



CITY OF SOUTH GATE

POST-BUDGET ADOPTION
CITY COUNCIL MEETING

JULY 21, 2020

FY 2020/21 BUDGET ADOPTION

- On June 23, 2020, at the regular City Council meeting, staff presented a Maintenance of Effort budget to the City Council for consideration.
- City staff made PowerPoint presentations on the overall City budget and Department Directors made presentations on their department budgets.
- Public comments were made by members of the public.
- City Council reviewed and discussed the budget with City staff.
- City Council approved and adopted the FY 2020/21 MOE budget, as presented by staff, with the exception of one contract which was directed to be terminated as of June 30, 2020.

2020/21 VS 2019/20 TOTAL MUNICIPAL BUDGET

Total City Budget – All Funds	FY 2019/20	FY 2020/21	Change
Revenues	\$118,576,471	\$113,329,091	(\$5,247,380)
Expenditures	\$115,904,958	\$115,769,667	\$135,291
Surplus/(Shortfall)	\$2,671,513	(\$2,440,576)	(\$5,112,089)

- FY 2020/21 total City revenues are projected to be \$5.2 million less than the FY 2019/20 budget.
- FY 2020/21 total City expenditures are projected to be \$135,291 less than the FY 2019/20 budget.
- The total City budget adopted for FY 2020/21 has an estimated shortfall of \$2.4 million.

BREAKDOWN OF TOTAL CITY BUDGET

Department	FY 2020/21 Budget	Funding from General Fund	Funding from all other sources	% of Total Budget
City Council	\$291,327	\$291,327	\$0	.25%
City Clerk	\$659,669	\$659,669	\$0	.57%
City Treasurer	\$38,836	\$38,836	\$0	.03%
City Attorney	\$1,126,160	\$1,126,160	\$0	.97%
City Manager	\$1,316,871	\$1,316,871	\$0	1.14%
Administrative Services	\$13,659,691	\$3,376,851	\$10,282,840	11.80%
Parks & Recreation	\$11,595,666	\$9,102,469	\$2,493,197	10.02%
Police	\$33,326,941	\$31,421,293	\$1,905,648	28.79%
Community Development	\$16,508,257	\$4,015,450	\$12,492,807	14.26%
Public Works	\$38,421,249	\$4,765,102	\$33,656,147	33.19%
Non-Departmental	(\$1,175,000)	(\$1,175,000)	\$0	(1.02%)
Totals	\$115,769,667	\$54,939,028	\$60,830,639	100.00%

2020/21 VS 2019/20 GENERAL FUND BUDGET

General Fund Budget	FY 2019/20	FY 2020/21	Change
Revenues	\$51,717,576	\$47,971,561	(\$3,746,015)
Expenditures	\$53,973,958	\$54,939,028	(\$965,070)
Surplus / (Shortfall)	(\$2,256,382)	(\$6,967,467)	(\$4,711,085)

- FY 2020/21 General Fund revenues are projected to be \$3.7 million less than the FY 2019/20 budget.
- FY 2020/21 General Fund expenditures are projected to be \$965K more than the FY 2019/20 budget.
- The General Fund budget adopted for FY 2020/21 has an estimated shortfall of \$7 million.

GENERAL FUND REVENUES

Revenue Source	FY 2019/20	% of Total Revs	FY 2020/21	% of Total Revs	\$ Incr/(Decr)	% Incr/(Decr)
Property Tax	\$13,457,808	26.0%	\$13,909,489	29.0%	\$451,681	3.4%
Sales Tax	\$22,700,000	43.9%	\$18,893,000	39.4%	(\$3,807,000)	(16.8%)
Transient Occupancy Tax	\$435,773	0.9%	\$385,109	0.8%	(\$50,664)	(11.6%)
Business License Tax	\$1,458,572	2.8%	\$1,200,000	2.5%	(\$258,572)	(17.7%)
Other Taxes	\$3,332,142	6.5%	\$3,380,914	7.0%	\$48,772	1.5%
Permits	\$1,336,941	2.6%	\$1,629,424	3.4%	\$292,483	21.9%
Fines & Forfeitures	\$1,314,884	2.5%	\$1,273,974	2.7%	(\$40,910)	(3.1%)
Use of Money & Property	\$1,288,917	2.5%	\$1,785,764	3.7%	\$496,847	38.5%
Intergovernmental	\$216,337	0.4%	\$480,907	1.0%	\$264,570	122.3%
Recreation Fees	\$1,411,825	2.7%	\$1,001,400	2.1%	(\$410,425)	(29.1%)
Other Fees & Charges	\$1,091,354	2.1%	\$966,854	2.0%	(\$124,500)	(11.4%)
Other Revenues	\$3,673,023	7.1%	\$3,064,726	6.4%	(\$608,297)	(16.6%)
Totals	\$51,717,576	100.0%	\$47,971,561	100.0%	(\$3,746,015)	(7.2%)

GENERAL FUND EXPENDITURES

Department	FY 2019/20	FY 2020/21	(Increase)/Decrease
City Council	\$308,434	\$291,327	\$17,107
City Clerk	\$624,170	\$659,669	(\$35,499)
City Treasurer	\$37,955	\$38,836	(\$881)
City Attorney	\$1,124,437	\$1,126,160	(\$1,723)
City Manager	\$1,398,448	\$1,316,871	\$81,577
Administrative Services	\$3,449,424	\$3,376,851	\$72,573
Parks & Recreation	\$9,233,009	\$9,102,469	\$130,540
Police	\$30,221,254	\$31,421,293	(\$1,200,039)
Community Development	\$3,128,096	\$4,015,450	(\$887,354)
Public Works	\$4,640,016	\$4,765,102	(\$125,086)
Non-Departmental	(\$191,285)	(\$1,175,000)	\$983,715
Totals	\$53,973,958	\$54,939,028	(\$965,070)

GENERAL FUND – REVENUES VS EXPENDITURES

General Fund	FY 2020/21
Operating Revenues	\$47,555,355
Operating Expenditures	\$54,522,822
Operating Shortfall	(\$6,967,467)
One-Time Revenues	\$416,206
One-Time Expenditures	\$416,206
Net Shortfall*	(\$6,967,467)

*The net shortfall can be funded from the Emergency Reserves (\$10M), the Budget/CalPERS Rate Stabilization Fund (\$6M), the Unassigned Fund Balance (\$11M) or any combination thereof.

FUND BALANCES & RESERVES

Fund Balances & Reserves	6-30-19	2019/20 Y-E	
		Adjustments	6-30-20
Emergency Reserve	10,000,000	0	10,000,000
Employment Resource Center	5,824,725	0	5,824,725
Budget/CalPERS Rate Stabilization	6,000,000	0	6,000,000
OPEB Section 115 Trust	1,000,000	0	1,000,000
Revolving Loan Program (Econ Dev)	1,000,000	0	1,000,000
Capital Asset & Equipment Replacement	3,931,032	0	3,931,032
Building & Infrastructure Maintenance	1,315,830	0	1,315,830
Unassigned	14,545,187	(3,500,000)	11,045,187
Total General Fund Balance	\$43,616,774	(3,500,000)	\$40,116,774

WHAT HAPPENS NEXT?

- City staff begins working on an amended FY 2020/21 budget (Fall Revise) to be presented to the City Council in October-November 2020.
- The Budget Subcommittee will schedule multiple meetings over the next four months to further review the adopted budget and provide direction on possible changes for the amended budget.
- Public comments on the budget can be made by members of the public at these Budget Subcommittee meetings.
- City staff will present various options to the Budget Subcommittee on how to close the budget shortfall.

WHAT HAPPENS NEXT?

- The Budget Subcommittee will make recommendations to the City Council to consider regarding the amended budget.
- The City Council will meet to discuss the Budget Subcommittee's recommendations and provide final direction to staff.
- City staff will prepare and present an amended FY 2020/21 budget based on City Council direction.

IS THE BUDGET BALANCED?

- Did the City Council adopt a balanced budget for FY 2020/21?
 - Yes and No. We have enough funds (by using some reserves) to cover the FY 2020/21 expenditures, but we do have a structural budget deficit that requires a long-term solution.
- How will the City balance its budget going forward?

BALANCED BUDGET PILLARS



WHAT OPTIONS DOES THE CITY HAVE?

- One-Time Funds – the City can use one-time funds (savings) for FY 2020/21 and reassess our long-term financial outlook.
- Labor Costs – are contractually-obligated and cannot be reduced or cut without negotiating new contracts with the City's five bargaining units.
- Service Reductions – the City can consider reducing services provided to the community.

WHAT OPTIONS DOES THE CITY HAVE?

- Economic Development – the City continues to pursue and attract new businesses to the City which will generate additional revenues for the City.
- Efficiencies – staff will look for all opportunities to reduce the budget by finding more efficient ways to conduct business.

WHAT OPTIONS DOES THE CITY HAVE?

- Possible Revenue Increases – the City can pursue various new revenue sources, as well as changes or increases to current ones:
 - No City fees have been increased for over 5 years, except those contractually mandated.

WHAT OPTIONS DOES THE CITY HAVE?

- Examples of Revenue Increases
 - The Transient Occupancy Tax (TOT) rate assessed on guests staying at hotels and motels can be increased.
 - A Utility User Tax (UUT) can be implemented.
 - There are many ways to structure a UUT.

WHAT OPTIONS DOES THE CITY HAVE?

- Examples of Revenue Increases (Cont.)
 - The Business License cap can be removed.
 - User fees can be increased.
- Staff can pursue the feasibility of any or all of these options and will continue to look for other possible revenue sources.



QUESTIONS

Does the City Council have any questions?

