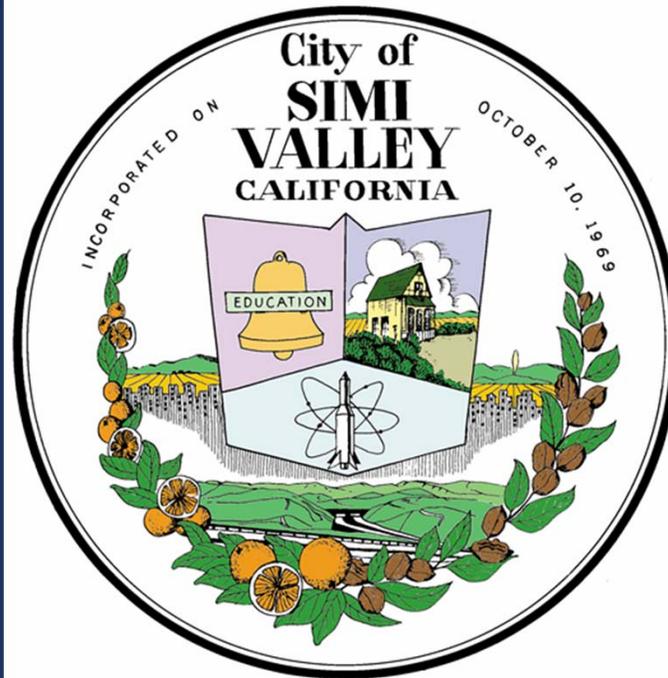

CITY OF SIMI VALLEY FY 2020-21 PROPOSED BUDGET

PUBLIC MEETING

MAY 27, 2020



OVERVIEW

- Introduction to the Budget
- City Budget Process
- Economic Outlook and COVID-19
- General Fund
- Capital Projects
- Enterprise Funds (Transit, Sanitation, and Water)
- Questions and Answers

WHAT IS THE BUDGET?

The budget process consists of activities that encompass the development, implementation, and evaluation of a plan for the provision of services and capital assets.

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- A **policy document** that guides the operations of the City.
- Reflection of the **community's priorities**
- **Tool for communication** on services provided and the cost
- An **estimate** of revenues and expenditures for the upcoming year that will change
- Stages include **proposed > adopted > adjusted**

WHY DO WE PREPARE A BUDGET?

- Allows city to plan expenditures to match anticipated revenues
- Vehicle for **appropriating**, not spending money
 - Council authorizes appropriations, and City Manager oversees
- Policy document that provides a financial plan

The mission of the budget process is to help decision makers make informed choices about the provision of services and capital assets and to promote stakeholder participation in the process.

Government Finance Officers Association

CITY BUDGET PROCESS



ECONOMIC OUTLOOK AND COVID-19

- Sudden, Unprecedented and Uncertainty
- Forecasting revenue losses but manageable
- FY 2020-21 Budget anticipates recovery begins by end of Q2 or calendar year
- Establishing COVID-19 Recovery Fund

GENERAL FUND

- Primary Fund - Discretionary
- Revenue
 - Property Tax, Sales Tax and Service Charges
- Expenses
 - Government Services
 - Departmental



GENERAL FUND - POLICIES

- The City will adopt and maintain a structurally balanced budget by ensuring that annual ongoing operating revenues meet or exceed ongoing operating expenses.
 - Any year end remaining unassigned funds will be available for consideration by the Council for one-time uses.
- The City will maintain a prudent General Fund reserve balance for emergencies and catastrophic events.
 - This has been established by City Council policy at 17% of General Fund budgeted expenditures.

GENERAL FUND – CURRENT YEAR 2019-20

REVENUE

- Prior to COVID-19 the City's revenue numbers were strong.
 - Year-end projection of a \$2.6 million surplus
- \$1.9 million revenue impact of COVID-19
 - Adjusted year-end surplus of \$479,000
- Unanticipated \$3.2 million one-time property tax payment
 - \$3.7 million revised surplus estimate

GENERAL FUND – CURRENT YEAR 2019-20

EXPENSES

- Estimated \$3.9 million less than the adopted budgeted.
 - \$2.8 million of Salary and Benefit savings
 - \$1.2 million savings in Supplies, Materials, and Services

GENERAL FUND – FUND BALANCE

Beginning FY 2019-20 Fund Balance	\$40,501,367
Projected Revenues	+ \$74,311,866
Projected Expenses	<u>- \$70,633,291</u>
<i>Year End Surplus</i>	\$3,678,575
FY2018-19 Surplus Funds to COVID-19 Fund	-3,478,587
FY2019-20 Surplus Funds to COVID-19 Fund	-2,521,413
Ending FY 2019-20 Fund Balance	\$38,179,942

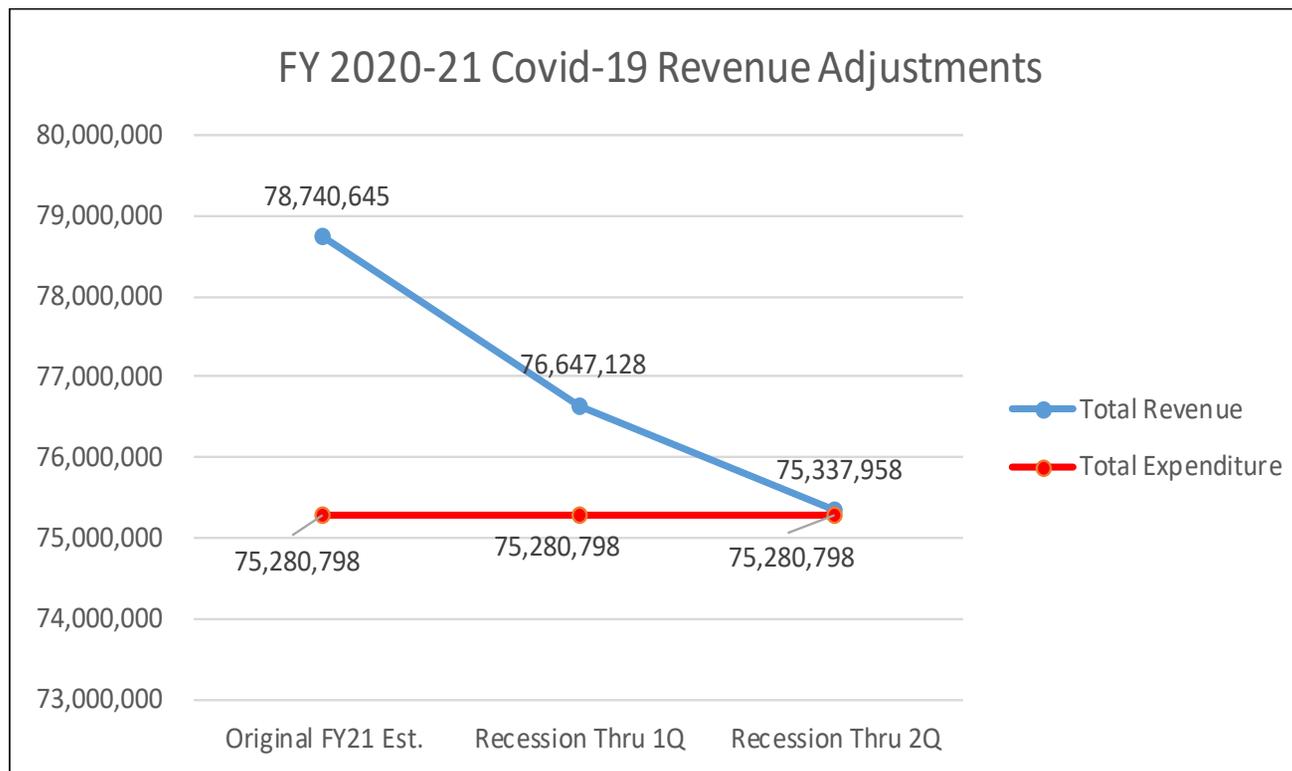
GENERAL FUND – PROPOSED FY 2020-21

- Prior to COVID-19
 - \$3.5 million projected surplus

Scenarios:

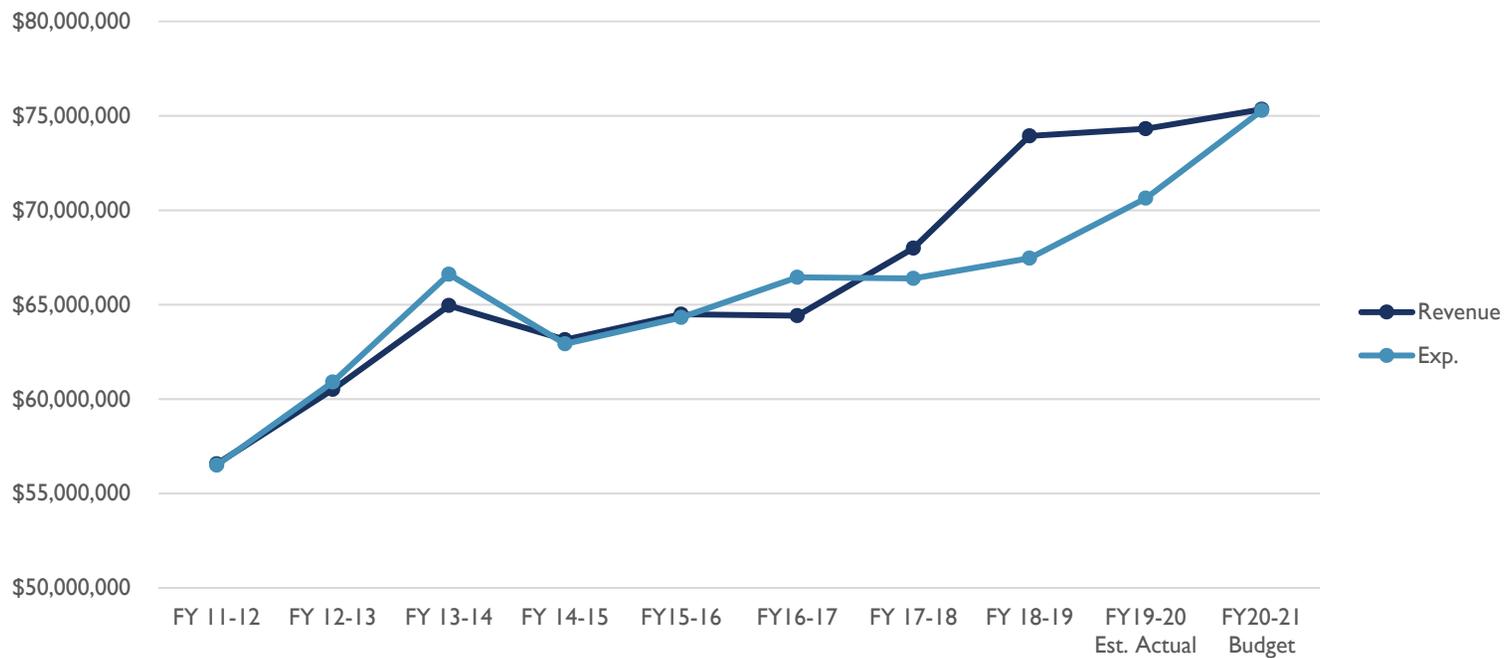
- Economy begins recovery during first quarter of FY 2020-21
 - \$2 million revenue reduction
- Economy begins recovery during second quarter of FY 2020-21
 - \$3.4 million revenue reduction

GENERAL FUND – PROPOSED FY 2020-21



GENERAL FUND – HISTORY

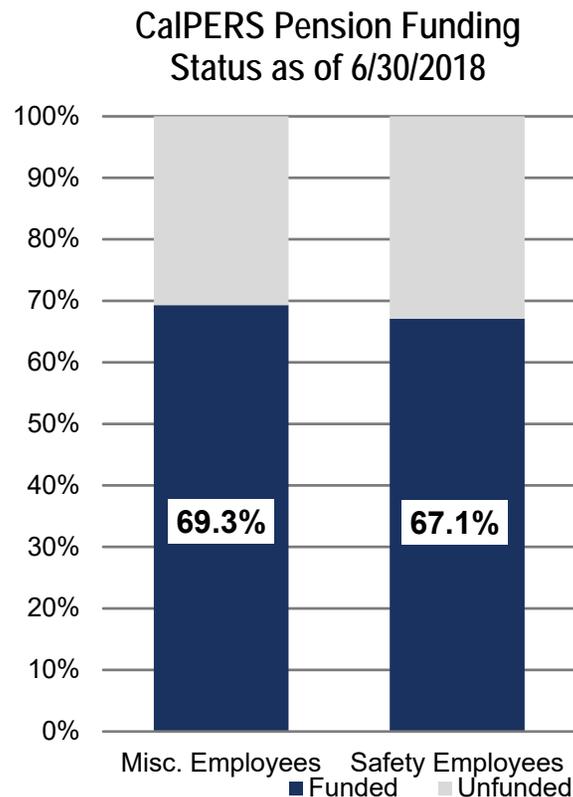
General Fund Revenue & Expenditure History



GENERAL FUND – PERSONNEL COSTS

- Personnel costs are 85% of General Fund budget.
- Elimination of 9 positions
 - Previously frozen and/or vacant positions.
- Addition of 1 position
 - 1 Police Dispatcher
- Net Reduction of 8 positions

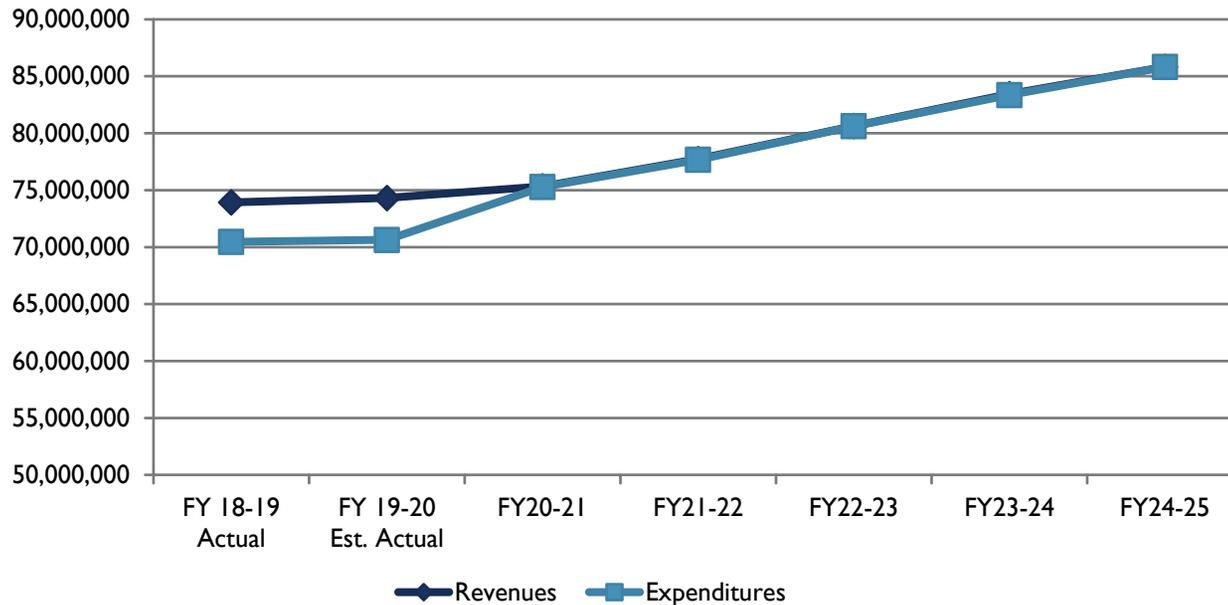
GENERAL FUND – CALPERS PENSION FUNDING



- Greater life expectancies
- Discount Rate has been lowered from 7.5% to 7.0%
- City's annual PERS payments are currently estimated to increase by \$4 million by FY 2025-26.
- Any impacts to PERS from COVID-19 won't be felt until FY 2022-23

GENERAL FUND – FORECAST

General Fund Projected Operating Revenues vs. Expenditures Five-Year Forecast 2018-19 to 2024-25



CAPITAL PROJECTS

- 99 Projects
- \$43,520,280 proposed funding in FY 2020-21
 - 52 Projects requesting funding in FY 2020-21
 - \$18,000 from General Fund
- \$127,714,280 estimated for the next five years

ENTERPRISE FUNDS - TRANSIT

- Accomplishments
 - Provided over 43,000 ADA/DAR trips to seniors and the disabled community within the SVT service area.
 - Provided over 26,000 hours of fixed-route service to the community.
 - Provided over 7,000 passenger trips through the East County Transit Alliance - InterCity Connect service for Simi Valley residents regionally to destinations including Thousand Oaks, Moorpark, Camarillo, and connections to western Ventura County.

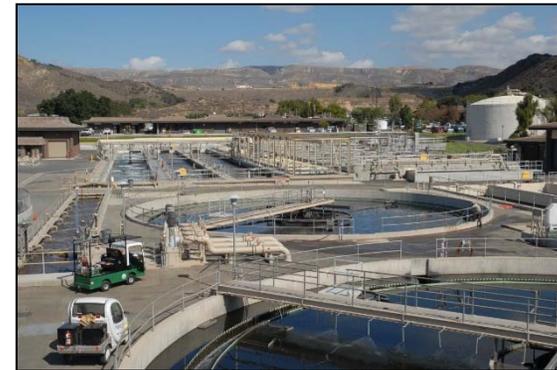
ENTERPRISE FUNDS - TRANSIT

- \$12.9 million requested budget for FY 2020-21
 - \$4.2 million of that is for capital projects
- Projects Requesting Funding in FY 2020-21
 - \$1.4 million for CNG Fueling Station Upgrade
 - \$1.8 million for Short Range Transit Plan projects
 - Transit Maintenance Facility Paving
 - Paratransit Dispatch System – Software Licenses
 - Bus Stop Improvements
 - Bus Technology Equipment Efficiencies



ENTERPRISE FUNDS – SANITATION AND WATER

- Each has three funds
 - Operating
 - Replacement Reserve
 - Capital Upgrade
- Operating and Replacement Reserve are Combined
 - Both funds use same revenue source = Rates
- Capital Upgrade
 - Revenue = Connection Fees



ENTERPRISE FUNDS – SANITATION

■ Accomplishments

- Completed the Sanitation rates study, Prop 218 process, and adopted new sanitation rates.
- Began the WQCP ESCO Design/Bid Project, which will optimize and rehabilitate many of the plant processes.
- Hydro-cleaned 229 miles of sewer line and Video inspected 42 miles of sewer line.
- Inspected and permitted 814 commercial and industrial businesses.
- Lined over 1,200 feet of 24 -36 inch sewer line on First St., Easy St., and Ventura Ave.

ENTERPRISE FUNDS – SANITATION

- \$60.1 million requested for FY 2020-21
 - \$24.2 million for 7 capital projects
- Projects Requesting Funding in FY 2020-21
 - \$19.6 million for Energy Savings Company Projects (ESCO)
 - 11 Energy related projects at the Water Quality Control Plant
 - \$3.6 million for 3 sewer line replacement projects
 - Annual Sewer line Inspection/Cleaning
 - Replacement of Laboratory Fume Hoods
 - Improvement to the existing computerized maintenance Mgmt. System (CMMS)

ENTERPRISE FUNDS – WATERWORKS

- Accomplishments
 - Completed the water rates study, Prop 218 process, and adopted new water rates.
 - Provided expedient emergency response to SCE outages maintaining an uninterrupted water supply to customers.
 - Adopted paperless customer service work orders with live updates from the field.
 - Purchased and installed Water Storage Mixing devices in 3 tanks.

ENTERPRISE FUNDS – WATERWORKS

- \$47.2 million requested for FY 2020-21
 - \$4.7 million for Capital Projects
 - \$3.4 million for Replacement Projects
- Projects Requesting Funding in FY 2020-21
 - \$2.1 million for a Water Storage Tank in Knolls Pressure Zone.
 - \$1.1 million to construct a pump station at the Walnut Yard.
 - \$1 million for water line replacements.
 - \$1 million for Rehab of Pump Stations 1 and 2.
 - \$850,000 for Groundwater Production Well



GENERAL FUND – PUBLIC WORKS

- Accomplishments
 - Crossing Guards assisted over 300,000 pedestrians safely across busy intersections throughout the school year.
 - Completed a comprehensive revamping of the Development Services fee structure for City Council approval to ensure 100% reimbursement of staff services costs.
 - Completed approximately 3,500 temporary and permanent pothole repairs.
 - Removed and replaced over 1,800 feet of damaged sidewalks and 1,300 feet of curb and gutter.
 - Completed LED light retrofit on the Metrolink platform.

GENERAL FUND – PUBLIC WORKS

- Accomplishments (continued)
 - Completed over 1,600 room set ups at the Senior Center, Police Department, Cultural Arts Center, and Library for various scheduled day and night events.
 - Provided fuel for all City backup generators during emergency power outage and fire situations.
 - Removed over 2,000 pounds of trash from Arroyo Simi during clean-up events.
 - Collected over 3,000 pounds of assorted household batteries.

GENERAL FUND – POLICE DEPARTMENT

■ Accomplishments

- Processed 55,357 inbound telephone calls, including 19,513 emergency 9-1-1 calls from July 1, 2019 to February 1, 2020.
- Maintained emergency response time of less than 5 minutes, and non-emergency response time of less than 18 minutes.
- Implemented mission oriented policing through crime trend data and reduced Part I crimes by 21.44%.
- Activated the Emergency Operations Center (EOC) and the City's Emergency Management Organization (EMO) for the Easy Fire and the COVID-19 Pandemic to coordinate the City's response.

GENERAL FUND – ENVIRONMENTAL SERVICES

- Accomplishments
 - Processed applications for affordable and senior housing and rehabilitation loans for 11 homes with \$490,000 worth of loans funded.
 - Bldg. & Safety performed 18,000 building, electrical, plumbing, and mechanical inspections, and provided next business day service to permit customers.
 - Code Enforcement abated over 1,500 violations of the SVMC.
 - Supported the coordination of the federally required Annual Point In Time Homeless Count.
 - Provided responsive customer service to over 2,800 customers at the Planning public counter.

GENERAL FUND – CITY ADMINISTRATION

■ Accomplishments

- Coordinated the City's 50th Birthday Celebrations in October 2019.
- Coordinated and enhanced the City's general government social media presence.
- City Clerk - Processed more than 145 Public Records Act requests.
- H.R. - Initiated 49 recruitments, processed 2,083 employment applications.
- Enhanced meal variety in the Senior Nutrition program, adding 4 new menu items to the program.
- Expanded mid-week programming at the Cultural Arts Center to increase facility use and expand the breadth of arts programming in the community.

GENERAL FUND – ADMINISTRATIVE SERVICES

- Accomplishments
 - Successfully adopted revised service fees for the first time since 2008 for full cost recovery, an estimated \$3.0 million to further enhance public services.
 - Implemented ERP Utility Billing Program without missing any billing deadlines.
 - Put into practice the new utility billing policy to comply with State's *Water Shutoff Protection Act (SB 998)*.
 - Information Services - evaded over 75,000 hacking attempts, and 7,000 virus attacks.
 - Responded to the COVID-19 Pandemic by reconfiguring systems for remote access to facilitate telecommuting for over 250 staff members.
 - Accounted for City's grant programs, ensuring compliance with grant requirements, and processed drawdowns for reimbursement grants.

SUMMARY

- Moving into FY 2020-21, the City has a structurally balanced budget and is prepared to address any impacts related to the COVID-19 Pandemic.
- The City will continue to identify efficiencies to reduce staffing commitments or for funding opportunities and look for opportunities to contract for services and self-supporting operations.
- The City is overall in a good financial position, with a General Fund balance projected at \$38.2 million at the end of this fiscal year.
- The year-end surpluses of the past couple of years allow the City to be in a better position to handle the economic effects caused by COVID-19
 - No significant service reductions to the community nor reductions in workforce at this time.

SUMMARY

- It is uncertain how quickly the economy will recover.
 - Recommending the creation of a COVID-19 fund of \$6 million to assist the City operations should the economic impacts of the Coronavirus Pandemic cause City revenues to fall further below budgeted levels.
 - One-time general fund surplus revenue.
- While the Proposed Budget is balanced based on a conservative revenue projection, we need to proceed cautiously into FY 2020-21 with constant monitoring and conduct a thorough evaluation of the status of the City's finances at Mid-Year.

QUESTIONS

- Q&A
- Public Transparency Portal – OpenGov:
 - <http://simivalley.opengov.com>
- Documents available at:
 - <https://www.simivalley.org/departments/administrative-services/budget>

FY 2020-21 PROPOSED BUDGET

THANK YOU