



**CITY OF PACIFICA  
COUNCIL AGENDA SUMMARY REPORT**

**5/26/2020**

**SUBJECT:**

Proposed 2020-21 General Fund Budget - Other Funds Overview

**RECOMMENDED ACTION:**

Receive presentations on the proposed 2020-21 Budget for the Wastewater Enterprise Fund, 2020-21 Capital Improvement Program Budget, Other Funds, and related Budget Strategies.

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**BACKGROUND/DISCUSSION:**

Tonight's presentation includes an overview of the 2020-2021 proposed budgets for the Wastewater Enterprise, Capital Improvement Program, and Other Funds. In addition, staff will also discuss Budget Strategies necessary to implement the 2020-21 Budget. At the May 11, 2020, City Council study session regarding the General Fund budget, a balanced 2020-21 General Fund budget of approximately \$37.0 million was presented.

This balanced budget also has been guided by budget strategies discussed with the Council at the April 27, 2020, Narrative Budget study session. These strategies relate to the Reserves Policy, Annual Excess ERAF Allocation, Anticipate a Comprehensive Mid-year Budget Assessment, Modification Regarding Status of Cannabis Revenues, Economic Stimulus for Pacifica Businesses, Defer Vehicle Replacement Funding, Hiring Freeze & Reclassifications, Reductions in operational budgets, and Pursue Federal and State Relief from Coronavirus Impacts.

**WWTP – Fund 18 and Fund 34**

The WWTP budget contains continued funding for infrastructure projects. Fund 18 - Sewer Charge Fund: Accounts for all revenue (except connection charges) generated by operations, and all expenditures (including Debt Service) associated with operating and maintaining the Calera Creek Water Recycling Plant and the sanitary sewer collection system.

		<b>Projected</b>	<b>Proposed</b>
<b>WWTP Fund 18 Expenditures - Operations</b>		<b>2019-2020</b>	<b>2020-2021</b>
	Plant Operations & Maintenance	\$ 7,593,781	\$ 7,674,294
	Collection System Operations & Maintenance	3,318,357	3,284,899
	Transfer to Fund 34 for Capital Projects	2,609,000	4,100,000
	Debt Service	3,942,736	3,654,744
	WWTP Fund 18 Expenditure - Operations Total	\$ 17,463,874	\$ 18,713,937
<b>WWTP Fund 18 Cost Recovery</b>			
	Total Fund 18 Revenues	\$ 17,062,737	\$ 18,713,937
	WWTP Fund 18 Cost Recovery	98%	100%

Fund 34 - Sewer Facility Construction Fund: Receives all revenues associated with connection fees and accounts for Capital Improvement Projects expenditures associated with plant and collections system projects.

		<b>Adopted</b>	<b>Proposed</b>
<b>WWTP Fund 34 Expenditures</b>		<b>2019-2020</b>	<b>2019-2020</b>
	Capital Improvement Projects (CIP)		
	Plant CIP	\$ 893,000	\$ 1,580,000
	Wet Weather Equalization Basin Project	-	-
	Repair, Rehabilitation & Replacement Projects	1,366,000	700,000
	Capacity Improvement Projects	-	-
	Lateral Grant Assistance	100,000	100,000
	Other Collection System Projects	250,000	1,600,000
	Miscellaneous Projects		120,000
	WWTP Fund 34 Expenditures Total	\$ 2,609,000	\$ 4,100,000
<b>WWTP Fund 34 Cost Recovery</b>			
WWTP Fund 34 Revenue			
	Revenues		
	Transfer from Fund 18 for Capital Projects	\$ 2,609,000	\$ 4,100,000
	WWTP Fund 34 Cost Recovery	100%	100%

**Roy Davies Trust - Fund-27**

This fund was established and funded in 2006 with funds designated “to be kept in a segregated account for the benefit of the Pacifica Parks, Beaches and Recreation Department. The funds are to be used to help acquire, build, remodel, improve, support, and maintain, the equipment, buildings, grounds, yard, gardens and landscaped areas of various parks, beaches, and recreation areas located in Pacifica, to conduct related educational and recreation programs for the benefit of the general public...” At the end of FY 2019-2020 the Fund is projected to have a fund balance of \$2.9M. The Fund principal can only be used for the purposes specified and can only be appropriated by a 4/5 Council majority. For FY 2020-21 staff is proposing to appropriate funds for the following purposes:

2020-21 Roy Davies Proposed Project New Funding - \$600,000:

- Playground Equipment Improvement - \$330,000
- Edgemar Park Upgrade - \$60,000
- Fitness Court - \$160,000
- Beach Boulevard Park/Plaza (Existing CIP) - \$50,000

**Capital Budget – Various Funds**

The 2020-2021 Capital Budget (attached) consists of 64 projects (20 new projects) totaling \$10.4M from various funding sources. The 2020-21 Capital Budget report is formatted to focus on projects that staff can feasibly accomplish given the funding availability and workload constraints. The 2020-21 Capital Plan proposes to utilize a minimum of \$560,000 General Fund for new projects and \$160,000 to fund current ongoing projects. Given that the fiscal impact of the COVID-19 pandemic is unfolding, new projects that are not scheduled until later in the fiscal year will be carefully assessed during the Mid-Year Budget analysis to confirm the City's financial status. This approach will provide flexibility to defer projects and redirect funding with Council approval to more critical areas if needed.

#### Civic Center Evaluation & Remediation

City Hall and the Planning/PB&R Buildings are in need of renovation and repair due to health and safety concerns. Remediation could include removing walls and the ceiling, structural assessment, carpet and ceiling tile removal and replacement, deep cleaning, window replacement, and painting. The City also will be assessing employees' workspaces, and has hired an architect to conduct a space planning study to maximize existing space. The options, cost, and funding source recommendations for this effort will be the subject of a future review.

#### **2020-21 Budget Timeline**

Due to the City's focus on response to the Coronavirus, this year's budget development schedule has been slightly condensed in steps. The Budget Timeline is as follows:

- ✓ April 27, 2020
  - Budget Study Session – Narrative Budget
  - Adoption of Goals and Priority Projects
- ✓ May 4, CIP to Planning Commission for consistency determination
- ✓ May 11, 2020
  - Presentation of 2020-21 Draft Budget (high-level)
  - Fee Schedule
- May 26, 2020
  - Budget Updates
  - Discussion of Other Funds and Capital Plan
- June 8, 2020
  - Public Hearings:
    - 2020-21 Budget
    - 2020-21 CIP and Capital Budget
    - 2020-21 Fee Schedule
  - Final Presentation of 2020-21 Budget to Council
  - Resolution Establishing the Appropriation Limit for 2019-18
- June 22, 2020
  - Adoption of the 2020-21 Annual Operating Budget

#### **Remaining City Funds**

The proposed budgets for the remainder of the City's funds are presented on the attached Other Funds Summary.

**FISCAL IMPACT:**

At the May 11, 2020, City Council study session regarding the General Fund budget, a balanced 2020-21 General Fund budget of approximately \$37.0 million was presented. This report presents the remainder of the City of Pacifica's Proposed 2020-21 Budget and the 2020-21 Capital Budget. The remaining budgets total \$36.0M for FY 2020-21 and the related Capital Budget totals \$10.4M.

**ORIGINATED BY:**

City Manager's Office

**ATTACHMENT LIST:**

GF Summary - 2020-2021 Proposed Budget(PDF)  
Other Funds Budget Summary FY 2020-21 (PDF)  
All Funds Descriptions Budget Book 2020-21 (PDF)  
Summary of 2020-21 Budget Pres of CIP Projects Final (PDF)  
CIP 2019-2024 Draft 5-20-20 (PDF)