



City of Huntington Beach

File #: 19-606

MEETING DATE: 6/3/2019

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Lori Ann Farrell Harrison, Interim City Manager

PREPARED BY: Gilbert Garcia, Chief Financial Officer

Subject:

Public Hearing To Consider Adopting Resolution No. 2019-28 To Adopt A Budget For The City For Fiscal Year 2019/2020

Statement of Issue:

The City Charter of the City of Huntington Beach requires a Public Hearing prior to the adoption of the City's annual budget. The City Charter further requires adoption of the annual budget by June 30, 2019, for FY 2019/20.

Financial Impact:

The total FY 2019/20 Proposed Budget is a structurally balanced budget. The All Funds Proposed Budget equals \$381.2 million, including a General Fund Proposed Budget of \$231.8 million. Individual departmental and fund level appropriations are contained in the attachments herein.

Recommended Action:

- A) Open the Public Hearing on the Proposed FY 2019/20 City budget appropriation of \$381,229,021 as outline in the Proposed Budget document;
- B) Adopt Resolution Number 2019-28, "A Resolution of the City Council of the City of Huntington Beach Adopting a Budget for the City for FY 2019/20" as shown on Attachment 2;
- C) Approve the FY 2019/20 Proposed Budget Table of Organization as shown on Attachment 2, Exhibit D; and,
- D) Authorize the Professional Services included in the FY 2019/20 budget to be representative of the services projected to be utilized by departments in FY 2019/20, as shown in Attachment 3.

Alternative Action(s):

Deny staff's recommendation and provide alternative direction.

Analysis:

The City Charter requires that the City Manager submit the Proposed Budget to the City Council at least 30 days prior to the beginning of the next fiscal year. The City Manager submitted the FY 2019/20 Proposed Budget to the City Council on May 3, 2019, for the fiscal year starting July 1, 2019. The general framework for the FY 2019/20 Proposed Budget was first presented to the City Council at the February 7, 2019, Strategic Planning Retreat.

The Proposed Budget was discussed at two Study Sessions held on May 6, 2019 and May 20, 2019. The Five-Year Capital Improvement Program (CIP) will be discussed at a Study Session scheduled on June 3, 2019. The purpose of these budget study sessions is to provide the City Council with opportunities to discuss the Proposed Budget and CIP with staff before proceeding with the formal Public Hearing on June 3, 2019. The Proposed Budget was also presented to the Finance Commission on May 22, 2019.

Overview

The theme for the FY 2019/20 Budget, "Shaping the Future," reflects the City Council's implementation of thoughtful strategies that promote the City's long-term financial sustainability. FY 2019/20 will be the second full twelve-month July to June fiscal year for the City, as City Council approved on December 18, 2017, to change the fiscal year for the City to a July 1 to June 30 period. Balancing this proposed budget required strong collaboration with each department, including detailed analysis of each department's costs and implementation of budget adjustments where appropriate to maintain fiscal prudence. These efforts yielded a structurally balanced FY 2019/20 Proposed Budget, totaling \$381.2 million in All Funds reflecting a 2.2 percent increase from the FY 2018/19 Adopted All Funds Budget of \$373.1 million.

The total FTE count in All Funds for FY 2019/20 is 987.25, reflecting an increase of 1.0 full-time equivalent personnel (FTE) count across All Funds compared to the FY 2018/19 Adopted Budget. In addition, the FY 2019/20 General Fund Proposed Budget is projected at \$231.8 million, a \$3.4 million or 1.5 percent increase from the current year's General Fund Adopted Budget of \$228.4 million. The majority of General Fund revenue is derived from Property Tax, Sales Tax, Utility Users Tax, and Transient Occupancy Tax. In line with many current economic indicators, the City is experiencing a flattening or slowing of revenue growth in some categories, requiring continued vigilance. The Proposed Budget demonstrates the City's continued commitment to the safety of its community, dedicating \$127.9 million, or 55% of the total General Fund budget, to public safety.

Professional Services

As established by Administrative Regulation Number 228, each department has submitted a list of professional services, which are generally contained in their Proposed Budgets (Attachment 3). Professional services contracts are subject to compliance with Administrative Regulation Number 228 and City Ordinance Chapter 3.03.

Public Hearing

The City Charter requires that a public hearing be conducted on the City budget prior to adoption. Public Hearing notices have been published per City Charter requirements (Attachment 1). At the close of this hearing, all legal requirements for budget adoption will have been met.

Environmental Status:

Not applicable.

Strategic Plan Goal:

Enhance and maintain high quality City services
Enhance and maintain the infrastructure
Strengthen long-term financial and economic sustainability
Enhance and modernize public safety service delivery

Attachment(s):

1. Public Hearing Notice
2. Resolution Number 2019-28, "A Resolution of the City Council of the City of Huntington Beach Adopting a Budget for the City for Fiscal Year 2019/2020"
3. Professional Services included in the Fiscal Year 2019/20 Budget