

City Council Narrative Budget

April 27, 2020

City of Pacifica



Narrative Budget 2020-21

OUTLINE

- A. Purpose of Narrative Budget
- B. Budget Development Schedule
- C. General Fund Financial Condition
- D. Discussion of Budget Strategies
 - i. Utilization of General Fund Committed or Undesignated Reserves
 - ii. ERAF Allocations
 - iii. Anticipate a Comprehensive Mid-year Budget Assessment
 - iv. Modification Regarding Status of Cannabis Revenues
 - v. Economic Stimulus for Pacifica Businesses
 - vi. Defer Vehicle Replacement Funding
 - vii. Hiring Freeze & Reclassifications
 - viii. Reductions in Operational Budgets
 - ix. Pursuit of Federal and State Relief from Coronavirus Impacts



Narrative Budget 2020-21

PURPOSE OF NARRATIVE BUDGET

- Review Revenue & Expenditure Trends
- Discuss Budget Strategies
- Guidance to Budget Team in Developing Proposed FY2020-21 Budget





Narrative Budget 2020-21

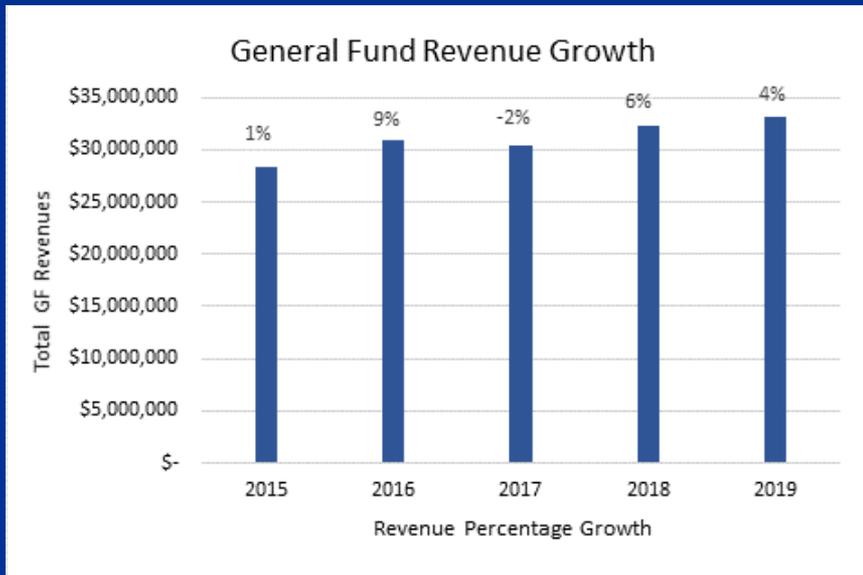
BUDGET SCHEDULE

- April 27: Goals Adoption & Narrative Budget Discussion
- May 4: CIP to Planning Commission
- May 11: Council Budget Presentation - All Depts and Fee Schedule
- May 26: Council Budget Presentation – updates and other funds
- June 8: Public Hearings - Budget, CIP, and Fee Schedule
- June 22: Budget Adoption

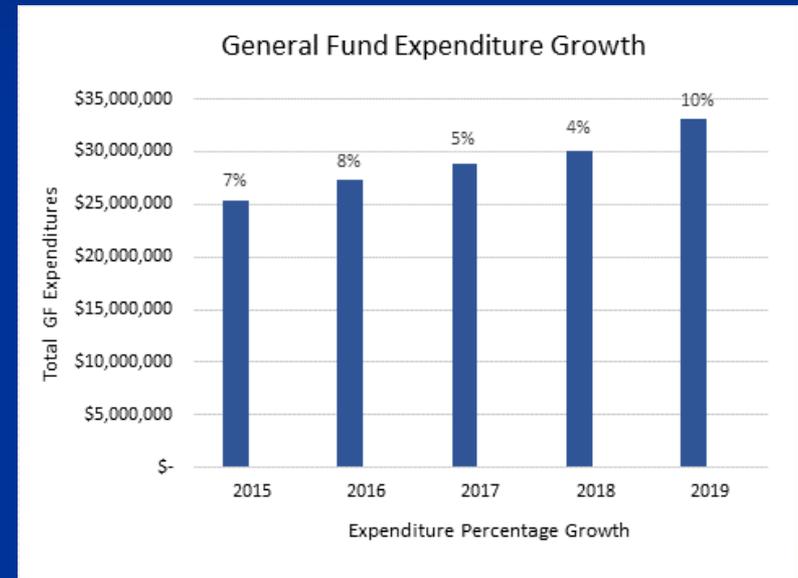


Narrative Budget 2020-21

GENERAL FUND FINANCIAL CONDITION



3.6% Average



6.8% Average

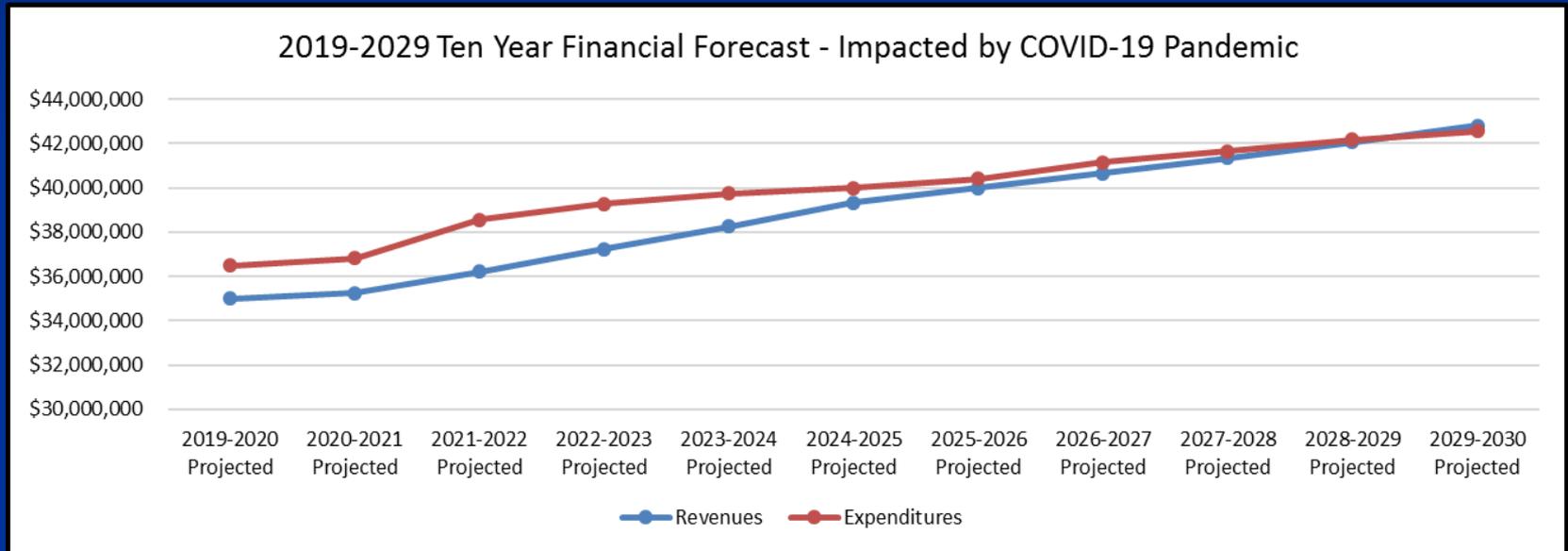
* Chart data based on audited Comprehensive Annual Financial Reports, not annual budget.



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GENERAL FUND FINANCIAL CONDITION

■ Structural deficit forecast



* Expenditures do not include employee salary/benefit increases after FY2020-21



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BUDGET STRATEGIES

- **Specific \$ amounts related to these strategies, as applicable, to be presented during budget presentations beginning May 11, 2020;**

I. Utilization of General Fund Committed or Undesignated Reserves:

Recommendation: Given the current level of Fund Balance Commitment, Fund Balance Undesignated, and Designated for Childcare reserves, utilize these reserves as part of an overall strategy to balance a portion of the current year General Fund budget, and a portion of the General Fund budget for FY 2020-21, while replenishing the Compensated Absences Reserve (required balance of \$200,000) and the Legal reserve (required balance \$100,000), and maintaining a prudent amount of reserve balances for future years' economic uncertainty.



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BUDGET STRATEGIES

II. ERAF Allocation:

Recommendation: Utilize a portion of the FY2020-21 ERAF supplemental payments as part of the overall strategy to balance the General Fund FY 2020-21 budget.

III. Anticipate a Comprehensive Mid-year Budget Assessment:

Recommendation: Move Mid-Year Budget deliberations from February back to January to more timely assess the viability of current year revenues and expenses within the historical and current financial and programmatic context of the pandemic.



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BUDGET STRATEGIES

IV. Modification Regarding Status of Cannabis Revenues:

Recommendation: Increase cannabis program revenues budgeted for FY2020-21 to \$500,000.

V. Economic Stimulus for Pacifica Businesses:

Recommendation: Allocate a one-time donation of \$50,000 to SMCStrong for Pacifica business assistance, utilizing undesignated General Fund balance.



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BUDGET STRATEGIES

VI. Defer Vehicle Replacement Funding:

Recommendation: Suspend the General Fund contribution for the 2020-21 budget and utilize the savings as part of the overall strategy to balance the General Fund FY 2020-21 budget.

VII. Hiring Freeze & Reclassifications:

Recommendation: Initiate a hiring freeze for General Fund funded positions that are not already being recruited and evaluate staffing mechanisms that could result in temporary financial savings, and improve employee retention and succession planning efforts, while continuing to deliver the services provided by those positions.



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BUDGET STRATEGIES

VIII. Reductions in operational budgets:

Recommendation: Consider a 1% reduction in expenditures as part of an overall strategy to balance the General Fund FY 2020-21 budget.

IX. Pursue Federal and State Relief from Coronavirus Impacts:

Recommendation: No assumptions will be made regarding the receipt of Federal or State funding as part of the overall strategy to balance the General Fund FY 2020-21 budget. However, should funding be received, such funding could help relieve other budget strategies discussed above.

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Questions?

