

City of Huntington Beach
FY 2020/21 Budget Review

Study Session
June 1, 2020



**SUPPLEMENTAL
COMMUNICATION**

Meeting Date: 6-01-2020
Agenda Item No.: #1 (20-1644)

Economic Overview & Local Budgetary Impacts

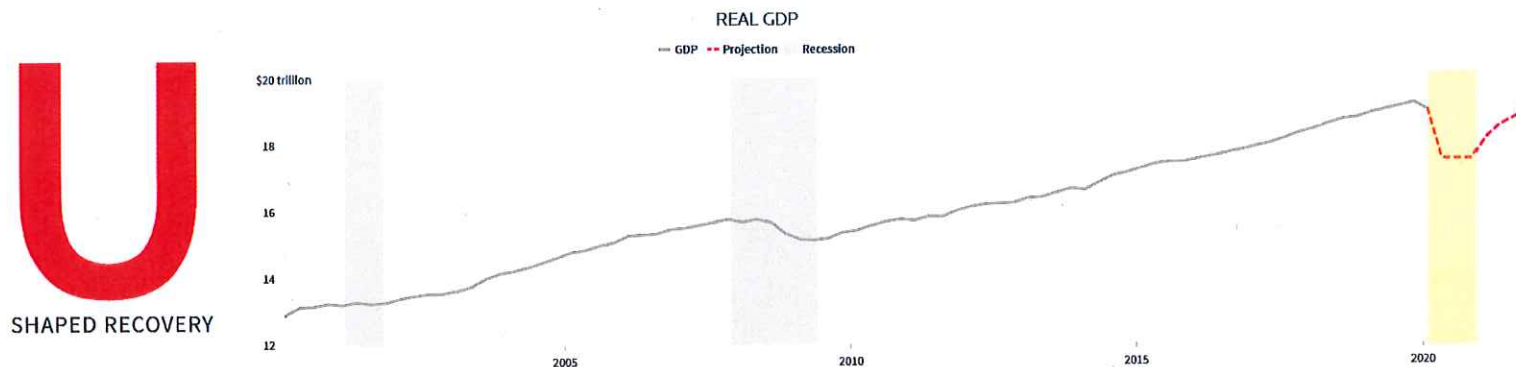


The COVID-19 Economic Context – An Unprecedented Contraction

- Lots of unknowns right now... and the economic pain is real
- Real GDP declining at a historic rate
 - Q1-2020 GDP dropped by **-4.8%** on an annualized basis, the largest drop since 2008
 - Economists are projecting that Q2-2020 GDP will drop by **-35% to -40%** on an annualized basis
- Massive unemployment numbers
 - Over **35 million new unemployment claims** filed since March 24
 - US unemployment rate is currently at 14.7%, the worst since the Depression era
- The only silver lining is that our current economic contraction appears to be bottoming out
 - Last week, first-time unemployment claims totaled 2.1 million, the lowest total since March 24
 - > Continuing claims (the number of people collecting unemployment for at least 2 weeks) experienced a week-over-week **DROP** of 3.86 million, down to a **total of 21.05 million continuing claims**
 - Most economists are forecasting annualized **GDP increases of 10% to 25% in Q3-2020 and Q4-2020**

What Might The Recovery Look Like?

- The United States is gradually reopening right now, and here in Orange County, basic economic activities are allowed
- The consensus among economists – right now – is that actual GDP loss for all of 2020 will be between **-5% to -6%**
- A majority of economists polled by Reuters also expect a U-Shaped Recovery
 - This scenario projects that things stabilize in the second half of the year, but that the recovery doesn't strengthen until late 2020 or early 2021



Local Economic Indicators Provide Some Bright Spots

- **Given our unique context, HB *may* feel less economic pain than surrounding locales**

- Resorts have begun reporting strong demand, with higher occupancy levels and per-night room rates than currently projected
- Auto sales for local dealerships are appearing to stabilize during the past few weeks
- Parking levels / revenues the past few weeks have pointed to strong consumer demand for HB-style experiences

- **City entered the pandemic in a strong financial position**

- AAA credit rating, with a diverse tax base
- Significant reserve levels

> <i>Current GF Strategic Planning Reserve:</i>	\$16.00 M (7.3% of revised projected GF revenues)
> <i>Total Restricted GF Reserve:</i>	\$56.80 M (25.9% of revised projected GF revenues)
> TOTAL:	\$72.80 M (33.3% of revised projected GF revenues)

- **Federal Stimulus?**

- \$3 Trillion HEROES Act WILL NOT be approved in it's current form, but under that plan...
 - > Orange County would receive **\$1.800 B**
 - > Huntington Beach would receive **\$88.753 M**

- **Quarterly budget updates for City Council throughout FY 2020/21**

- Given current economic volatility, staff plans on providing detailed quarterly budget updates throughout FY 2020/21

But... The COVID-19 Economic Impacts For HB Are Substantial And Real

- **Violent and immediate declines in local revenue base**
- **Increase in one-time COVID-19 pandemic related response costs**
- **Future economic projections highly volatile and uncertain, with a quick economic rebound no longer being likely**
- **Revenue drop is too significant to absorb without making substantial adjustments at the City**

FY 2020-21 Budget Overview



A Balanced Budget... But Difficult Decisions Will Need To Be Made

- **The City will need to adjust the City operation to a new reality of constrained revenues**
 - We don't want to spend one dollar more than we need to this year... but... we have to simultaneously ensure that we don't shortchange the long-term viability of the City operation
- **Based on our preliminary FY 2020/21 budget, staff has developed a balanced spending plan for City Council consideration, but the plan contains substantial operational adjustments**
 - The entire COVID-19 situation has been a tragedy, and the corresponding economic impacts are going to require that we make difficult decisions
 - Our proposed FY 2020/21 budget reflects a commitment to:
 - > Maintaining core external services
 - > Streamlining internal support operations
 - > Making new investments to improve quality-of-life issues

Our Fiscal Challenge...

A \$20 M Drop In Anticipated Revenues

- COVID-19 has created a new reality of constrained revenues

– Pre COVID-19 FY 2019/20 revenue level –	\$236.9 M	}	-\$20.0 M
vs.			
– Updated FY 2019/20 revenue level –	\$218.5 M		
vs.			
> <u>Projected FY 2020/21 revenue level –</u>	<u>\$216.9 M</u>		

- Major revenue variances include:

- > Transient Occupancy Tax

Historical Pre-COVID Level –	\$14.1 M	}	-\$7.2 M
Projected FY 2020/21 Level –	\$ 6.9 M		

- > Sales Tax

Historical Pre-COVID Level –	\$43.9 M	}	-\$4.7 M
Projected FY 2020/21 Level –	\$39.2 M		

- > Use of Money / Property

Historical Pre-COVID Level –	\$17.3 M	}	-\$2.8 M
Projected FY 2020/21 Level –	\$14.5 M		

Expenditure Plan Reflects An Emerging New Fiscal Reality

- **We've identified \$21.03 M in FY 2020/21 budget cuts for consideration to balance the City budget**
 - Operating budget reductions
 - Hiring freeze
 - Personnel cost reductions
 - Reduced level of transfer to savings accounts
 - Bond refinance cost savings

- **The most significant cut involves a planned reduction in our workforce of around 5%**
 - Given existing civil service rules / procedures, and in an effort to reorganize the City operation in as thoughtful a manner as possible, our proposed budget assumes the institution of an early retirement program that results in a 5% reduction in the City's workforce
 - > The City has **294** employees currently eligible to retire
 - > We are assuming that at least 15% of those eligible to retire (44 employees) would participate in an early retirement program, which would result in annualized ongoing cost savings of at least \$6.2 M
 - It isn't realistic to assume that revenue levels will return to pre-COVID-19 levels in the near future
 - > This means that we will need to resize our operation to fit with our emerging new fiscal reality

Early Retirement Program vs. Layoffs

- **Layoffs vs. Early Retirement**

- Using early retirement incentives and a targeted reorganization process afterwards allows us to redesign while scaling down
 - > In that way, we use reserves for one-time costs to implement our reorganization plans, rather than papering over budget gaps
- Layoffs are an option, but in a civil service environment, layoffs trigger “bumping rights”
 - > This results in a severely reduced capacity to perform work, as existing tenured-based “bumping right” rules result in misalignments between operational needs and employee capabilities
- Our goal is to maintain existing service levels with reduced staffing levels
 - > Ultimately, if we want to provide services more efficiently, we will need to...
 - Ensure that we have the right people serving in the right jobs
 - Ease internal bureaucratic red-tape
 - Move towards becoming a flatter, more customer-focused operation
 - Continue to build a distinct organizational culture focused on the provision of exceptional service

- **Multiple companies and agencies deploy early separation programs in lieu of layoffs**

- Private sector companies (John Deere, United Airlines, American Airlines, Verizon Wireless) and public agencies (Ontario, Santa Monica, Garden Grove) have all developed voluntary separation programs
- Benefits include maintaining productivity & employee morale, eliminating certain HR legal risks, and mitigating the loss of key staff

Early Retirement Program Design

- **We've assessed several early retirement incentive program design options**
 - Based on our employee population, and the need to shrink our workforce, staff recommends moving forward with the CalPERS early retirement program
 - > Provides participants with 2 additional years of retirement service credit
 - > Cost varies based on classification of the participating employee
 - Between ~\$35 K - ~\$60 K / employee for miscellaneous, and ~\$50 K - ~\$125 K / employee for safety
 - > This program is recommended as it would likely attract the highest number of employees accepting the early retirement offer
 - We've also looked at self-designed early retirement programs
 - > Provide participants with \$1,500 for every year of service, plus 6-months worth of health insurance coverage
 - The average cost per employee for this type of program is estimated at ~\$40 K / participant
 - > This program design may not allow us to achieve our minimum 5% reduction in our workforce
- **If we do not achieve a net reduction of ~5% of our total staffing levels through the early retirement program, additional cost cutting measures will need to be considered**

Key FY 2020/21 Budget Additions

- **Quality of life staffing additions**

- Police Department
 - > 3 new sworn officers for enhanced homeless response
- Community Development
 - > City currently only has 4 code enforcement officers to handle issues for the entirety of our 32-square miles in HB
 - > 2 new code enforcement officers are included in the budget to help enhance quality-of-life enforcement issues

- **Full and robust CIP budget, totaling \$29.8 M in proposed projects**

FY 2020/21 Budget Overview

- Taking into account all of the proposed budgetary adjustments, our proposed FY 2020/21 General Fund Budget is as follows:

– Revenues:	\$216.9 M
– <u>Expenditures:</u>	<u>\$216.9 M</u>
– NET POSITION:	\$ 0.0 M

FY 2020-21 General Fund Budget Review



FY 2020/21
General Fund Revenue Review

Revenue Decrease Assumptions

Object Account	FY 2019-20 Pre-COVID Projected	FY 2020-21 Proposed Budget	Increase / (Decrease)	% Increase / (Decrease)
REVENUES				
Property Tax	92,408,127	94,350,104	1,941,977	2.1%
Sales Tax	41,283,740	37,000,000	(4,283,740)	-10.4%
Public Safety Sales Tax	2,475,075	2,227,205	(247,870)	-10.0%
Franchises	6,624,776	5,520,627	(1,104,149)	-16.7%
Transient Occupancy Tax	14,001,737	6,895,067	(7,106,670)	-50.8%
Utility Users Tax	17,906,061	16,605,315	(1,300,746)	-7.3%
Business License Tax	2,401,880	2,000,000	(401,880)	-16.7%
License and Permits	5,755,902	5,357,668	(398,235)	-6.9%
Fines and Forfeitures	4,518,511	3,282,500	(1,236,011)	-27.4%
Interest Income	500,000	0	(500,000)	-100.0%
Market Value Adjustment	0	0	0	N/A
Use of Money and Property	17,572,364	14,500,000	(3,072,364)	-17.5%
Revenue from Other Agencies	3,066,814	3,130,130	63,316	2.1%
Charges for Current Services	26,388,005	24,630,713	(1,757,292)	-6.7%
Other Revenue	1,455,615	980,036	(475,579)	-32.7%
Non-Operating Revenue	519,362	428,917	(90,445)	-17.4%
Total Revenues	236,877,970	216,908,281	(19,969,688)	-8.4%

Property Tax Assumption

- **Overview**

– FY2019/20 Pre-COVID Revenue Estimate:	\$ 92.41 M
– <u>FY2020/21 Proposed Budget Revenue:</u>	<u>\$ 94.35 M</u>
– Net Change:	\$ 1.94 M

- **Notes / Assumptions**

- The estimated **2.1% increase** in Property Tax receipts is based on higher assessed valuations as of January 1, 2020 versus prior fiscal year
- COVID-19 economic impact on Property Tax revenues is muted in FY2020/21, however, we are projecting possible material declines beginning in FY 2022/23

Sales Tax Assumption

• Overview

- FY2019/20 Pre-COVID Revenue Estimate: \$ 41.28 M
- FY2020/21 Proposed Budget Revenue : \$ 37.00 M
- Net Change: **\$ (4.28) M**

• Notes / Assumptions

- The estimated overall **-10.4% drop** in sales tax revenues has been based on assuming a **-7.5% decrease in Q1-2020** and a **-36.1% decrease in Q2-2020**, and then a **modest increase over that new baseline of 1.9% in FY 2020/21**
- Those top-level numbers are based on the following assumptions:

Industry Group	Q1-2020	Q2-2020	FY2020/21
Auto Sales	-12.0%	-55.0%	4.2%
Building & Construction	-7.0%	-40.0%	15.0%
Business & Industry	-15.0%	-30.0%	-0.7%
Food & Drugs	5.0%	5.0%	-1.2%
Fuel & Service Stations	-10.0%	-50.0%	-8.8%
General Consumer Goods	-15.0%	-45.0%	1.0%
Restaurants & Hotels	-10.0%	-60.0%	2.2%
State & County Pools (Internet Sales)	15.0%	10.0%	5.5%
Total	-7.5%	-36.1%	1.9%

TOT Assumptions

- **Overview**

- FY2019/20 Pre-COVID Revenue Estimate : \$ 14.00 M
- FY2020/21 Proposed Budget Revenue : \$ 6.90 M
- **Net Change:** **\$ (7.10) M**

- **Notes / Assumptions**

- The estimated overall **-50.8% drop** in TOT revenues has been based on the following assumptions:
 - > July **-95% reduction** from normal receipts
 - > August – September **-85% reduction** from normal receipts
 - > October – November **-80% reduction** from normal receipts
 - > December – June **-79% reduction** from normal receipts

Business License Assumptions

- **Overview**

- FY2019/20 Pre-COVID Revenue Estimate : \$ 2.40 M
- FY2020/21 Proposed Budget Revenue : \$ 2.00 M
- **Net Change:** **\$ (0.40) M**

- **Notes / Assumptions**

- The estimated overall **-16.7% drop** in Business License revenues has been developed assuming the following factors:
 - > **-25% decline** in renewals
 - > **-50% decline** in new business licenses issues compared with the prior year
 - > Business License Deferral program in place through to July 31 with established payment plan options

Licenses & Permits Assumptions

- **Overview**

- FY2019/20 Pre-COVID Revenue Estimate : \$ 5.76 M
- FY2020/21 Proposed Budget Revenue : \$ 5.36 M
- **Net Change:** **\$ (0.40) M**

- **Notes / Assumptions**

- We're projecting that our license and permit fee revenues will **decrease by -6.9%**, based on the following factors:
 - > Actual activity in building, planning, and fire permit activity has been fairly consistent even in the midst of the COVID-19 situation
 - > This is likely due to the digital systems that the City quickly implemented at the onset of the pandemic
 - > Expect fairly consistent development activity through FY2020/21

Fines & Forfeitures Assumptions

- **Overview**

- FY2019/20 Pre-COVID Revenue Estimate : \$ 4.52 M
- FY2020/21 Proposed Budget Revenue : \$ 3.28 M
- **Net Change:** **\$ (1.24) M**

- **Notes / Assumptions**

- The estimated overall **-27.4% drop** in Fines & Forfeitures revenue has been based on the following factors:
 - > Primary contributor to revenue drop is an assumed 75% reduction in estimated parking fines and traffic fines in Q2-2020
 - > Less traffic fines anticipated in FY2020/21 due to workers continuing telework options

Use of Money & Property Assumptions

- **Overview**

- FY2019/20 Pre-COVID Revenue Estimate : \$ 17.57 M
- FY2020/21 Proposed Budget Revenue: \$ 14.50 M
- **Net Change:** **\$ (3.07) M**

- **Notes / Assumptions**

- The estimated overall **-17.5% drop** in Use of Money & Property revenues has been developed assuming the following factors:
 - > Rent holiday for City concessionaires
 - > Zero revenue from parking lot fees and parking meters for Q2-2020
 - > Continued impacts to parking and concessionaire revenues in FY2020/21 due to new normal created for social distancing

Charges for Current Services

- **Overview**

- FY2019/20 Pre-COVID Revenue Estimate : \$ 26.38 M
- FY2020/21 Proposed Budget Revenue : \$ 24.63 M
- **Net Change:** **\$ (1.75) M**

- **Notes / Assumptions**

- We are projecting that Charges for Current Services fee revenues will **decrease by -6.7%**, based on the following factors:
 - > Building, planning, and fire inspection fees are trending to show modest decreases
 - > Overall reduction is due primarily to special event and recreation class cancellations

Revenue Decrease Summary

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Total Revenues	236,877,970	216,908,281	(19,969,688)	-8.4%

FY 2020/21
General Fund Proposed Expenditure Plan

Proposed Expenditure Cuts

- **Key identified expenditure reductions**

> Workforce Reductions:	-\$ 6.20 M
> Hiring Freeze:	-\$ 3.10 M
> Personnel Cost Reductions:	-\$ 1.02 M
> Citywide Operating Budget Cuts:	-\$ 3.10 M
> Suspend Section 115 Retirement Transfer:	-\$ 1.00 M
> Bond Refinance/Utilize Bond Reserve:	-\$ 3.24 M
> <u>Reduce General Fund Transfers:</u>	-\$ 3.37 M
> TOTAL IDENTIFIED REDUCTIONS	-\$21.03 M

Workforce Reductions

- **Background – Workforce Reductions**

- Proposed budget assumes a 5% reduction in the City's current workforce
 - > The City has 294 employees currently eligible to retire
 - > We are assuming that at least 15% of those eligible to retire (44 employees) would participate in an early retirement program, which would result in annualized ongoing cost savings of at least \$6.2 M

- **Impact of Proposed Cut**

- Workforce reductions may initially impact service levels, but also provides an opportunity to strategically reorganize and streamline the City's operations
 - Ensure that we have the right people serving in the right jobs
 - Ease internal bureaucratic red-tape
 - Move towards becoming a flatter, more customer-focused organization

- **Recommendation**

- Institute workforce reductions through the CalPERS early retirement program and strategic reorganization

Hiring Freeze

- **Background – Hiring Freeze**

- Currently, the City has around 69.5 vacant positions
 - > This represents around 7.2% of the City's overall workforce
- Freezing the hiring of all non-critical positions will save the General Fund an estimated \$3.1 M in FY 2020/21

- **Impact of Proposed Cut**

- Not filling vacant positions will increase the workload for existing staff, however, the hiring freeze is not expected to materially impact current service levels

- **Recommendation**

- Save the General Fund \$3.1 M by freezing the hiring of all non-critical positions

Personnel Cost Reductions

- **Background – Personnel Cost Reductions**

- In total, the City has identified \$1.02 M in personnel cost reductions in authorized overtime and part-time staffing

- **Impact of Proposed Cut**

- A reduction in authorized overtime and part-time staffing will increase the workload for existing staff, however, the personnel cost reductions is not expected to materially impact current service levels

- **Recommendation**

- Save the General Fund \$1.02 M by reducing authorized overtime and part-time staffing

Citywide Operating Budget Reductions

- **Background – Operating Budget Reductions**

- For FY 2019/20 Pre-COVID, the City's revised operating budget totaled \$42.0 M
- In total, the City has identified \$3.1 M in operating budget cuts for FY 2020/21 (for an approximate ~7% reduction)
 - > Given the COVID-19 situation, a variety of cost savings have been realized due to new societal restrictions
 - > In addition, staff has worked to identify other operating budget cuts

- **Impact of Proposed Cut**

- No material impacts to current service levels are expected from the identified operating budget cuts

- **Recommendation**

- Save the General Fund \$3.1 M by instituting the identified operating budget cuts

Section 115 Retirement Transfer Reduction

- **Background – Section 115 Retirement Fund Transfer**

- Section 115 Trust was established in September 2016
- Historically, the City’s practice has been to transfer \$1 M annually to fund the Section 115 Trust
- The Section 115 Trust has a fund balance of \$7.16 M as of April 2020

- **Impact of Proposed Cut**

- There is no required annual savings level for the City’s Section 115 Trust
- Instituting a temporary 1-year suspension of our normal practice of saving \$1 M through our Section 115 Trust would not constitute a material impact on City operations

- **Recommendation**

- Save the General Fund \$1 M by reducing the transfer for the Section 115 Trust for FY 2020/21

Bond Refinance Savings

- **Background – Bond Refinance / Utilize Bond Reserve**

- The City currently has 3 outstanding bonds for the following projects:
 - > Pier Plaza
 - > Senior Center
 - > Library / Sports Complex
 - > Civic Center
- The total annual GF payment for our existing bonds is ~\$4.2 M
- The City is in the process of refinancing eligible outstanding bonds at a lower interest rate, without extending repayment terms
- Anticipated first year savings total \$3.4 M

- **Impact of Proposed Cut**

- None

- **Recommendation**

- Save the General Fund \$3.4 M by refinancing the City's bonds and utilizing undesignated bond fund reserves

Reduce General Fund Transfers

- **Background – General Fund Transfers**

- Proposed reduction of \$3.37 M in General Fund Transfers to the General Liability, Equipment Replacement, and Infrastructure Funds
 - > The City's General Liability fund is projected to be overfunded at 135% at the end of FY2019/20
 - > The City historically transfers ~\$4.7 M / year into the Equipment Replacement Fund
 - > Reduce the Infrastructure Fund transfer by \$1 M, pending a final decision on upgrades to the City's Police Department

- **Impact of Proposed Cut**

- Reduce the General Liability Transfer amount by \$1.4 M
 - > Reducing the GL fund transfer down to \$3.4 M would still result in the fund be overfunded at ~115%, even after reducing the transfer
- Reduce the Infrastructure Fund Transfer by \$1 M, pending a decision on Police Department upgrades
 - > Reducing the General Fund transfer from \$4 M to \$3 M does not impact our ability to meet the 15% GF infrastructure spending requirement (est. at 15.6% after identified adjustments)
- Equipment Replacement Fund Transfer Reduction of \$0.97 M
 - > Reduce the proposed ~\$4.8 M in equipment replacement expenditure budget by utilizing \$0.97 M in eligible infrastructure funding

- **Recommendation**

- Save the General Fund \$3.37 M by reducing the General Fund Transfers to the General Liability, Equipment Replacement, and Infrastructure Fund

FY 2020/21
Proposed Budget Summary

Overall Budget Adjustment Summary

- **Revenue adjustments**

- *Proposed FY 2020/21 Revenues:* **\$216.9 M**

- > This represents a \$20 M decrease (-8.4% reduction) from our Pre-COVID FY 2019/20 projected revenues of \$236.9 M

- **Key identified expenditure reductions**

> Workforce Reductions:	-\$ 6.20 M
> Hiring Freeze:	-\$ 3.10 M
> Personnel Cost Reductions:	-\$ 1.02 M
> Citywide Operating Budget Cuts:	-\$ 3.10 M
> Suspend Section 115 Retirement Transfer:	-\$ 1.00 M
> Bond Refinance/Utilize Bond Reserve:	-\$ 3.24 M
> Reduce General Fund Transfers:	-\$ 3.37 M
> TOTAL IDENTIFIED REDUCTIONS	-\$21.03 M

Proposed FY 2020/21 General Fund Budget Overview

- Proposed FY 2020/21 General Fund balanced budget is as follows:

> Revenues:	\$216.9 M
> <u>Expenditures:</u>	<u>\$216.9 M</u>
> NET POSITION:	\$ 0.0 M

FY 2020-21 Capital Improvement Budget Review



CIP Budget Overview

- FY 2020/21 Budget includes \$29.8 M in proposed capital enhancements

- Key improvements include:

- Facilities

- > Lake Fire Station Renovation
- > Central Library improvements, including for the Central Library Fountain
- > City Gym & Pool Renovations

- Utilities

- > McFadden Lift Station
- > Sewer relining
- > Water main replacement

- Parks

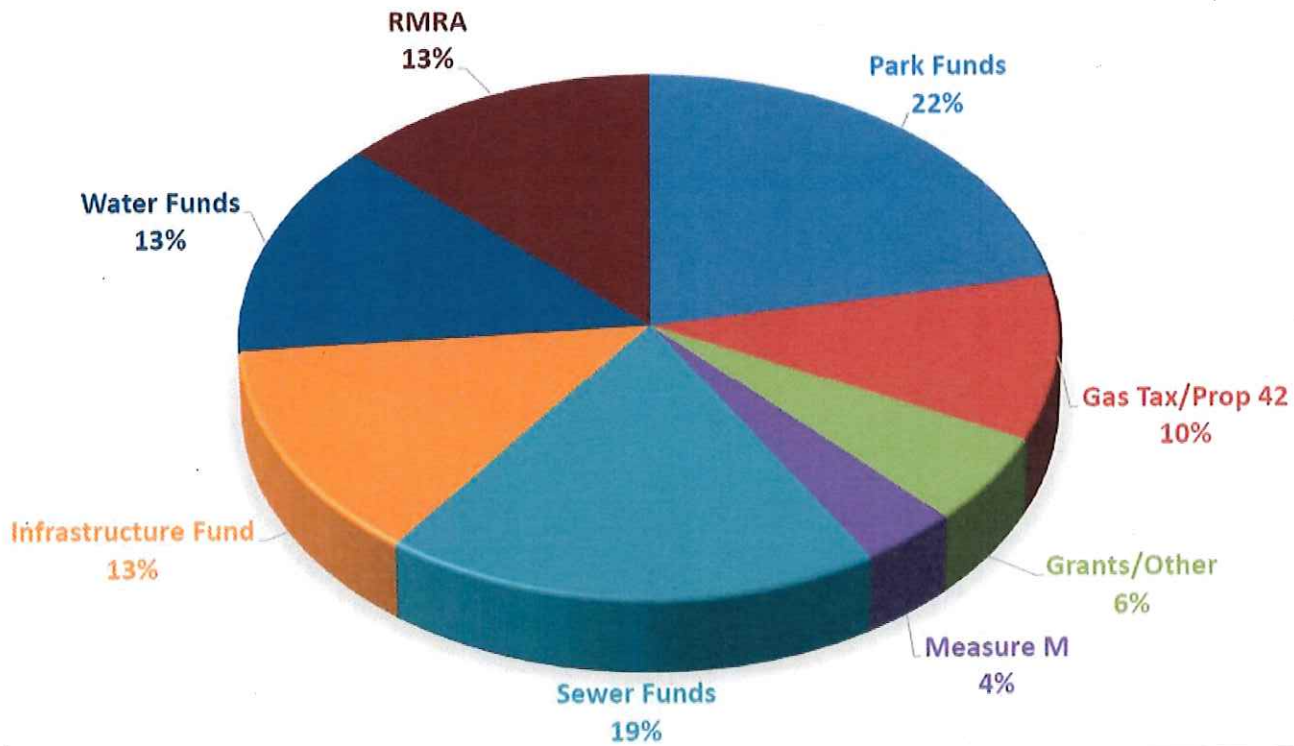
- > Rodgers Senior Center Park Redevelopment Plan
- > Blufftop Park
- > Central Park Group Picnic Areas
- > New beach showers / fountains
- > Playground equipment @ Bushard, Circle View, LeBard, and Schroeder Parks

- Streets

- > Residential Overlay in Zone 3
- > Arterial Rehabilitation Project – Atlanta, Newland, Talbert, Garfield, Brookhurst, Warner, and Edinger

CIP Funding Sources

Capital Improvement Program FY 2020/21
New Appropriations by Funding Source



Key Facility Upgrades

- **Lake Fire Station Renovation**

- \$1.0 M allocation to complete planned station upgrades

- **Central Library improvements, including for the Central Library Fountain**

- \$1.136 M in planned upgrades (Tabby Theater, meeting rooms, lower level restrooms, and Central Library Fountain)

- **City Gym & Pool Renovations**

- \$220 K for renovations to the City Gym & Pool facility



Key Park Upgrades

- **Rodgers Senior Center Park Redevelopment Plan**

- \$925 K to create a passive park at the former Rodgers Senior Center



- **Blufftop Park**

- \$1.3 M in funding to upgrade Blufftop Park

- **Central Park Group Picnic Areas**

- \$1.32 M to upgrade the play equipment at Central Park



- **Playground equipment**

- \$1.22 M for playground equipment upgrades
- Upgrades planned at Bushard, Circle View, LeBard, and Schroeder Parks



- **New beach showers / fountains**

- \$100 K for new beach showers and drinking fountains

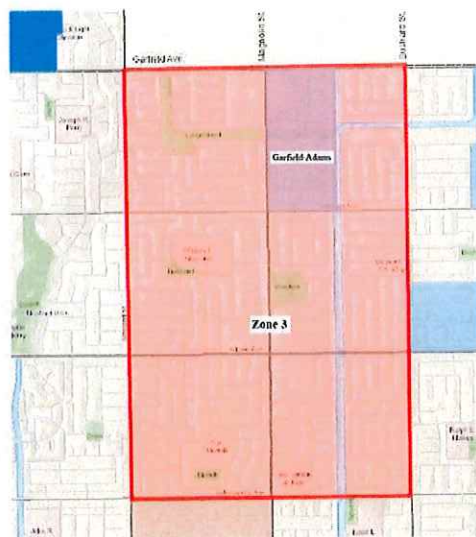
Key Street Upgrades

- **Residential Overlay in Zone 3**

- \$3.9 M allocation to fund neighborhood street and curb ramp improvements in Zone 3

- **Arterial Rehabilitation Project**

- \$3.6 M allocation to fund our annual arterial
- Arterials slated for rehabilitation include Atlanta, Newland, Talbert, Garfield, Brookhurst, Warner, and Edinger



Arterial Rehab – Before



Arterial Rehab – After



Key Utility System Upgrades

- **McFadden Lift Station**
 - \$3.4 M to improve McFadden lift
- **Sewer Relining**
 - \$1 M for lining sewers in various locations
- **Water Main Replacement**
 - \$1.25 M for our water main replacement



FY 2020-21 Budget – Next Steps



City Council Feedback Requested

- **City Council review / feedback of the proposed FY 2020/21 Budget is requested**
- **Key budget components include:**
 - Projected \$20 M drop in General Fund revenues
 - Budget balancing plan includes a City workforce reduction by ~5%, achieved through use of the recommended CalPERS early retirement program
 - Increase in police staffing (3 positions) and code enforcement staffing (2 positions)
 - Robust \$29.8 M Capital Improvement Program budget

FY 2020/21 Budget Next Steps

- **Based on City Council feedback tonight, staff will make requisite adjustments to the proposed FY 2020/21 Budget**
 - Given the fluid nature of the current economic situation, staff plans on providing the City Council with quarterly budget updates throughout FY 2020/21
- **Revised budget will be brought back for formal City Council consideration / adoption on June 15**

Questions?