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# CITY OF POMONA

## COUNCIL REPORT

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November 18, 2019

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted By: Andrew Mowbray, Finance Director/City Treasurer

**SUBJECT: RECEIVE AND FILE THE FISCAL YEAR 2018-19 UNAUDITED YEAR-END OVERVIEW, REVIEW THE FISCAL YEAR 2019-20 GENERAL FUND 1<sup>ST</sup> QUARTER BUDGET REVIEW, AND ADOPT A RESOLUTION AMENDING THE FISCAL YEAR 2019-20 OPERATING BUDGET AND AMENDING THE FY 2019-2020 CAPITAL IMPROVEMENT PROGRAM BUDGET**

**RECOMMENDATION:**

It is recommended that the City Council take the following actions:

- 1) Receive and file the Fiscal Year (FY) 2018-2019 Unaudited Year-End Overview
- 2) Review the FY 2019-20 General Fund 1<sup>st</sup> Quarter Budget Report;
- 3) **ADOPT RESOLUTION 2019-179 AMENDING THE FISCAL YEAR 2019-20 OPERATING BUDGET AND AMENDING THE FY 2019-2020 CAPITAL IMPROVEMENT PROGRAM BUDGET BY APPROPRIATING \$253,928 OF AVAILABLE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM INCOME FUNDS TO THE “EMERGENCY SHELTER ANNEX/WATER UTILITY ACCESS,” PROJECT NUMBER NO. 428-2590-XXXXX-71053**

**EXECUTIVE SUMMARY:** This report contains Fiscal Year (FY) 2018-19 Unaudited Year-End Overview and a review of FY 2019-20 General Fund 1<sup>st</sup> Quarter Budget, which is from an accounting standpoint 25% of the year complete. General Fund revenues are 10% of projections, and expenditures are 21%, as of September 2019. While actual General Fund revenues are only at 10% of budget or \$11.6M, they are in line overall with prior year actuals during this same time period. Actual General Fund expenditures are 21% or \$24M, which is in-line with the current FY 2019-20 Budget. This report also includes a request for General Fund appropriations that relate to the respective bargaining units’ two-year contracts for 2019-2021 as approved by the

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City Council in September 2019 and October 2019. In addition there are two major General Fund Revenue sources adjustments, four Non General Fund appropriation requests, and an increase to a CIP project.

**FISCAL IMPACT:** The adoption of the attached resolution will increase the FY 2019-20 General Fund appropriations by \$1.2M and revenue estimates by \$990K. The impact of these adjustments is a reduction to the General Fund balance in the amount of \$245K. In addition, this action will increase FY 2019-20 Non-General Fund Operating appropriations by \$883K and increase estimated revenues by \$2K reflected in Table 1.

**Table 1 – Fiscal Year 2019-20 Appropriations and Revised Revenue Estimates**

General Fund	Revenue Estimate	Appropriation Changes
MOU Impacts (101-XXXX-51012-00000)	\$0	\$1,234,667
Secured Property Tax (101-9999-40010-00000)	\$674,288	\$0
Unsecured Property Tax (101-9999-40020-00000)	\$48,159	\$0
Homeowners Exemption (101-9999-40027-00000)	\$300	\$0
Prior Year & Supplementals (101-9999-40030-00000)	\$100,000	\$0
PUSD Revenue for Police Dept. Community Resources Officers (101-2010-40916-00000)	\$166,766	\$0
<b>Total General Fund Appropriations</b>	<b>\$989,513</b>	<b>\$1,234,667</b>
Non General Funds	Revenue Estimate	Appropriation Changes
MOU Impacts (XXX-XXXX-51012-00000) <sup>(1)</sup>	\$0	\$835,413
Measure M Asphalt Roller Transfer (138-2520-52285-00000)	\$0	\$45,000
Capital Outlay Fund Lease Proceeds for Vehicle Purchases (418-2506-66182-70976)	\$0	\$120,000
Measure M Unappropriation (138-2506-66182-00000)	\$0	(\$120,000)
Local Government Waste Tire Amnesty Grant Program (582-2548-40873-00000)/(582-2548-52285-00000)	\$2,232	\$2,232
<b>Total Non General Fund Appropriations</b>	<b>\$2,232</b>	<b>\$882,645</b>
<b>Total Appropriations</b>	<b>\$991,745</b>	<b>\$2,117,312</b>

<sup>(1)</sup> Refer to Exhibit A of Attachment No. 1 for Fund Breakdown

**PUBLIC NOTICING REQUIREMENTS:** None Required

**PREVIOUS RELATED ACTION:** City Council approved the Budget Preparation Calendar, Guiding Principles and Process for the FY 2019-20 on January 7, 2019. City Council adopted the FY 2019-20 Operating Budget, Housing Authority Budget, and the Five-Year Capital Improvement Program on June 3, 2019, with amendments to the General Fund operating budget approved on July 1, 2019, July 15, 2019, August 5, 2019, September 19, 2019 and November 4, 2019.

**DISCUSSION:**

**GENERAL FUND FY 2018-19 UNAUDITED YEAR-END OVERVIEW**

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Based on the unaudited figures to date, the FY 2018-19 General Fund revenues will end at 101% of budget; and expenditures are on track to end at 97% of budget, which creates a preliminary net surplus of \$4.4M. See Table 2.

**Table 2 – Unaudited Fiscal Year 2018-19 General Fund Summary**

	<b>2018-2019 ADOPTED BUDGET</b>	<b>2018-2019 AMENDED BUDGET</b>	<b>2018-2019 ACTUALS TO DATE</b>	<b>% ACTUALS/ BUDGET</b>	<b>2018-2019 YEAR END ESTIMATE</b>
Total Revenue	102,701,164	110,079,487	110,821,473	101%	109,372,975
Total Expense	107,394,313	110,257,850	106,434,660	97%	105,939,807
<b>Net</b>	<b>(4,693,149)</b>	<b>(178,363)</b>	<b>4,386,813</b>		<b>3,433,168</b>

Actual General Fund revenues exceeded expenditures by \$4.4M due mainly to salary savings and conservative spending in all Departments. This \$4.4M will be reflected in the City General Fund reserves. However, on November 4, 2019 the City Council approved a \$1.4M appropriation from the General Fund reserves to support the Police – Main Facility Roof Replacement CIP Project. This budget appropriation will eventually reduce a portion of the \$4.4M available General Fund reserves for FY 2019-20. Even with this contribution to the General Fund reserves, as well as the net budget changes discussed herein this report the General Fund balance will be at a level over 17% which is the requirement to be met by June 30, 2020 per the City's Fiscal Sustainability Policy. The current state of the General Fund balance will be discussed herein.

#### **FY 2018-19 GENERAL FUND REVENUES**

As adopted, the City's FY 2018-19 General Fund Revenue Budget reflected \$102.7M in anticipated revenues, after approved budget adjustments the total was amended to \$110.1M. To date, \$110.9M in revenue has been received and no other significant sources are forthcoming. Actual revenues for Property Tax, Sales & Use Tax and Other Tax revenues exceeded budget as well as the \$3.2M onetime revenue received related to the sale of the City cell tower leases. The City's Sales Tax Measure PG made its first fiscal year quarterly contribution of \$2.5M. Utility User Tax is the only large revenue source that came in significantly below budget.

#### **FY 2018-19 GENERAL FUND EXPENDITURES**

As adopted, the City's FY 2018-19 General Fund Expenditures Budget reflected \$107.4M in appropriations. With approved budget adjustments the total was amended to \$110.3M. To date, the preliminary overall expenditures are at \$106.4, which creates an estimated savings of \$3.8M. The main contributor to this savings is \$2M in salary savings within the Police Department's budget due to turnover and the cumulative vacancy of full time positions as well as conservative spending throughout several Departments.

#### **GENERAL FUND**

**FY 2019-20 FIRST QUARTER REVIEW** – As adopted on June 3, 2019 the General Fund budgeted revenues were \$114.9M and appropriations were \$113.8M, resulting in an estimated surplus of

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\$1.2M. The General Fund budget has been amended since its adoption, and appropriations exceed revenues by \$161K. If the proposed 1<sup>st</sup> Quarter appropriations are approved, then there would be a \$245K negative impact resulting in a deficit of \$642K. As noted in Table 3 the General Fund has expended nearly \$12.8M more than it has collected as of September 30, 2019. This negative cash flow is normal due to the timing of tax receipts and is one of the significant reasons that a 17% Fund Balance Reserve is necessary.

**Table 3 - Fiscal Year 2019-20 1<sup>st</sup> Quarter Summary**

2019-20	1st Quarter			Adjusted Total	As of Sep 30' 19	% Rec'd/ Exp'd
	Adopted	Amendments *	Proposed Amendments *			
Total Revenue	114,928,251	108,545	989,513	116,026,309	11,705,843	10%
Total Expense	113,763,884	1,669,759	1,234,667	116,668,310	24,472,222	21%
<b>Net</b>	<b>1,164,367</b>	<b>(1,561,214)</b>	<b>(245,154)</b>	<b>(642,001)</b>	<b>(12,766,379)</b>	

## REVENUES

It may appear General Fund revenues are not performing as projected (10% received at 25% of the year). The reason is many revenue sources received in July and August are accrued back to the prior fiscal year; while other revenues are received on a quarterly or bi-annual basis in late December, January, or spring. Because of this, actual year-end results are difficult to predict at this time; however, as reflected in the Table 4, General Fund revenues in FY 2019-20 are coming in as expected based on budget at first quarter end. Sales tax is coming in a little stronger compared to 1<sup>st</sup> quarter of FY 2018-19. All Utility Tax categories are slightly down when compared to last year's 1<sup>st</sup> quarter total. "All Other Sources" is slightly higher compared to this time last year due Fines and Other Miscellaneous categories trending higher. Tax revenues make up 86% of the General Fund budgeted revenue and therefore merit a more detailed discussion as presented below:

**Table 4 - Fiscal Year 2019-20 1<sup>st</sup> Quarter Revenue Summary**

	2018-2019 ACTUALS TO DATE	2018-2019 1st Quarter	% ACTUALS/ BUDGET	2019-2020 ADOPTED BUDGET	2019-2020 1st Quarter	% ACTUALS/ BUDGET
All Property Taxes	39,212,034	790,365	2%	36,732,044	621,515	2%
All Sales & Use Tax	22,239,249	1,439,026	6%	31,646,180	2,780,154	9%
All Utility Tax	15,897,932	3,397,499	21%	17,247,586	3,008,080	17%
All Other Taxes	13,436,640	1,692,553	13%	13,175,575	1,818,224	14%
All Other Sources	20,105,527	3,678,114	18%	16,235,411	3,407,962	21%
<b>Total Revenue</b>	<b>110,891,382</b>	<b>10,997,557</b>	<b>10%</b>	<b>115,036,796</b>	<b>11,635,934</b>	<b>10%</b>

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Property Taxes – Typically, a large portion of the property tax revenues is received during the months of November through May. In addition, due to various State actions (i.e. VLF Swap), the City receives “In Lieu” property tax twice a year in January and June. Based on the revenues received through September 30, 2019, the actuals are lower this year due to most of the property of the Successor Agency being sold as the former RDA activity is winding down. Los Angeles County Assessor’s Role is released each year after budget adoption. Based on this year’s Role and analysis from the City’s Tax Consultant, Pomona’s Property Taxes are expected to come in strong. Staff is recommending increasing the “Property Tax” category by \$822,747 (approximately 5% for Secured and Unsecured, and 50% for prior year supplemental).

Sales Tax – The total revenue budget from Retail Sales Tax is derived from three distinct sources: a 1.0% share of local sales (from the State and County pools), the new Transactions and Use Tax at .75% (Measure PG) and allocations of Public Safety Augmentation Fund (PSAF) sales tax from the County. These three sources were budgeted at \$31.6M. This source of revenue is typically responsive to economic circumstances. Based on the revenues received through September 30, 2019, the total received of these three sales tax revenue sources are about \$2.8M. Keep in mind this is only one month of sales tax revenue received (September 2019), as July and August 2019 were accrued back to FY 2018-19. When comparing the \$2.8M received to date in this category, Sales Tax revenue is coming in as anticipated through the first quarter.

Utility Users Tax (UUT) – Currently budgeted at \$17.2M, utility user tax revenue represents 15% of General Fund revenues. The current amount received of \$3M does not represent a full quarter of receipts because revenue received in the July and August is accrued back to FY 2018-19. Based on a comparison of last year’s first quarter receipts to the same quarter this year funds are coming in lower. At this time staff is not recommending a change to the revenue estimate, however if this trends continue a recommendation to the lower the revenue estimate for UUT may be included in the FY 2019-20 General Fund Mid-Year Review.

Other Taxes – Other taxes include Business Licenses, Transient Occupancy Tax (TOT), Property Transfer Tax, and Franchise Fees, which represent 11% of total General Fund revenues. Business License revenue is trending slightly higher, as new revenue is coming in from the efforts of Pomona’s Tax Consultant finding unlicensed businesses. TOT, Property Transfer Tax and Franchise Fees are trending as expected and therefore Staff is not recommending a change to revenues estimates at this time.

Other Sources – All Other Sources include Fees, Permits, Licenses, and Other Miscellaneous categories and are all higher than this time last year. Fines Revenue for 1<sup>st</sup> quarter is trending about 10% higher than 1<sup>st</sup> quarter of 2018-19. Most other areas are in-line with the prior year based on a comparison of last year’s first quarter receipts to the same quarter this year. Staff is not recommending a change to the revenue estimate at this time.

Summary – In summary, the budgeted revenues from tax related items discussed above represent over 86% of the City’s General Fund. Although it is still early in the year, and knowledge of

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significant revenue indicators has not yet been received, prior year actuals and current receipts indicate the City is on pace to obtain its revenue budget for the current year.

The General Fund revised revenue are discussed in more detail beginning on page 8. As always, staff will carefully monitor events for impacts to the forecast presented herein, and other related developments as they may come to light, and will report to the City Council upon receipt of substantive and/or noteworthy information.

## EXPENDITURES

As of September 30, 2019 (25% of the fiscal year) overall General Fund appropriations are 21% expended. All departments were within an acceptable range of year-to-date expenditures in relation to the total appropriations for the year. The following tables provide a breakdown of the FY 2019-20 appropriations and 1<sup>st</sup> Quarter Expenditures first by Category (Table 5) and then by Department (Table 6). It should be noted the Amended Budget column includes all appropriations approved by City Council through November 2019.

**Table 5 - Fiscal Year 2019-20 1<sup>st</sup> Quarter Expenditure Summary**

By Category	2019-2020 AMENDED BUDGET	% OF TOTAL	2019-2020 1st Quarter	% Expended
Personnel	\$61,497,928	65%	\$12,748,730	21%
Controllable Expenses	8,184,190	9%	911,180	11%
Required Expenses	32,162,347	34%	7,663,204	24%
Allocation and Utilities	9,239,256	10%	2,252,803	24%
Recovered Costs	(1,501,467)	-2%	(375,367)	25%
Capital	223,961	0%	222,286	99%
Transfers to Other Funds	5,627,428	6%	1,049,386	19%
<b>Total Expense</b>	<b>\$115,433,643</b>		<b>\$24,472,222</b>	<b>21%</b>

As reflected in Table 6, all Departments have expended 25% or less of budget at 1st Quarter and the City's expenditures are on track to end the fiscal year within the amended General Fund budget.

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**Table 6 - Fiscal Year 2019-20 1<sup>st</sup> Quarter Department Summary**

	<b>2019-2020 AMENDED BUDGET</b>	<b>% OF TOTAL</b>	<b>2019-2020 1st Quarter</b>	<b>% Expended</b>
All General Services	\$2,845,402	3%	\$356,707	13%
All Recovered Costs	(1,501,467)	-2%	(375,366)	25%
All Mayor & Council	517,597	1%	104,659	20%
All City Clerk	532,464	1%	115,989	22%
All City Attorney	1,339,001	1%	32,252	2%
All Human Resources	1,417,177	1%	254,285	18%
All Finance	2,263,823	2%	390,916	17%
All City Administration	914,947	1%	186,399	20%
All Development Services	4,984,385	5%	789,234	16%
All Police	60,487,139	63%	13,059,981	22%
All Fire	28,939,944	30%	7,241,576	25%
All Public Works	7,956,839	8%	1,336,392	17%
All Neighborhood Services	3,680,943	4%	747,517	20%
All Library	1,055,449	1%	231,681	22%
<b>Total Expense</b>	<b>\$115,433,643</b>		<b>\$24,472,222</b>	<b>21%</b>

**FY 2019-20 BUDGET – 1st Quarter Appropriations and Revised Revenue Estimates to Date**

The FY 2019-20 Budget was adopted on June 3, 2019 with a surplus of \$1.2M. Additional budget amendments impacting the General Fund approved by the City Council after July 1, 2019 are listed below. The total budget deficit to date is \$161K:

- \$6,500 appropriation from General Fund Reserves, utilizing previously donated funds from the Fairplex for the purchase and installation of a Solar Speed Radar Feedback Sign on McKinley Ave West of Canyon Way.
- \$16K revenue estimate increase related to approval of the Downtown Pomona Owners Association for supplemental police patrols in the Downtown Business Improvement District.
- \$215K for carryover and Re-Appropriation from FY 2018-19 General Fund Reserves for the Purchase of Eight (8) 2019 Dodge Police Chargers.
- \$55K revenue estimate increase as a result of an amendment of the FY 2019-20 Capital Improvement Program Budget by Closing Completed/Cancelled Projects and Re-Appropriating Unexpended Funds in \$55K from Major Street Rehabilitation - 2015 Metro Call.

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- \$37.3K appropriation and increase in revenue estimate for setting the rate of compensation for Police services during the 2019 Los Angeles County Fair.
- \$11K revenue estimate increase related to agreements with California Conservation Corps for Vegetation/Brush Clearance in the Phillips Ranch and Ganesha Park Hillside Areas utilizing previously donated funds from the Fairplex.
- \$1.4M appropriation from available General Fund Balance to the “Police - Main Facility Roof Replacement,” Project No. 428-2590-XXXXX-73369.

#### **GENERAL FUND APPROPRIATION REQUESTS - FY 2019-20**

Recommended items to be considered in the FY 2019-20 1<sup>st</sup> Quarter Report include:

- +\$1.2M General Fund appropriation related to changes to the respective City bargaining groups agreements. Funds need to be appropriated in the General Fund budget to address current year costs to implement bargaining unit agreements approved by the City Council in September and October.
- +\$822K Revenue Estimate increase is based on new information provided by the City’s Property Tax Consultant related to data provided from the Los Angeles County Assessor’s office after budget adoption. Property tax revenue is projected to increase for the respective property tax categories of Secured (4%), Unsecured (6%), and Prior year supplemental (50%). With this post July 1, 2019 information, staff is recommending to increase the Property Tax revenue estimate by \$822K.
- +\$167K Revenue Estimate increase is related to the October 21, 2019 City Council action that approved a one year agreement to continue with the Pomona Unified School District (PUSD) Community Resource Officer (CSRO) Program Funding. This agreement includes the reimbursement of \$367K annually which is an increase over the cost sharing in previous years. Only \$200K was included in the FY 2019-20 General Fund Police Department budget. Staff is recommending increasing General Fund revenues estimate by \$167K.

#### **NON-GENERAL FUND APPROPRIATION REQUESTS – FY 2019-20**

- +\$835K of Non General Fund appropriations for all impacts related to changes to the respective City bargaining groups agreements. Funds have not been appropriated in the respective Non General Funds budget via actions related to the two year employee agreements approved in September and October. The specifics amounts are disclosed in the respective Memorandum of Understanding council actions for Pomona Policers Association, Pomona Police Managers Association, Pomona City Employees Chapter of the Teamsters Local 1932, Pomona Mid Management/Confidential Employees



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Association, and Executive Group A&B and Mid Management Library C-2 Employees. A detailed breakdown of the Fund, Department and division impacts can be found in Exhibit A of Attachment No. 1.

- +\$45K Appropriation for Measure M (Fund 138) to replenish funds borrowed for purchase of an Asphalt Roller. On August 5, 2019 the City Council approved the purchase of one asphalt roller from Trinity Equipment, Inc. in an amount not-to-exceed \$45,000. The funds to purchase the roller were available at that time via a budget transfer from controllable contracts. This action will replenish the funds that were borrowed.
- +\$120K Appropriation of lease proceeds (Fund 418) for the purchase of three replacement vehicles previously approved on September 16, 2019 using Measure M Funds. Lease proceeds have restrictions and must be used on capital assets (i.e. vehicles). The vehicles to be purchased were to use Measure M funds, however the \$155K of lease proceeds can be used for capital assets (i.e. vehicles). This will result in an un-appropriation of (\$120K) of Measure M funds original budgeted for these vehicle purchases. Freeing up these Measure M funds permits use of these same funds for procurement of grade crossing materials addressed in another action item on the Council's agenda this evening.
- +\$2K Appropriation for Local Government Waste Tire Amnesty Grant Program (Fund 582). The FY 2019-20 Local Government Waste Tire Amnesty Grant Program funds used for conducting various tire recycling events in the City was adopted at \$5,983. Staff was recently informed the actual amount allocated to the City of Pomona is \$8,215 for FY 2019-20. Therefore, an additional \$2,232 needs to be appropriated with a corresponding revenue estimate increase to coincide with the total State allocation.

These four Non-General Fund actions are included in the attached Resolution (Attachment1) of the report.

#### **CAPITAL IMPROVEMENT PROGRAM APPROPRIATION REQUESTS – FY 2019-20**

This action will appropriate \$253,928 of available CDBG funds in the FY 2019-20 Operating Budget (see table below) to the FY 2019-2020 Capital Improvement Program (CIP) Budget for "Emergency Shelter Annex/Water Utility Access," Project No. 428-2590-XXXXX-71053, bringing the project's total budget to \$1,705,228. The appropriation of \$253,928 to the "Emergency Shelter Annex/Water Utility Access," Project No. 428-2590-XXXXX-71053 from CDBG Program Income Funds will enable the City to move forward with the development of the parking area for the Year-Your Emergency Shelter. The requested amendments to the FY 2019-2020 Capital Improvement Program (CIP) Budget are as follows:

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Category	Emergency Shelter Annex/Water Utility Access Project No. 428-2590-XXXXX-71053
Current Budget	\$1,451,300
Appropriate Available CDBG Program Income Funds (213-2590-XXXXX-71053)	\$253,928
<b>Revised Budget</b>	<b>\$1,705,228</b>

#### **FY 2019-20 PROJECTED FUND BALANCE**

The projected fund balance for FY 2019-20 year end, including the unaudited FY 2018-19 projected available funds of \$4.4M, will in turn meet the FY 2019-20 benchmark goal of 17% reserves and should be 18.6% (\$1.9M) which is above the recommended reserve policy of 17%. If the City does not meet the reserve requirement, the City's bond rating could be impacted and that could drive interest rates up. It will also reduce the amount of funds available for emergency situations, cash flow needs in the first six months of the fiscal year and one-time capital replacement projects in the future.

In accordance with the City's adopted Fiscal Sustainability Policy, (I. General Policy; #6) "One-time revenue sources or unexpected revenues should be placed in reserves and not used for operating expenses. Once the reserve balance exceeds the set policy amount, one-time revenues may be used for one-time expenses. If the one-time expense results in ongoing operating costs, funding for the ongoing costs must be determined before the one-time funds are allocated." Early indications are the General Fund is projected to exceed the minimum fund balance level of 17% by June 30, 2020. However, the City's audit will not be complete until early 2020.

**Table 7 - Fiscal Year 2019-20 Fund Balance**

General Fund Balance		
<b>Fund Balance FY 2017-18 (Based on CAFR)</b>	<b>\$17,974,000</b>	
<b>Estimated FY 2018-19 General Fund Surplus (Unaudited)</b>	<b>4,386,813</b>	
<b>Estimated Budgeted Fund Balance FY 2018-19</b>	<b>22,360,813</b>	
Estimated FY 2019-20 Revenues	116,026,309	
Estimated FY 2019-20 Appropriations and Transfers	116,668,310	
<b>Est. Ending Fund Balance FY 2019-20</b>	<b>21,718,812</b>	18.6%
Fund Balance per graduated benchmark for FY 2019-20 (17%)	19,833,613	17.0%
<b>Difference in 17% vs 18.6%</b>	<b>\$1,885,199</b>	

#### **CONCLUSION**

As stated in the Executive Summary, the purpose of this report is to give the City Council an overview of FY 2018-19 Unaudited actuals at this time, and a detailed 1<sup>st</sup> Quarter financial update for FY 2019-20. The three General Fund budget adjustment recommendations as included

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herein, if approved, will result in a \$642K deficit budget. The FY 2019-20 budgeted deficit is mainly attributed to the recent unanticipated appropriation of \$1.4M for the Police – Main Facility Roof Replacement CIP Project. However, the minimum reserve policy amount of 17% will still be met. All City Departments will continue to operate within budget while carefully monitoring expenditures, and all revenues will need to come in on target or above projections before the year ending June 30, 2020. Finance Department Staff will continue to apprise the Mayor and City Council of any significant financial impacts. Staff plans to bring forward a review of the City’s Fiscal Sustainability policy in the coming months, which will include a request for input regarding the minimum reserve policy percentage. Related to the reserve policy, on tonight’s agenda is a proposal to the Mayor and City council recommending a plan to address the long term retirement liability costs to the City. The FY 2019-20 General Fund Mid-Year Budget review will be brought forward in the spring 2020 with more supporting detail as it relates to year end expenditures and revenue projections.

**COUNCIL PRIORITIES & GOALS:** This item supports the Fiscal Year 2019-20 City Council Priorities and Goals - Priority 1 (GOAL A): Continue to insure that the City has sufficient financial reserves in accordance with the City Fund Balance Policy, including at least 17% of General Fund operational budget for General Fund Reserves.

Prepared by:

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Andrew Mowbray  
Finance Director/City Treasurer

**ATTACHMENT(S):**

Attachment No. 1 – Resolution No. 2019-179

Exhibit A – Non General Fund Full Time Earnings Appropriations