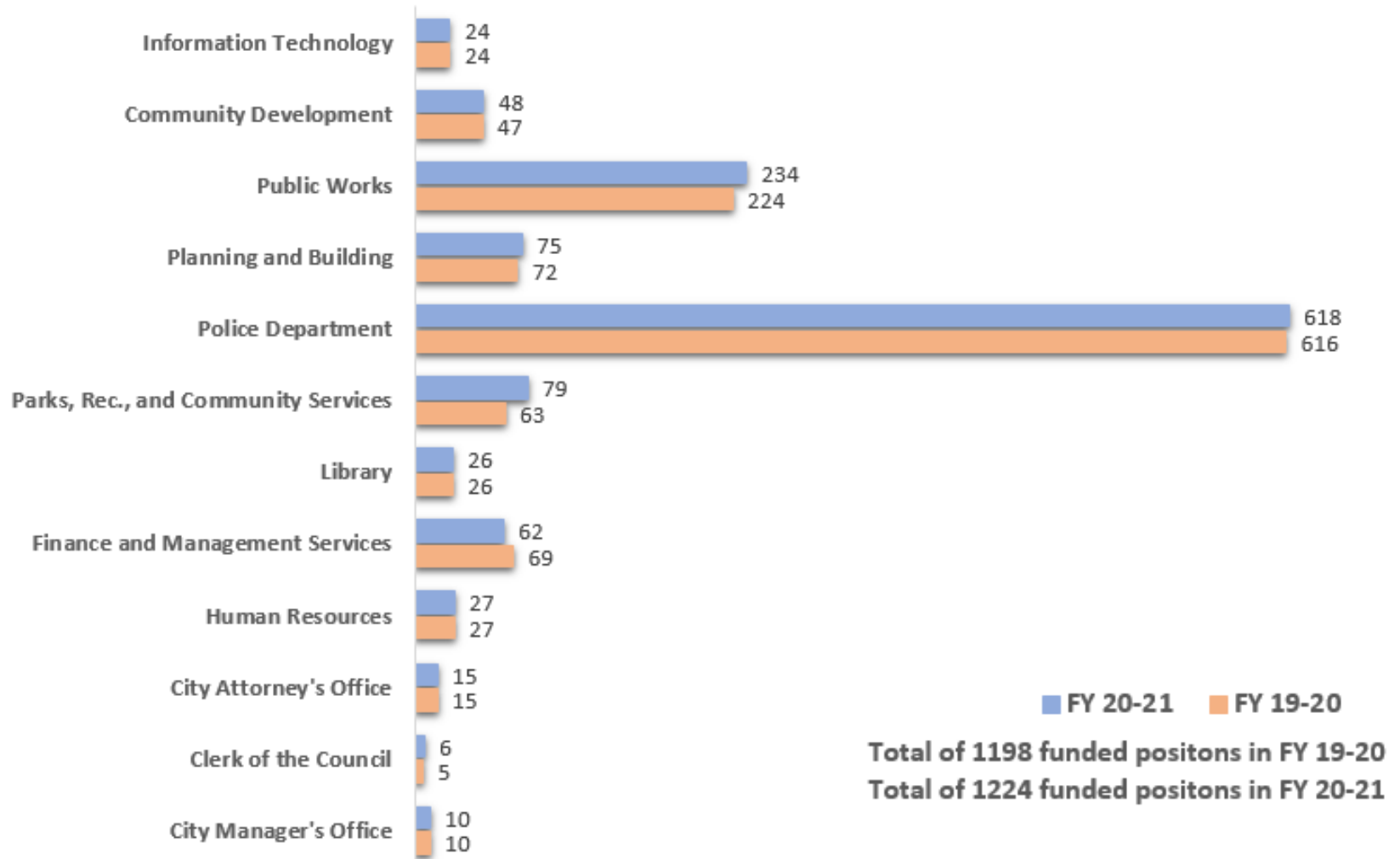


Budget Highlights

- Revenue has decreased due to COVID-19, and we're using one-time money to maintain service levels
- One-time funding of \$100,000 for Parks Master Plan and \$200,000 for Citywide Parking Plan
- Ongoing funding for Universal Legal Defense (\$100,000) & Family Justice Center (\$150,000)
- Additional contract services to abate the impacts of homelessness (\$500,000)
- Addition of twenty-six full time positions to enhance public services
 - Parks, Recreation, Community Services – 16 positions (including Recreation Leaders and Recreation Program Coordinators)
 - Public Works Agency – 10 positions
 - Positions added to the budget remain vacant to date
- Cannabis Tax Revenue self-restricted set-aside of \$6.8M for youth and enforcement services



FY 20-21 Full Time Funded Positions





Strategic Plan



Strategic Plan

FY 2020/21 – FY 2024/25

- 1. Financial Stability:** Protect and enhance revenue streams while maintaining a healthy reserve balance to provide for the expenditure of funds in support of the long-term priorities of the City's strategic plan.
- 2. Community Safety:** Provide a safe environment for residents and visitors while reducing crime and addressing the impacts of homelessness on our quality of life.
- 3. Modern Facilities & Infrastructure:** Ensure maintenance and preservation of City facilities and roadways to better serve the population and visitors.
- 4. Efficient City/ Services:** Streamline the methods of providing services to help ensure doing business with the City is easier and more efficient.
- 5. Economic Diversification & Expansion:** Enhance economic vitality by growing revenue streams, attracting quality jobs, diverse businesses and desired amenities for residents.



Deployment of Mobile Resources



FREE COVID-19 Testing



Trilingual Nurse Hotline



Rental Assistance



Childcare Assistance



Utilities Assistance



Small Business Assistance



Arts Relief Program



Sanitization of High Risk Areas



Community Clinics & Data Modeling

Financial Planning



General Fund Major Revenue Trends

Revenue Source	5 Year Trend	FY 20-21 Adopted Budget
Sales Tax		42,975,600
Sales Tax (Measure X)*		55,128,300
Property Tax/Property Tax In-Lieu of VLF		75,914,000
Utility User's Tax		24,300,000
Cannabis Tax		10,675,000
Subtotal Top GF Revenues	68%	\$ 208,992,900
Other General Fund Revenues	32%	98,400,070
Total Revenues	100%	\$ 307,392,970

**Note: Sales Tax (Measure X) trend is effective as of April 2019.*



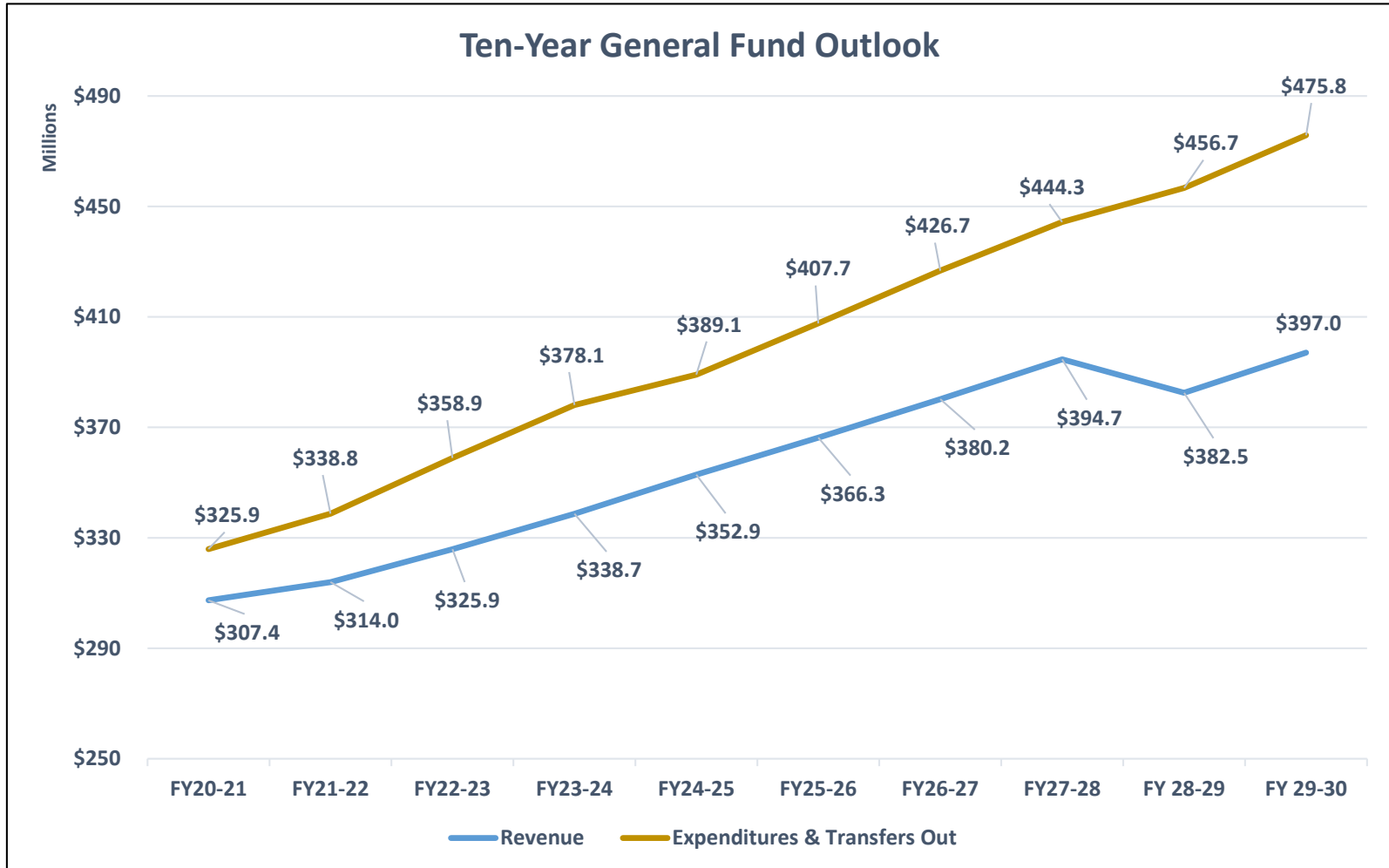
10-Year Outlook

The Outlook Model is a Tool, not a Forecast. Assumptions:

- Annual revenues and expenditures increase by CPI forecasted by the CA Dept. of Finance (3.7% for FY 21-22 and 2.8% thereafter)
- Assumed \$4.8M reduction of property tax revenue in FY 21-22 (impact of COVID-19 on property sales and assessments).
- Measure X sales tax rate decreases from 1.5% to 1.0% in 2029.
- Expiration of the Vehicle Incentive Program (\$500 sales tax rebate for residents) in 2024.
- Years 2-10 only include recurring revenue and expenditures
- Increasing pension contributions based upon information provided by CalPERS.
- Retirement of police facility debt in 2024.



10-Year Outlook



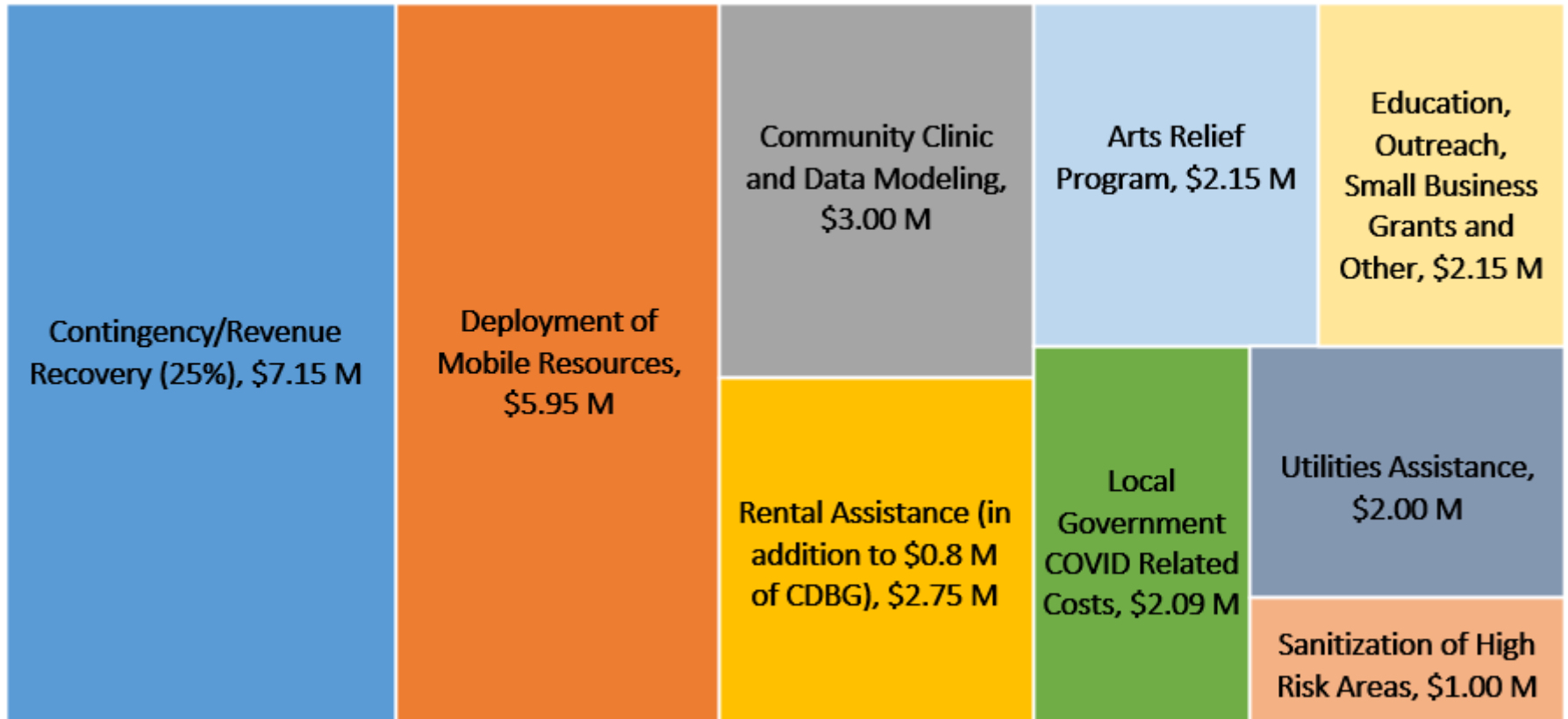


Financial Future

- City is seeking new revenue streams (e.g. naming rights) and evaluating services to promote efficiencies.
- Latest information indicates Property Tax and Sales Tax will perform better than estimated. Negotiated higher jail rate with U.S. Marshals.
- Some Community Development programs (e.g. Workforce Investment) are not sustainable without a General Fund subsidy.
- SARTC needed a General Fund subsidy. City is marketing for tenants.
- Shrinking economy, yet government service still in high demand.
- CalPERS contributions will continue to increase. Our employee pension costs in the General Fund are roughly *one-quarter* of our budget (normal cost + unfunded liability). Need to explore refinancing options.

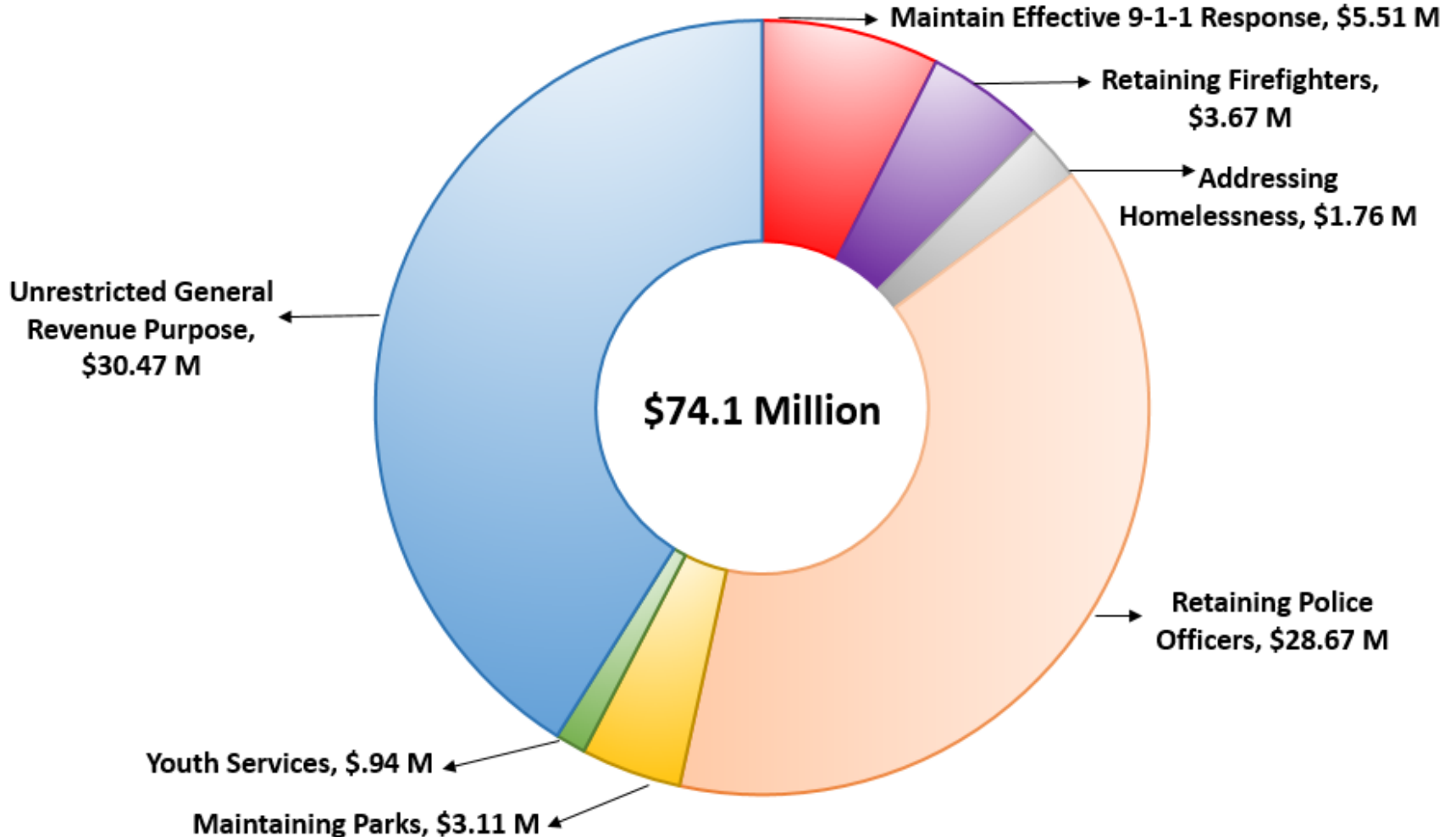


CARES Act Spending Plan \$28.6M





Measure X Spending Plan



Measure X aligned expenditures exceed the expected revenue of \$55.1 M



FY 20-21 Capital Improvement Spending

Public Capital Improvements - \$75.2 million or 11% of the total budget



- **\$21.1 million for street improvements:**
Portion of Bristol, Warner, 17th, Alton, Fairview, MacArthur and local streets



- **\$37.4 million for utility improvements:**
Primarily water and sewer pipelines



- **\$13.3 million for traffic improvements:**
Primarily bike lanes on Standard and McFadden



- **\$3.4 million for park improvements:**
Primarily park lighting/irrigation and zoo habitat



Thank you!

Questions and/or
Comments?

For more information, please visit
the City's Budget webpage:

<https://www.santa-ana.org/finance/budget>