

City of Santa Cruz Budget Hearing #2 - FY 2020 Budget Solutions

Proactive fiscal sustainability through unprecedented times

**CITY MANAGER'S
FISCAL YEAR 2020
BUDGET MESSAGE**

To the Honorable Mayor and Members of the City Council:
With my great appreciation to the many City staff members who helped in the development of this budget, I submit to the City Council and Santa Cruz Community the (FY) 2020 Proposed Budget. Building on our Fiscal Sustainability Plan, the budget used in developing this budget were to present a balanced budget and expenditure estimates, to do the best job possible of providing the levels of service to the community, and to implement the City's Work Plan.

The Proposed FY 2020 Budget can be characterized as a balanced budget. Thanks to both community support for Measure A and prudent financial planning, Santa Cruz is in better financial health than in the complexity of our needs.

BUDGET IN BRIEF

FISCAL YEAR 2019-2020

Citywide Staff

Police	97.83
Fire	87.25
Public Works	136
Water	117.25
Other	252.7

Community Data FY 2020 Budget

Santa Cruz Population 66,454

Gender

- Male 49%
- Female 51%

Ethnicity

- White 64%
- Hispanic or Latino 21%
- Black or African American 1%
- American Indian and Alaska Native 0.3%
- Native Hawaiian and Other Pacific Islander 0.1%
- Some other race 0.3%
- Two or more races 4%
- Asian 9%

Department Description

The Parks and Recreation Department provides parks, community facilities, open spaces, and innovative programs for children, teens, adults, and seniors. We are committed to providing the community with safe, healthy, and exciting programs and facilities.

The Parks and Recreation Department's primary objective is to provide environments, experiences, and programs that enrich lives and build a healthy community.

FY2019 Accomplishments

Environmental Sustainability & Well Managed Resources

Workload Indicators

Participants in programs, classes, and events

FY18	119,000
FY17	119,000
FY16	127,000

Reservations administered and accommodated for facility, field, court, and picnic areas

FY18	6,445
FY17	3,284
FY16	6,331

Square footage of facilities maintained and operated

FY18	169,000
FY17	169,000
FY16	169,000

Martin Bernal, City Manager
 Marcus Pimentel, Finance Director
 Cheryl Fyfe, Assistant Finance Director
 Tracy Cole, Principal Management Analyst (Budget)

Agenda #1 (evening)
May 28, 2019

Agenda: Approve FY 2020 solutions

Move the City closer to fully funding FY 2020 General Fund

Budget Ad-Hoc Committee recommends:

- Treat each in a “Consent Agenda” manner
 - Motion to approve in total except for removed solutions
- 1) \$428k of the most contentious solutions
 - 2) \$1.1 million of new solutions modeled after solutions reasonably supported on May 8th
 - 3) \$2.27 million of FY 2020 budget additions
 - 4) \$1.76 million of FY 2020 baseline solutions supported on May 8th

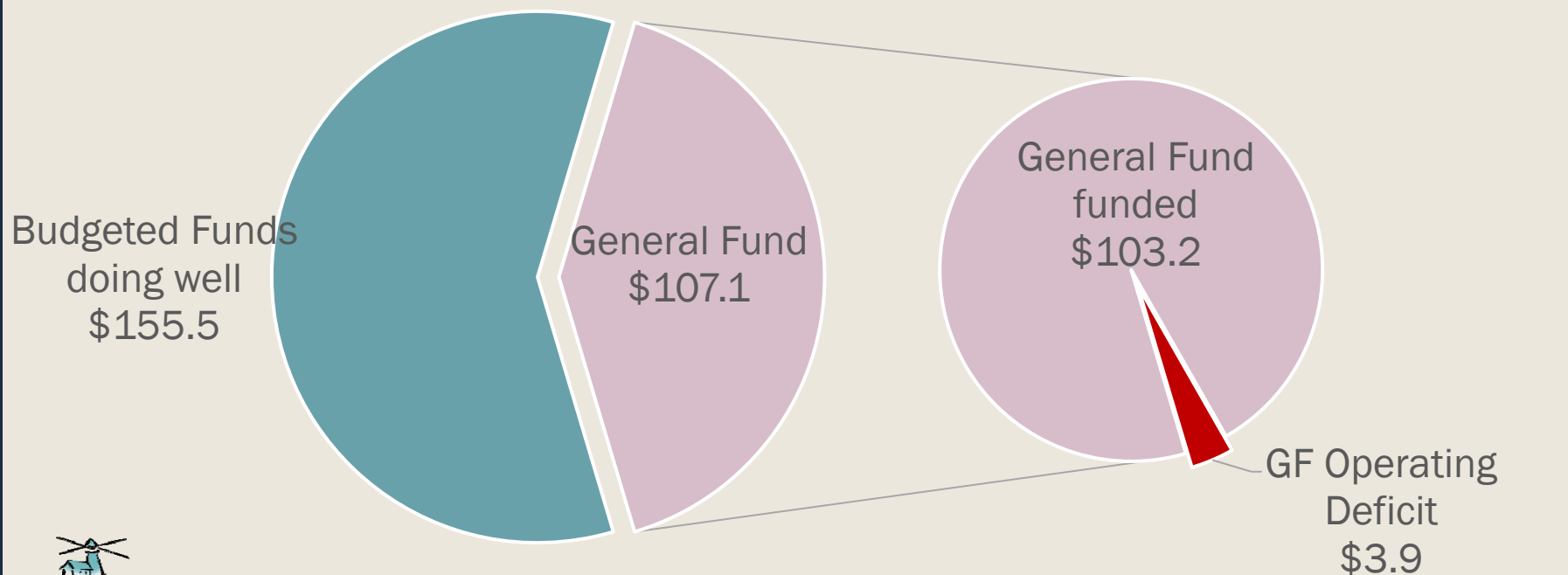


Hearing Goal: Receive Public & Council Guidance

Majority of Budget Stable vs General Fund Caution

FY2020 Proposed Budget

(in millions 5/28/19)

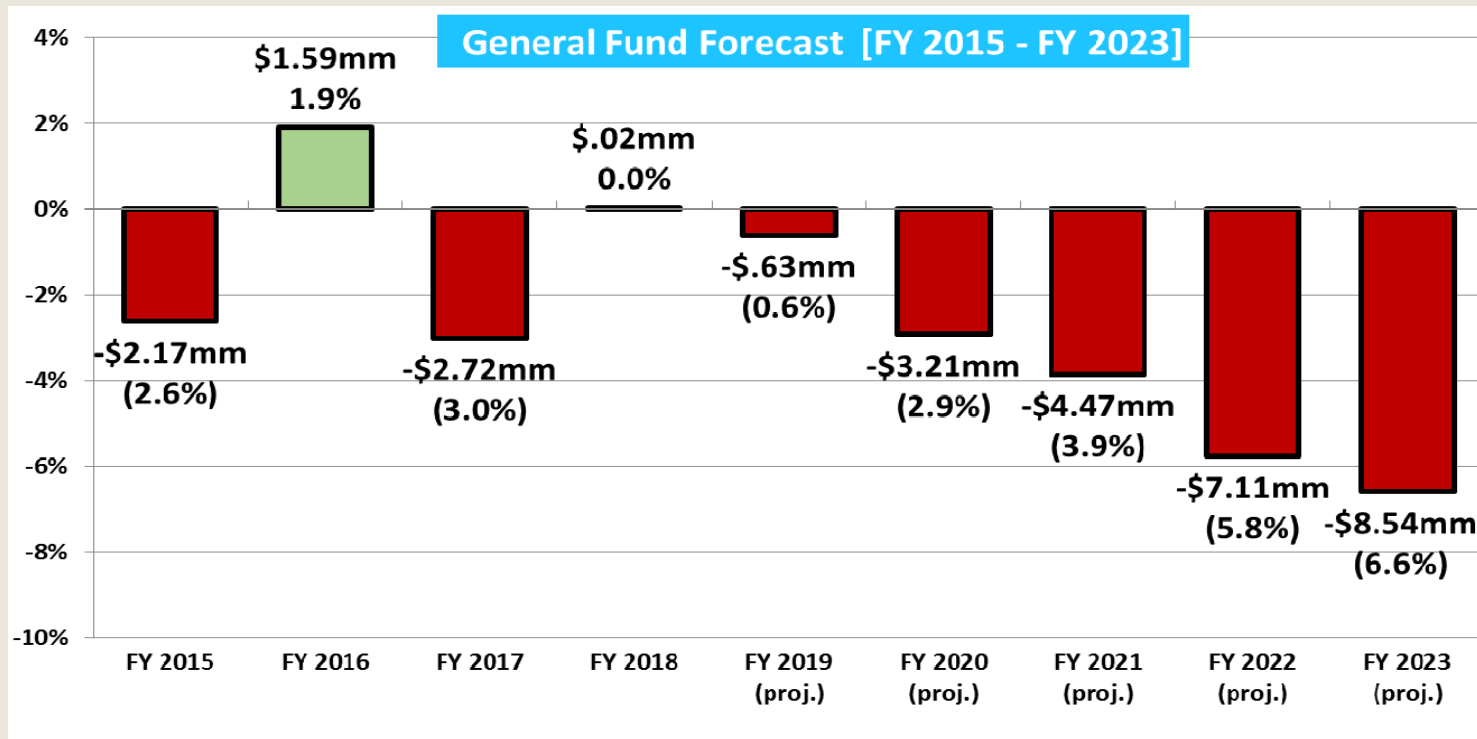


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(GF Challenge 1 of 4; Budget doc update)

General Fund facing ongoing shortfalls

Solving this year will decrease out year deficits

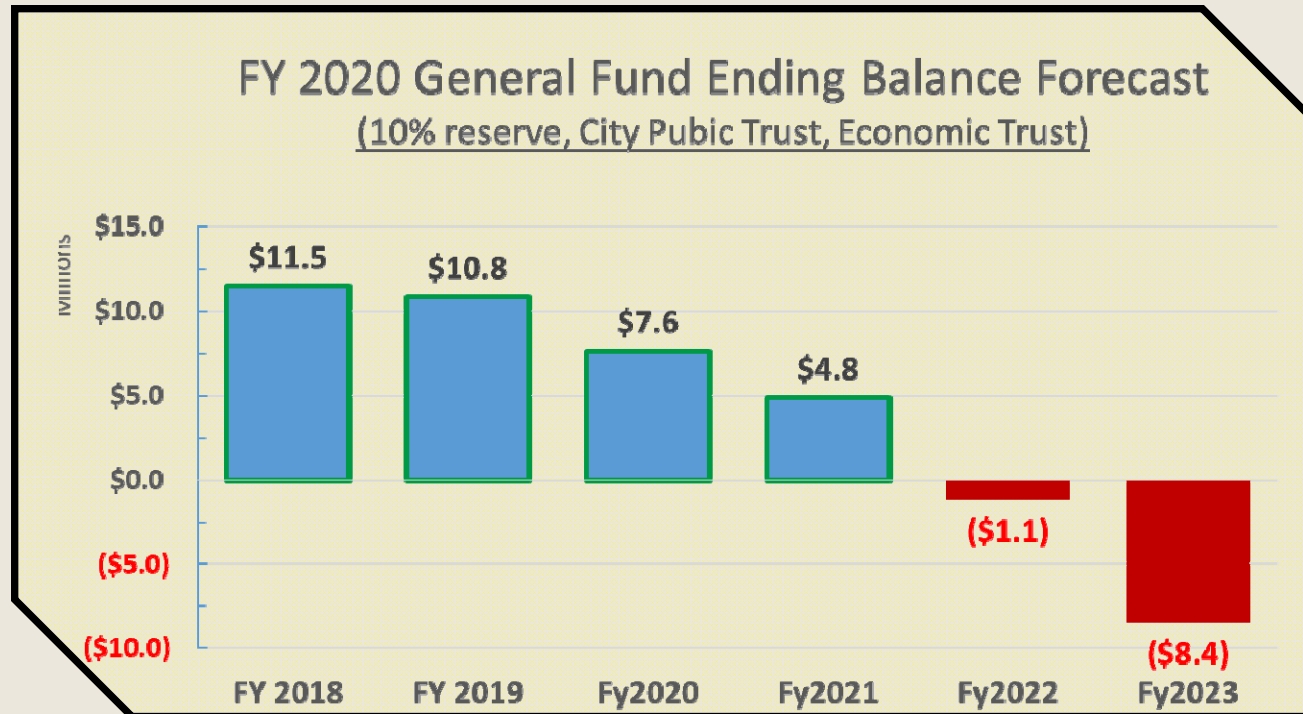


- Deficits are projected into the mid 2020's
 - *We should have planned surpluses to build up against a slowdown*
- Major assumptions include: modest slowdown FY2021-FY2022
 - *Big growth (over 5%) in: Property tax, Transient Occupancy Tax, Parking Lot tax, Property Transfer tax*



General Fund reserves would be gone by FY2022

Now is the time to build up, not liquidate



- NO Climate Resiliency Fund (flood, fire, earthquake)
- NO Operating Reserve (one-time urgent or opportunity uses)
 - *Your extra cash in the checkbook for unexpected times*

Major General Fund Problems

Decade of Deficits, Deteriorating CIP, Insufficient Reserves

- General Fund Deficits: 8 out of 10 deficits FY 2015 - FY 2024
 - *Recession will come*
 - *Now would be the time to build up reserves with planned surpluses to sustain operations in a down-turn*
- General Fund's total available reserves gone in 2 years
 - *\$11.4 million (Fy2018) to \$7.6 million (Fy2020) to \$-0- (Fy2022)*
 - *Includes all Public Trust and Econ. Dev. Trust funds*
- General Fund CIP should be \$3 million to \$5 million minimum



Budget Document

City Manager Strategic Message

CITY MANAGER'S FISCAL YEAR 2020 BUDGET MESSAGE



FISCAL YEAR 2019-2020 BUDGET IN BRIEF

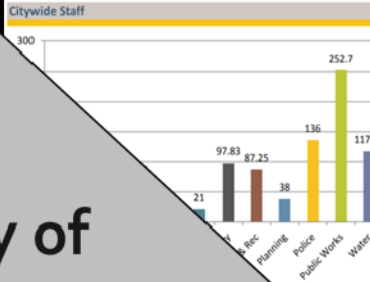


The City of Santa Cruz to over 63,000 reside 5,000 businesses and between 3-4 million vic year. With its fantastic mild temperatures ar famous Beach Boardwa Cruz is one of the most destinations along the coast.

Improved "Budget in Brief"

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This Proposed represents a balanced budget that echoes our continued commitment to safeguarding service and resources to the City's changing needs. By practicing fiscal prudence, the expenditures and revenues presented provide key services, such as Police and Fire, but also necessary services from our Water Department and Public Works Department.

Despite rising pension and personnel costs, the budget is balanced and preserves existing service levels the residents of Santa Cruz expect and deserve.

City of Santa Cruz California 2020 Annual Budget July 1, 2019- June 30, 2020

Community Data FY 2020 Bu

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64% Hispanic or Latino 21% Black or African American 1% American Indian and Alaska Native 0.3% Asian 9% Hawaiian and Other Pacific Islander 0.3% Some other race 0.3% 0.3% Two or more races 4%

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Reservations administered and accommodated for facility, field, court, and picnic areas

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Acres of park land maintained and operated

FY18	1,700
FY17	1,700
FY16	1,700

Square footage of facilities maintained and operated

FY18	169,000
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Visual Community Profile

NEW Workload Indicators



New

Content: Finance Director's Overview

General Fund Fiscal status & FY 2020 budget solutions

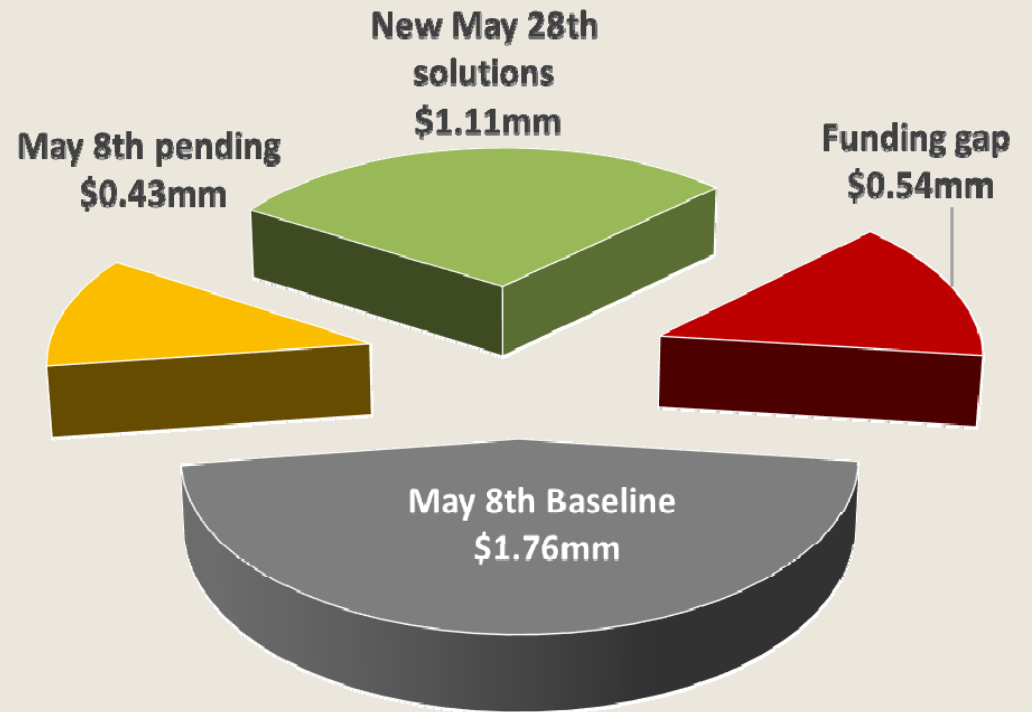
- Finance Director's Overview
 - *Budgetary challenges & forecasts*
 - *What is changing (i.e., no new General Fund CIP or Position cost increases)*
 - *Proposed General Fund Budget Solutions*
 - Reductions and new resources
 - *General Fund reserves and trust status*
 - *Frequently Asked Questions*



General Fund

May 8th Budget Solutions in question (\$3.9 million)

\$3.3 Million of solutions towards \$3.9 Million required to fully fund FY 2020 General Fund (5/28/19 - includes all potential additions)



Questions - Tonight's Actions

Motion(s)...

Budget Ad-Hoc Committee recommends:

- Treat each solution bundle as a “Consent” item
(approve in total except for removed solutions)

- 1) \$428k of the most contentious solutions
- 2) \$1.1 million of new solutions modeled after solutions reasonably supported on May 8th
- 3) \$2.27 million of FY 2020 budget additions
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- 5) Direct staff to provide remaining solutions for June 11th Budget Hearing and prepare for June 11th Budget Adoption



FY 2020 General Fund

Bundle #1

Likely most
contentious
solutions
(\$ 428k)

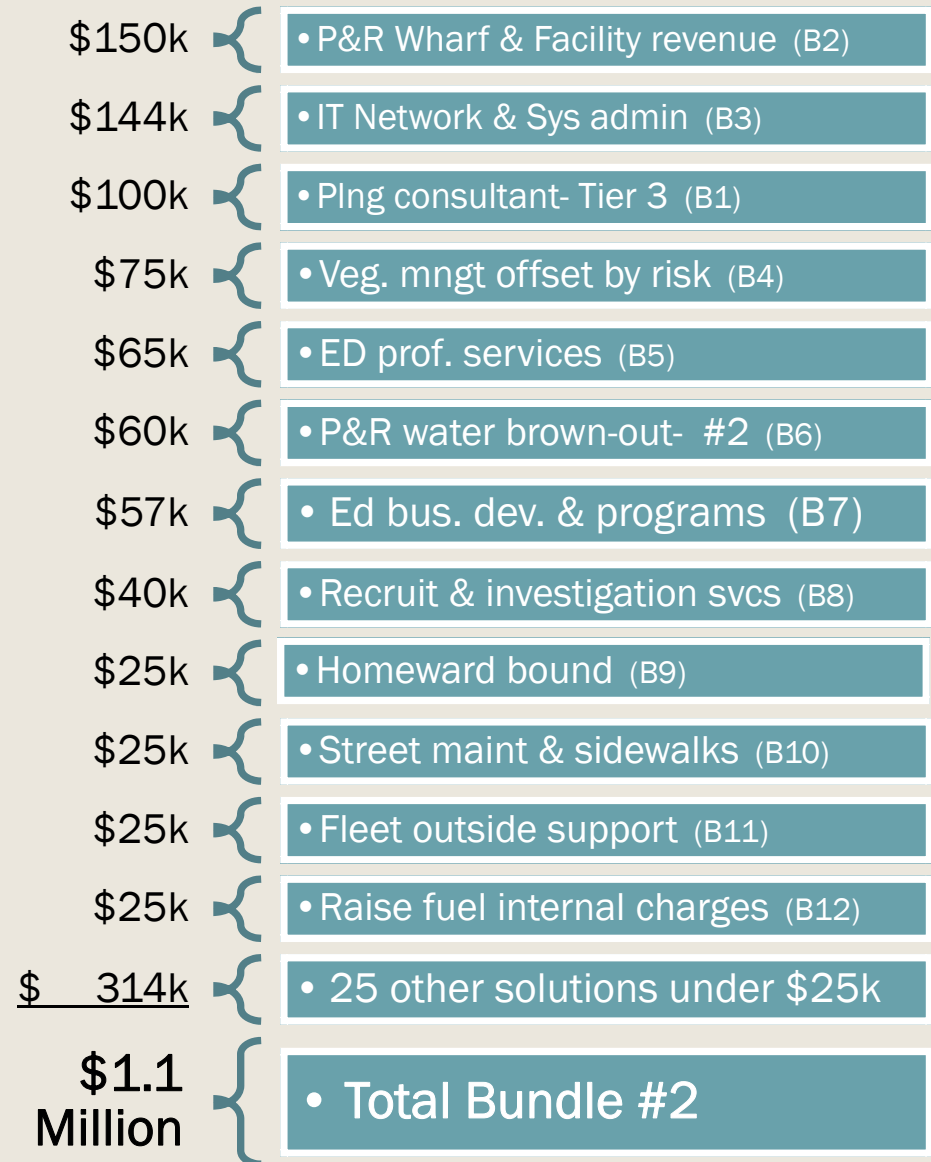
\$237k	{	• First Alarm reduction (A1)
\$47k	{	• 4% Comm Programs (A2)
\$41k	{	• Trail crews & interns (A3)
\$30k	{	• Public Art reduction (A4)
\$20k	{	• Youth museum programs (A5)
\$15k	{	• Streets smarts campaign (A6)
\$14k	{	• P&R classes (A7)
\$8k	{	• Homeless camp cleanup (A8)
\$8k	{	• Council travel & training (A9)
\$ 8k	{	• Open Streets (A10)
\$428k	{	• Total Bundle #1

FY 2020 General Fund

Bundle #2

New solutions \$ 1.1 Million

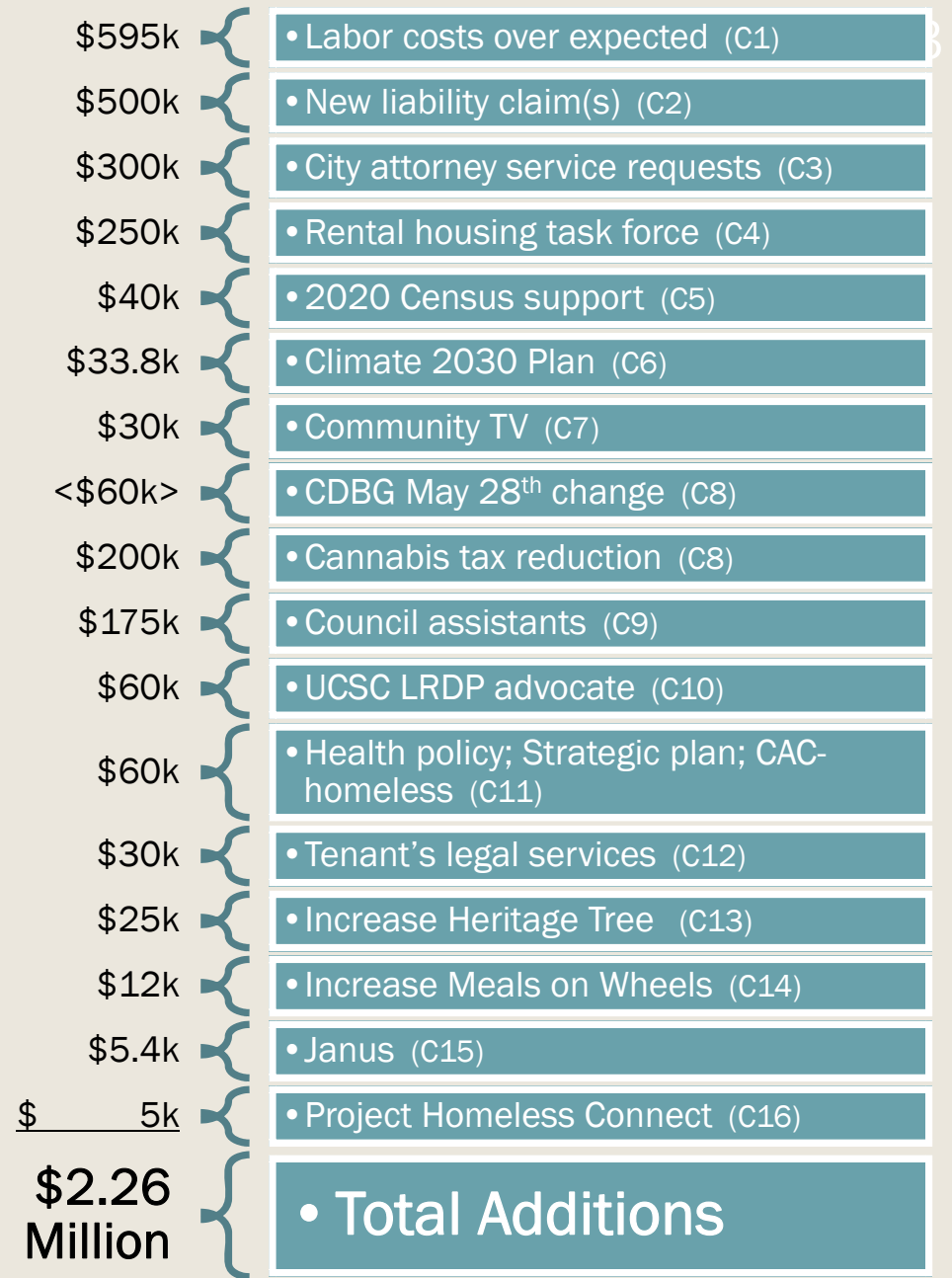
(based on May 8th
solutions reasonably
accepted)



FY 2020 General Fund

Bundle #3

Adds to FY
2020 Budget
\$2.26 Million

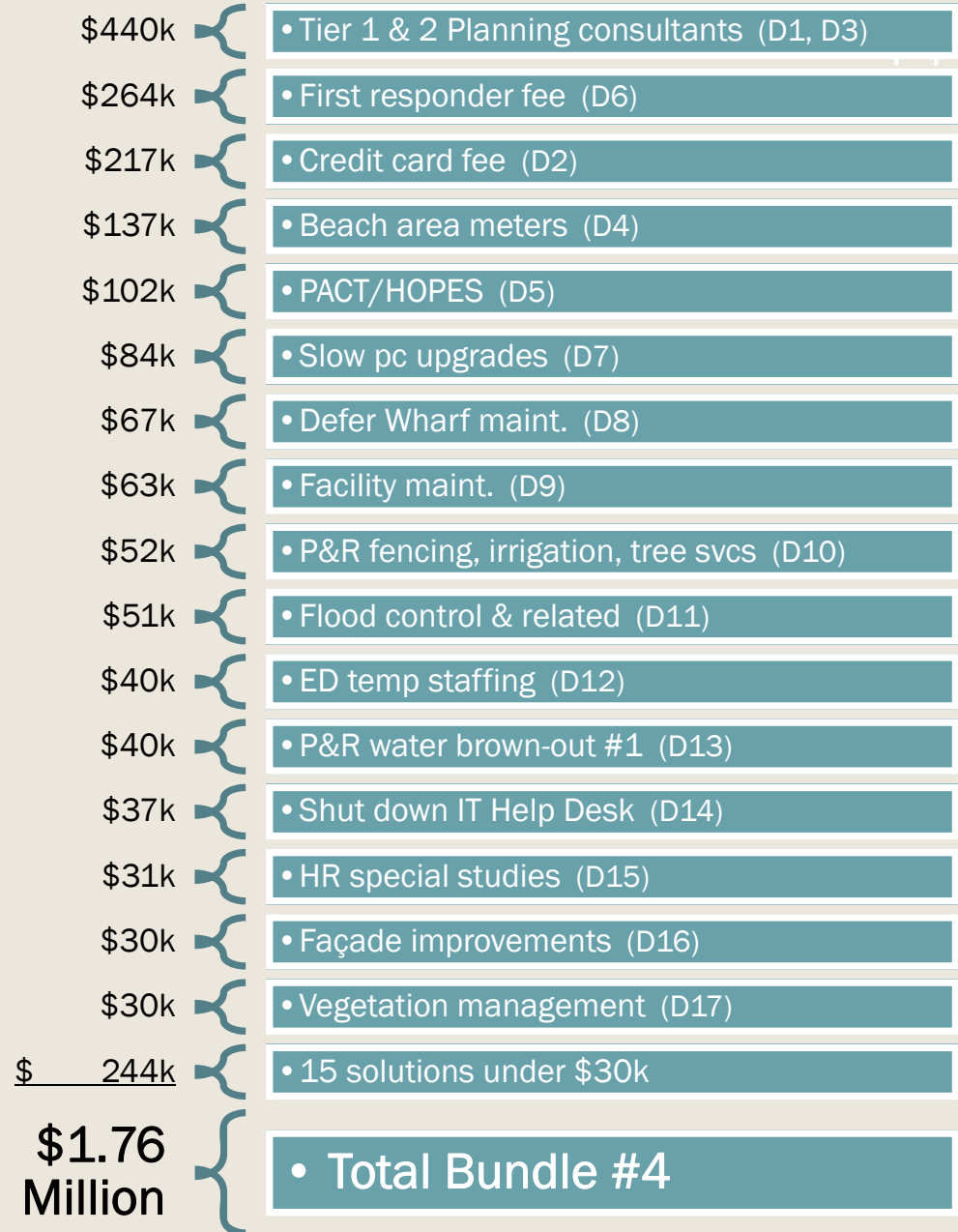


FY 2020 General Fund

Bundle #4

Baseline
solutions

\$ 1.76 Million



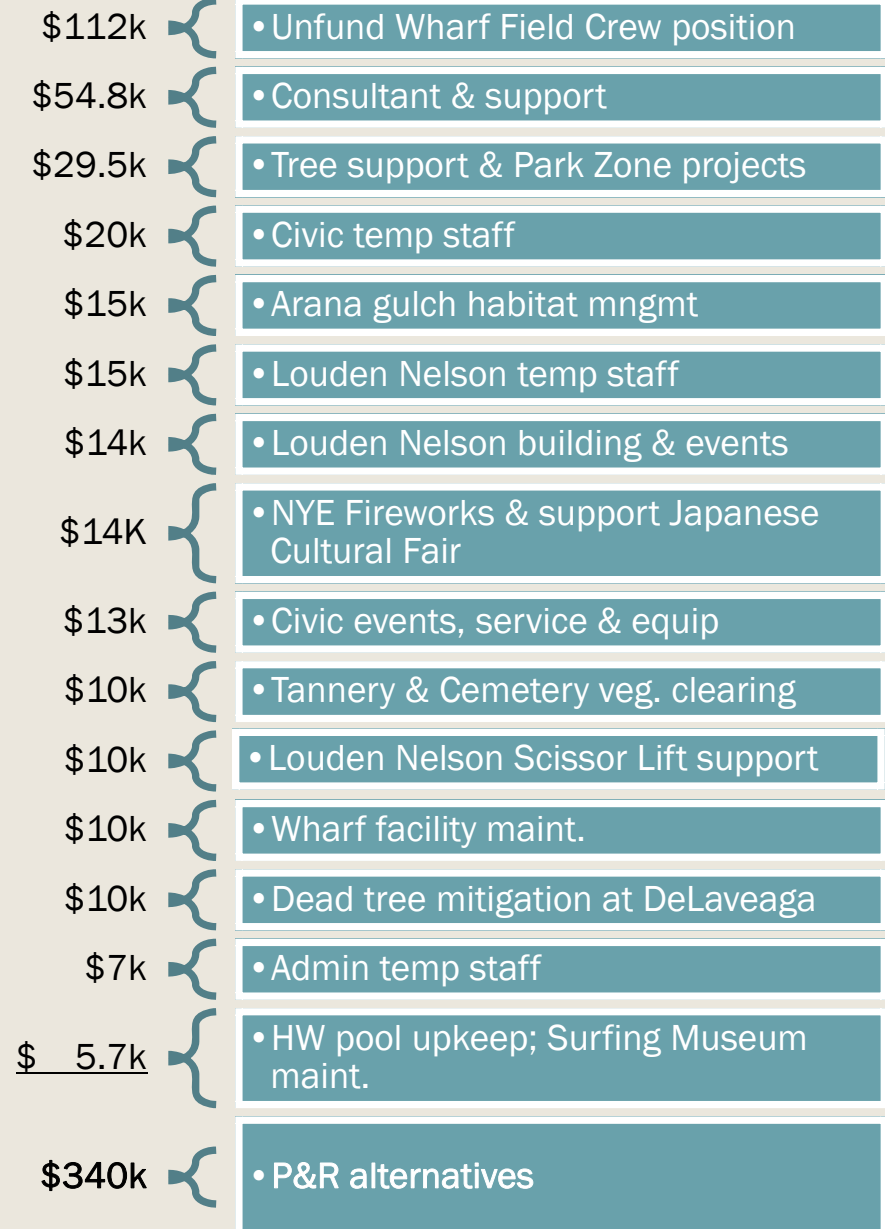
NEW

FY 2020 General Fund

P&R alternatives

\$340k

(to substitute for any
P&R solutions not
accepted)



END OF SLIDES

