



AGENDA OF A SPECIAL MEETING
NATIONAL CITY COUNCIL
ONLINE ONLY MEETING
<https://www.nationalcityca.gov/webcast>
LIVE WEBCAST
COUNCIL CHAMBERS
CIVIC CENTER
1243 NATIONAL CITY BOULEVARD
NATIONAL CITY, CALIFORNIA
TUESDAY, APRIL 20, 2021 – 4:00 PM

ALEJANDRA SOTELO-SOLIS
Mayor

JOSE RODRIGUEZ
Vice Mayor

MARCUS BUSH
Councilmember

RON MORRISON
Councilmember

MONA RIOS
Councilmember

NOTICE: The health and well-being of National City residents, visitors, and employees during the COVID-19 outbreak remains our top priority. The City of National City is coordinating with the County of San Diego Health Human Services Agency, and other agencies to take measures to monitor and reduce the spread of the novel coronavirus (COVID-19). **The World Health Organization has declared the outbreak a global pandemic and local and state emergencies have been declared providing reprieve from certain public meeting laws such as the Brown Act.**

As a result, the City Council Meeting will occur only online to ensure the safety of City residents, employees and the communities we serve. A live webcast of the meeting may be viewed on the city's website at www.nationalcityca.gov. **For Public Comments see "PUBLIC COMMENTS" section below.**

ORDER OF BUSINESS: Public sessions of all Regular Meetings of the City Council / Community Development Commission - Housing Authority (hereafter referred to as Elected Body) begin at 6:00 p.m. on the first and third Tuesday of each month. Public Hearings begin at 6:00 p.m. unless otherwise noted. Closed Meetings begin in Open Session at 5:00 p.m. or such other time as noted, and after announcing closed session items, convenes into a Closed Meeting. If a workshop is scheduled, the subject and time of the workshop will appear on the agenda. The Mayor and Council members also sit as the Chairperson and Members of the Board of the Community Development Commission (CDC).

REPORTS: All open session agenda items and reports as well as all documents and writings distributed to the Elected Body less than 72 hours prior to the meeting, are available for review on the City's website at www.nationalcityca.gov. Regular Meetings of the Elected Body are webcast and archived on the City's website at www.nationalcityca.gov.

PUBLIC COMMENTS: There are multiple ways you can make sure your opinions are heard and considered by our City Council as outlined below:

Submit your public comment prior to the meeting: To submit a comment in writing, email PublicComment@nationalcityca.gov, provide the agenda item number and title of the item in the subject line of your email. Public comments or testimony is limited to up to three (3) minutes. If the comment is not related to a specific agenda item,

1243 National City Blvd.
National City, CA 91950
619-336-4240

Meeting agendas and
minutes available on the
City's website at
WWW.NATIONALCITYCA.GOV

indicate General Public Comment in the subject line. All email comments received by 4:00 p.m. on the day of the meeting will be read into the record at the City Council meeting, emailed to the City Councilmembers, and retained as part of the official record. All comments will be available on the City website within 48 hours following the meeting.

Register online and participate in live public comment during the meeting: To provide live public comment during the meeting, you must pre-register on the City's website at <https://www.nationalcityca.gov/publiccomment> by **2:00 p.m.** on the day of the regular meeting to join the City Council Meeting.

***Please note that you do not need to pre-register to watch the meeting online, but you must pre-register if you wish to speak.

Once registered, you will receive an email with a link from Zoom to join the live meeting. You can participate by phone or by computer. Please allow yourself time to log into Zoom before the start of the meeting to ensure you do not encounter any last-minute technical difficulties.

***Please note that members of the public will not be shown on video; they will be able to watch and listen and speak when called upon. Public microphones will be muted until it is your turn to comment.

Each speaker is allowed up to three (3) minutes to address the City Council. Please be aware that the Mayor may limit the comments' length due to the number of persons wishing to speak or if comments become repetitious or unrelated.

All comments are subject to the same rules as would otherwise govern speaker comments at the meeting. Speakers are asked to be respectful and courteous. Please address your comments to the City Council as a whole and avoid personal attacks against members of the public, City Council, and city staff.

Questions about public comment or City Council protocols? Please contact the City Clerk's Office at (619) 336-4228 or via email at Clerk@nationalcityca.gov.

INTERPRETATION SERVICES: To use the Zoom interpretation feature you must first Pre-Register on Zoom. Once logged into Zoom to use the interpretation feature, please scroll to the bottom of the Zoom screen (where the meeting controls are), click on the interpretation icon (world), and select English as your language. If you are joining using the Zoom mobile app (cell phone, tablet, etc.), please press the ellipsis (...), then Interpretation, and then choose your language.

WRITTEN AGENDA: With limited exceptions, the Elected Body may take action only upon items appearing on the written agenda. Items not appearing on the agenda must be brought back on a subsequent agenda unless they are of a demonstrated emergency or urgent nature, and the need to take action on such items arose after the agenda was posted.

CONSENT CALENDAR: Consent calendar items involve matters which are of a routine or noncontroversial nature. All consent items are adopted by approval of a single motion by the City Council. Prior to such approval, any item may be removed from the consent portion of the agenda and separately considered, upon request of a Councilmember, a staff member, or a member of the public.

Upon request, this agenda can be made available in appropriate alternative formats to persons with a disability in compliance with the Americans with Disabilities Act. Please contact the City Clerk's Office at (619) 336-4228 to request a disability-related modification or accommodation. Notification 24-hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

AVISO: La salud y el bienestar de los residentes, visitantes y empleados de National City durante el brote de COVID-19 sigue siendo nuestra máxima prioridad. El Ayuntamiento de la Ciudad de National City se está coordinando con la Agencia de Salud y Servicios Humanos del Condado de San Diego y otras agencias para tomar medidas con el fin de monitorear y reducir la propagación del nuevo coronavirus (COVID-19). La Organización Mundial de la Salud declaró el brote como una pandemia global y se han manifestado emergencias locales y estatales que resultan en la suspensión de ciertas leyes de reuniones públicas, tal como la Ley Brown.

Como resultado de ello, la junta del Concejo Municipal del Ayuntamiento se llevará a cabo solamente en línea para garantizar la seguridad de los residentes, empleados y comunidades locales que atendemos. Se podrá ver una transmisión en vivo de la junta en el sitio web del Ayuntamiento en www.nationalcityca.gov. **Para comentarios públicos, vea la sección "COMENTARIOS PÚBLICOS" más adelante.**

ORDEN DEL DÍA: Las sesiones públicas de todas las juntas ordinarias del Concejo Municipal/Comisión de Desarrollo Comunitario - Autoridad de Vivienda (en lo sucesivo denominado Órgano Electo) inician a las 6:00 p.m. el primer y tercer martes de cada mes. Las audiencias públicas inician a las 6:00 p.m., a menos que se indique lo contrario. Las juntas cerradas inician en sesión abierta a las 5:00 p.m. o en cualquier otro momento que se indique, y tras anunciar los temas de la sesión cerrada, la junta se realiza como sesión cerrada. Si se programa una reunión de discusión y análisis, el tema y la hora de la misma aparecerán en la agenda. La Alcaldesa y los Concejales se reúnen por igual que el Presidente y los integrantes del Consejo de la Comisión de Desarrollo Comunitario.

INFORMES: Todos los temas e informes de la agenda de la sesión abierta, así como todos los documentos y escritos entregados al Órgano Electo menos de 72 horas antes de la sesión, aparecerán en el sitio web del Ayuntamiento. Las juntas ordinarias del Órgano Electo se transmiten por Internet y se archivan en el sitio web del Ayuntamiento en www.nationalcityca.gov.

COMENTARIOS PÚBLICOS: Hay varias formas en las que puede asegurarse de que sus opiniones sean escuchadas y consideradas por nuestro Concejo Municipal como se describe a continuación:

Envíe su comentario público antes de la sesión: Para enviar un comentario por escrito, envíe un correo electrónico a PublicComment@nationalcityca.gov. Por favor, indique el número del tema del programa y el título del tema en la línea de asunto de su correo electrónico. Los comentarios o testimonios públicos están limitados a tres (3) minutos. Si el comentario no está relacionado con un tema específico del programa, indique Comentario público general en la línea de asunto. Todos los comentarios recibidos por correo electrónico antes de las 2:00 p.m. del día de la reunión serán leídos en el registro en la reunión del Concejo Municipal, enviados por correo electrónico a los Concejales de la Ciudad, y retenidos como parte del registro oficial. Todos los comentarios estará disponible en el sitio web de la ciudad dentro de las 48 horas posteriores a la reunión.

Regístrese en línea y participe en los comentarios públicos en vivo durante la sesión:

Para proporcionar comentarios públicos en vivo durante la sesión, debe registrarse previamente en el sitio web del Ayuntamiento en <https://www.nationalcityca.gov/publiccomment> **antes de las 2:00 p.m.** del día de la junta ordinaria para incorporarse a la sesión del Concejo Municipal.

***Tenga presente que no necesita registrarse previamente para ver la sesión en línea, pero debe registrarse previamente si desea hablar.

Una vez registrado, recibirá un correo electrónico con un enlace de Zoom para integrarse a la sesión en vivo. Puede participar por teléfono o por computadora. Tómese el tiempo necesario para iniciar la reunión en Zoom antes del inicio de la sesión para asegurarse de no encontrar dificultades técnicas de último momento.

***Tenga presente que las personas del público no se mostrarán en vídeo; podrán observar, escuchar y hablar cuando se les solicite. Los micrófonos públicos se silenciarán hasta que sea su turno de comentar.

Cada orador tiene hasta tres (3) minutos para dirigirse al Concejo Municipal. Tenga en cuenta que la Alcaldesa puede limitar la extensión de los comentarios debido a la cantidad de personas que deseen hablar o si los comentarios se vuelven repetitivos o no relacionados.

Todos los comentarios están sujetos a las mismas reglas que de otro modo regirían los comentarios de los oradores en la sesión. Se pide a los oradores que sean respetuosos y corteses. Dirija sus comentarios al Concejo Municipal en su conjunto y evite ataques personales contra personas del público, el Concejo Municipal y el personal del Ayuntamiento.

¿Preguntas sobre comentarios públicos o protocolos del Concejo Municipal?

Comuníquese con la Oficina de la Secretaria del Ayuntamiento al teléfono (619) 336-4228, o por correo electrónico a Clerk@nationalcityca.gov.

SERVICIO DE INTERPRETACIÓN: Para utilizar la función de interpretación zoom primero debe registrarse previamente en el sitio web de Zoom. Una vez que haya iniciado sesión en zoom para utilizar la función de interpretación, favor de desplazarse a la parte inferior de la pantalla de Zoom (donde aparecen los controles). Haga clic en el ícono de interpretación (globo terráqueo), y seleccione "Spanish" (español). Si está utilizando la aplicación móvil de Zoom (celular, tableta, etc.), presione los puntos suspensivos (...), luego "interpretation" y luego el idioma.

AGENDA ESCRITA: Con contadas excepciones, el Órgano Electo puede tomar medidas únicamente sobre los temas que aparecen en la agenda escrita. Los temas que no aparezcan en la agenda deben aparecer en una agenda subsecuente, a menos que sean de emergencia o urgencia demostrada, y la necesidad de tomar medidas sobre esos temas haya surgido después de haber sido publicada la agenda.

CALENDARIO DE CONSENTIMIENTO: Los temas del calendario de consentimiento implican cuestiones de naturaleza rutinaria o no controvertida. Todos los temas de consentimiento se adoptan mediante la aprobación de una sola moción del Concejo Municipal. Antes de la aprobación, cualquier tema puede eliminarse de la parte de

consentimiento de la agenda y considerarse aparte, a petición de un concejal, individuo del personal del Ayuntamiento o persona del público.

Previa solicitud, esta agenda puede estar disponible en formatos alternativos apropiados para personas con discapacidades, en observancia de la Ley de Estadounidenses con Discapacidades. Llame al teléfono (619) 336-4228 de la Oficina del Secretario del Ayuntamiento para solicitar una modificación o adaptación de acceso relativa a la discapacidad. Notificar 24 horas antes de la sesión permitirá al Ayuntamiento hacer arreglos razonables para garantizar la accesibilidad a esta junta.

OPEN TO THE PUBLIC

A. CITY COUNCIL

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE TO THE FLAG

PUBLIC COMMENTS (THREE-MINUTE TIME LIMIT)

1. BUDGET WORKSHOP/FISCAL YEAR 2022 BUDGET PRESENTATION

- ❖ Introduction and Overview
- ❖ Strategic Planning, COVID-19 and Revenue Relief/Recovery/Relief
- ❖ American Rescue Plan Act (ARP)
- ❖ Preliminary Financial Forecast and Historical Trends
- ❖ Fiscal Year 2021-2022 Preliminary Budget (FY July –June)
- ❖ Capital Improvement Program (CIP) 5- year plan
- ❖ Closing Comments, Next Steps, and Request for Direction
- ❖ Public Comment
- ❖ City Council Comments and Direction

Copy of the preliminary budget is available for public review at the following location:

- <http://www.nationalcityca.gov/government/city-clerk/agendas-minutes>

CLOSED SESSION

CLOSED SESSION REPORT

ADJOURNMENT

Regular Meeting of the City Council and Community Development Commission
- Housing Authority of the City of National City - Tuesday – May 4, 2021 - 6:00
p.m. - Council Chambers - National City, California.



**NOTICE OF SPECIAL MEETING
NATIONAL CITY COUNCIL
ONLINE ONLY MEETING**

**<https://www.nationalcityca.gov/webcast>
LIVE WEBCAST**

**COUNCIL CHAMBERS
CIVIC CENTER, 1243 NATIONAL CITY BOULEVARD
NATIONAL CITY, CALIFORNIA**

TUESDAY, APRIL 20, 2021 – 4:00 PM

NOTICE IS HEREBY GIVEN, that the City Council of the City of National City will hold a Special Meeting on Tuesday, April 20, 2021, at 4:00 p.m., or as soon thereafter as the matter may be considered, in the Council Chambers at the Civic Center, 1243 National City Boulevard, National City, California, 91950. The business to be transacted at said meeting will be for the City Council to consider the following:

A. CITY COUNCIL

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE TO THE FLAG

PUBLIC COMMENTS (THREE-MINUTE TIME LIMIT)

1. BUDGET WORKSHOP/FISCAL YEAR 2022 BUDGET PRESENTATION

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CLOSED SESSION

CLOSED SESSION REPORT

ADJOURNMENT

Regular Meeting of the City Council and Community Development Commission -
Housing Authority of the City of National City - Tuesday – May 4, 2021 - 6:00 p.m. -
Council Chambers - National City, California.

**CITY OF NATIONAL CITY, CALIFORNIA
COUNCIL AGENDA STATEMENT**

MEETING DATE: April 20, 2021

AGENDA ITEM NO. 1

ITEM TITLE:

Budget Workshop / Fiscal Year 2021/22 Budget Presentation. (Finance)

PREPARED BY:

Paul Valadez

PHONE: 619-336-4332

DEPARTMENT: Finance

APPROVED BY: _____



EXPLANATION:

Please see attached powerpoint presentation.

FINANCIAL STATEMENT:

ACCOUNT NO.

APPROVED: _____ **Finance**

APPROVED: _____ **MIS**

ENVIRONMENTAL REVIEW:

N/A

ORDINANCE: INTRODUCTION: FINAL ADOPTION:

STAFF RECOMMENDATION:

Staff recommends City Council to review and provide feedback to staff on Preliminary Fiscal Year 2021/22 Budget.

BOARD / COMMISSION RECOMMENDATION:

N/A

ATTACHMENTS:

1. PowerPoint Presentation
2. Strategic Plan 2020-2025
3. City Council Policy #201 – Maintenance of Reserve Funds
4. Preliminary FY21/22 is available for public review @ <http://www.nationalcityca.gov/government/city-clerk/agendas-minutes>



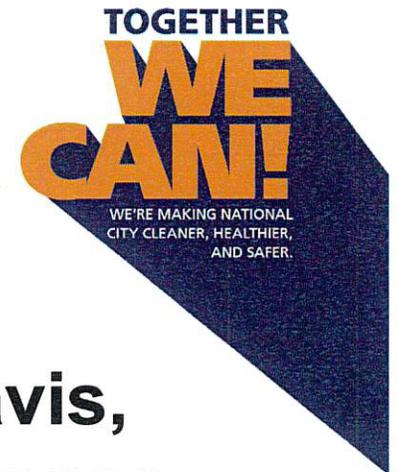
**Fiscal Year 2022
BUDGET WORKSHOP
April 20, 2021**



Brad Raulston
City Manager

Budget Team

**Tony Winney, Roberto Yano, Phil Davis,
Janel Pehau, Paul Valadez, Sheila Pangco**





Workshop Outline

- ❖ Introduction and Overview
- ❖ Strategic Planning, COVID-19 and Revenue Relief/Recovery/Rescue
- ❖ American Rescue Plan Act (ARP)
- ❖ Preliminary Financial Forecast and Historical Trends
- ❖ Fiscal Year 2021-**2022** Preliminary Budget (FY July 2021-June **2022**)
- ❖ Capital Improvement Program (CIP) – 5 Year Plan
- ❖ Closing Comments, Next Steps, and Request for Direction
- ❖ Public Comment
- ❖ City Council Comments and Direction



2020-2021 Accomplishments

- ❖ Readopted 7Cs Pledge with City staff and City Council
- ❖ Pivoted organization during COVID pandemic to ensure continued access by the public to all essential services
- ❖ Committed over \$557,000 in HOME funds for COVID rental relief
- ❖ Added \$7.5 Million to Pension & OPEB Trusts
- ❖ Completed Paradise Creek Park and executed development agreement for Kimball Highlands with 145 new affordable homes, new senior center and health care clinic
- ❖ Received over \$21 million in “competitive” grants for capital projects
- ❖ Built active transportation projects and improved parks/facilities that enhance public safety, quality of life, and workplace culture
- ❖ \$1.5 Million SAFER Grant was received to unfreeze fire positions
- ❖ Decreased Crime Rates and Improved Quality of Life



2021-22 Budget and Fiscal Health

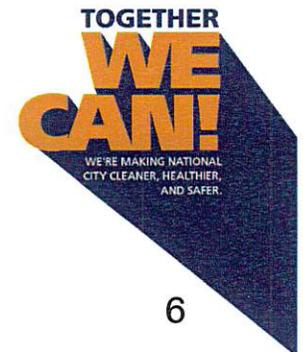
- ❖ Forecasting a budget deficit for the 9th consecutive year
- ❖ Emerging from COVID-19 will require us to refill budget reserves tapped during economic crisis
- ❖ Retaining controls on General Fund discretionary spending
- ❖ Maintaining M&O, and reinvigorating capital projects previously on hold. Strategically unfreezing position vacancies.
- ❖ Work towards long-term solutions for fiscal sustainability
- ❖ Remain focused on economic development projects/programs
- ❖ Continue to support committed work force with customer service culture that supports the 7Cs pledge
- ❖ Use one time revenue for one time expenditures
- ❖ Continue recovery and grow ongoing revenue for ongoing expenditures



Employees, Volunteers, & Partners

Service = People + Partnerships

- ❖ City employs approximately 400 essential workers
- ❖ National City is a full-service city (no public safety contracts)
- ❖ Committed work force that relies on fiscal sustainability
- ❖ Boards, Commissions, and other official committees
- ❖ Task Forces, CERT, RSVP, other city volunteers
- ❖ Olivewood Gardens, ARTS, Environmental Health Coalition
- ❖ SCEDC & Chamber of Commerce
- ❖ Labor negotiations with 3 groups begin in June





Strategic Planning, COVID-19, & Revenue Relief/Recovery/Rescue



Current Strategic Plan 2020-2025

- ❖ Two-year Strategic Planning Cycle
 - ❖ 7 Focus Areas – 7 Cs Pledge
 - ❖ Balanced Budget & Economic Development
 - ❖ Communications & Outreach
 - ❖ Health, Environment, & Sustainability
 - ❖ Housing & Community Development
 - ❖ Parks, Recreation, & Library
 - ❖ Public Safety
 - ❖ Transportation Choices & Infrastructure



Current Strategic Plan 2020-2025

❖ Prioritize and Execute

❖ 7 Ongoing Initiatives

- ❖ Revise and Refill Reserves
- ❖ Upgrade Website and IT Systems
- ❖ Update Climate Action Plan
- ❖ Adopt Housing Strategic Plan
- ❖ Restart Community Events
- ❖ Solidify Squad Program and El Toyon Facility
- ❖ Pursue HOPE Improvements



Increase Ongoing Revenue

- ❖ Revenue Recovery and Economic Development
- ❖ Generating General Fund Revenue
 - ❖ Sales Tax – Organic versus Incremental
 - ❖ Cost Recovery for Services and Enforcement
 - ❖ Use One Time Revenues to Improve Land Use and Encourage Redevelopment
- ❖ Other Potential Strategies
 - ❖ Continue Business Recruitment, Retention, and Expansion
 - ❖ Expand Housing and Parking Authorities
 - ❖ Explore Assessment Districts, BIDs, and Infrastructure
 - ❖ Pursue Grants, Incentive Programs, and Opportunity Zones
- ❖ Increased ongoing revenues will be needed to fund growing ongoing expenditures

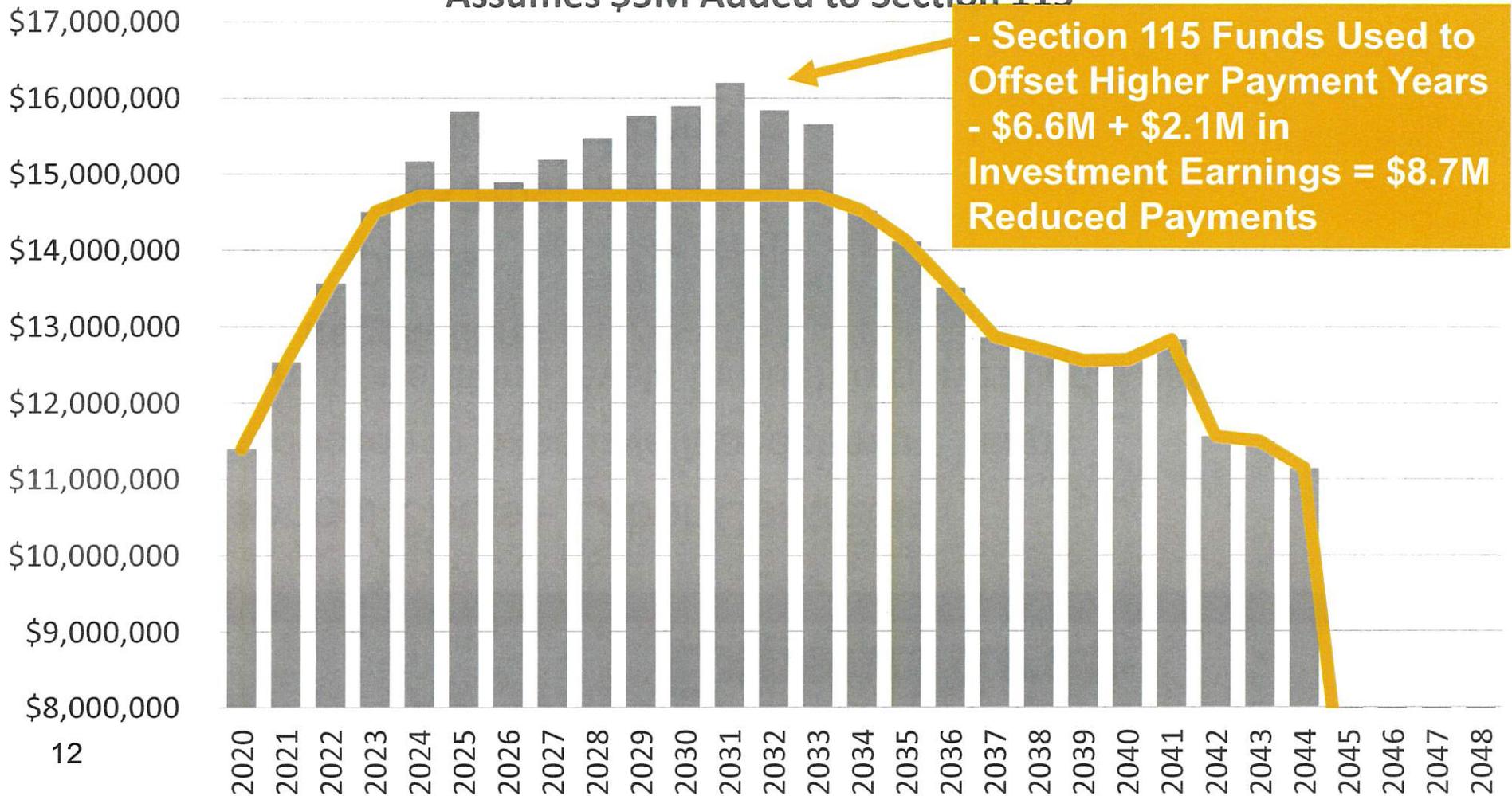


Maintain/Reduce Ongoing Expenditures

- ❖ Personnel Costs - Labor Contracts
 - ❖ Reduction in Executive/Management Team
 - ❖ Consider staffing levels through organizational assessments and negotiations
- ❖ Pension Costs
 - ❖ Section 115 Trust
 - ❖ Pension Obligation Bonds
- ❖ Potential Strategies
 - ❖ Use one time revenues to create ongoing savings
 - ❖ Partner with other service providers
 - ❖ Create incentives for cost savings
- ❖ Match one time revenues with one time expenditures

Section 115 Trust “Smoothing” Example

Section 115 Example: "Smoothing" From 2023-2033
Assumes \$5M Added to Section 115





Pension Obligation Bonds (POBs)

- ❖ City is processing validation action with courts to create opportunity to issues POBs
- ❖ Staff will return to City Council with report once validation action is complete
- ❖ POBs create tool to manage pension obligations by structuring debt to “smooth” long-term payments
- ❖ Risks include poor investment performance by CalPERS



American Rescue Plan Act (ARP)



American Rescue Plan Act (ARP)

\$1.9 trillion Federal aid package that provides financial aid to families, governments, businesses, schools, non-profits and others impacted by the COVID-19 public health crisis, including:



American Rescue Plan Act (ARP)

- ❖ \$1,400 direct payments to eligible taxpayers making \$75,000 or less annually
- ❖ Expanded and extended unemployment insurance through September 6, 2021
- ❖ **\$350 billion for state and local governments**
- ❖ \$102 billion for community & economic development, transportation & infrastructure
- ❖ \$47 billion for housing, food security, public health & social services
- ❖ \$165.4 billion to aid our education system
- ❖ \$40 billion for childcare
- ❖ \$52.1 billion in new loans and grants for small businesses
- ❖ \$65.85 billion for coronavirus vaccine and testing activities



American Rescue Plan Act (ARP)

Eligible Uses of ARP Funding

- ❖ **To respond to the public health emergency** with respect to the Coronavirus Disease 2019 (COVID-19) or **its negative economic impacts**, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality
- ❖ To respond to **workers performing essential work** during the COVID-19 public health emergency by providing **premium pay to eligible workers** of the local government that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work.
- ❖ For the provision of government services to the extent of the **reduction in revenue** of such local government due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the local government; or
- ❖ To make necessary investments in **water, sewer, or broadband infrastructure.**
- ❖ **Ineligible Uses include Pension Costs and Funding Tax Measures**



American Rescue Plan Act (ARP)

- ❖ Still awaiting for rules, regulations, and guidelines
- ❖ \$19.6M in one time funds through December 2024
 - ❖ Replace reduction in revenue due to COVID-19
 - ❖ Revise and Refill Reserves
 - ❖ Prioritize Projects and IT Systems
 - ❖ Don't duplicate other related funding sources
- ❖ Other Funding Sources Included in ARP
 - ❖ Rent Relief
 - ❖ Small Business Relief
 - ❖ Vaccines
 - ❖ Fight for other funding but don't duplicate
- ❖ Potential \$2 Trillion in Infrastructure Spending

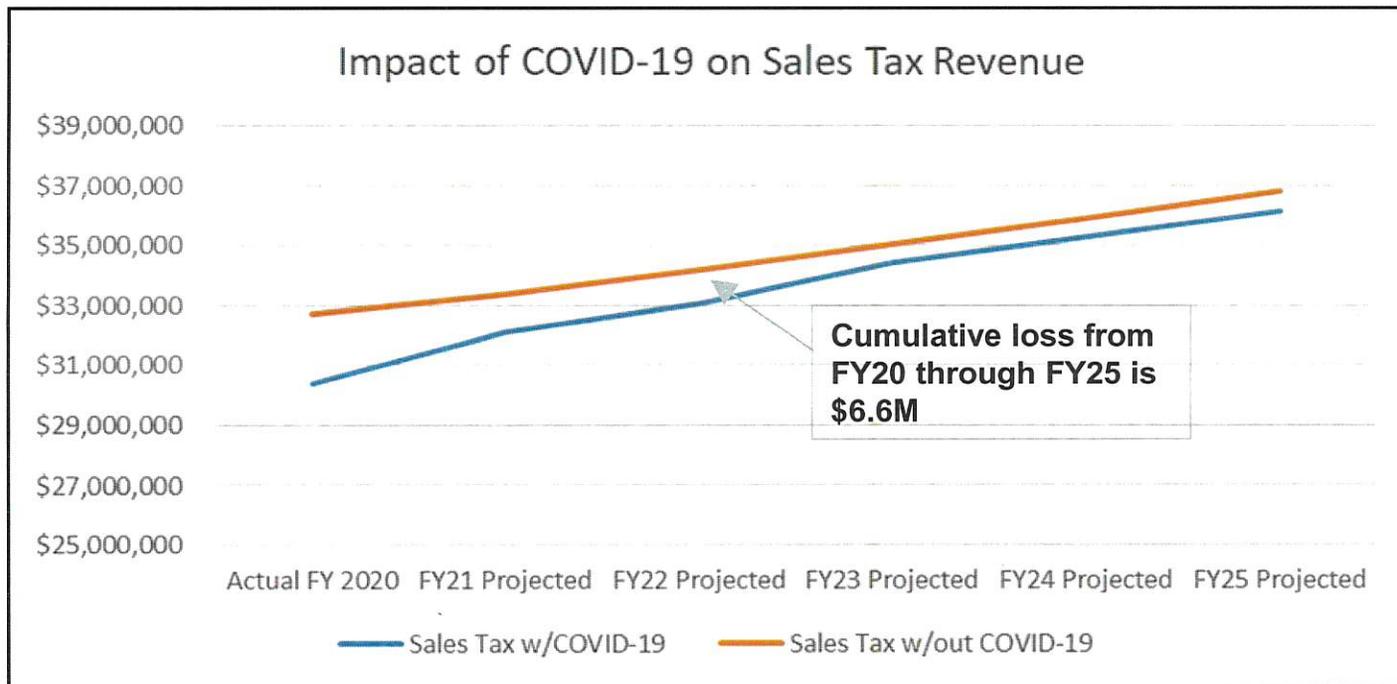


Revenue Loss from COVID-19

- ❖ Primary revenues impacted by COVID-19 are those from retail sales and hotel/motel stays
- ❖ Projected revenue loss of \$9.6 M from FY 2020 through FY 2025:
 - ❖ \$6.6 million in the combination of regular sales tax and district tax (Measure D) revenue
 - ❖ \$3.0 million in transient lodging tax revenue

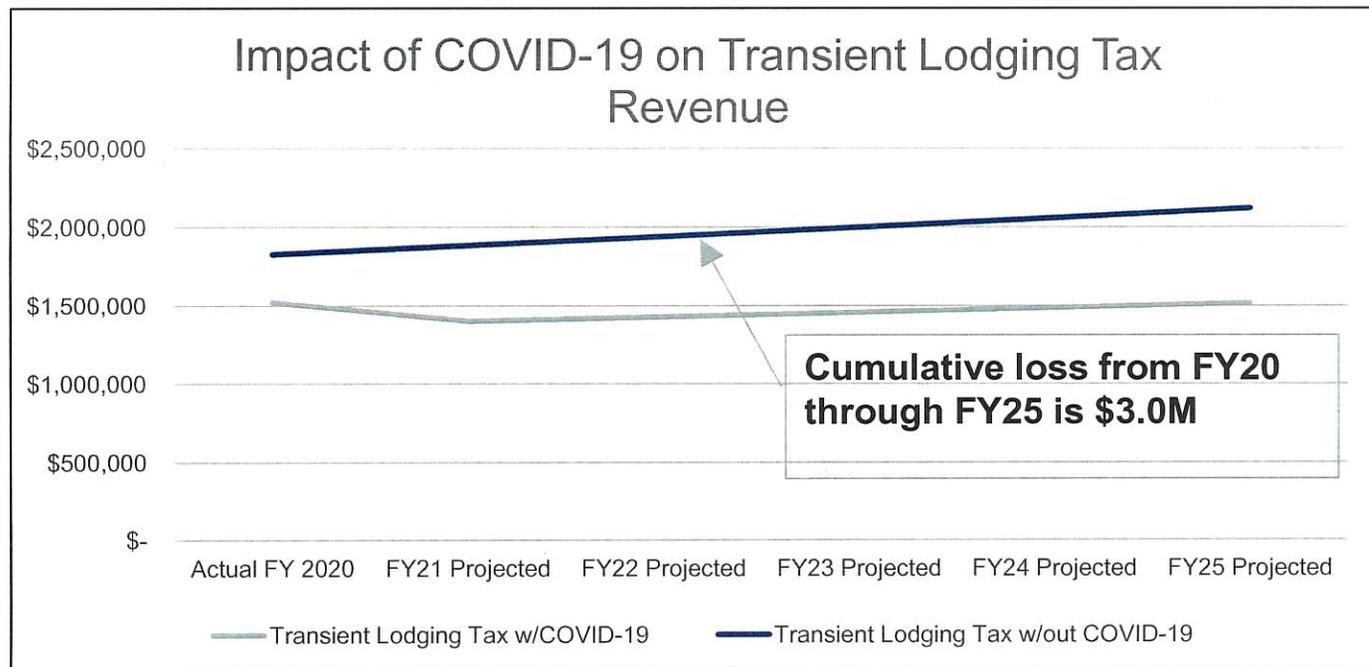


Sales and District Tax Revenue





Transient Lodging Tax Revenue





Maintenance of Reserve Funds

- **City Council Policy #201**
 - General Fund Contingency: 25%-50%
 - Facilities Maintenance Reserve: 10%-15% of total acquisition costs
 - Vehicle Replacement Reserve: an amount equal to between accumulated depreciation and estimated replacement value
 - General Liability and Workers' Compensation: 80% of Confidence Level of Adequacy
 - Pension, OPEB, Debt Service, Sewer, Streets
 - Replenishment of Reserves
 - No current policy for Unassigned Fund Balance

Note: Full existing Policy #201 is attached to staff report



Proposed Revisions to Policy 201

Reserves	Target per Existing Policy 201	Level as of 6/30/2020	Level Projected for 6/30/2021	New Target	6/30/21 Over/(Under) New Target	Proposed Policy
Unassigned Fund Balance	none	16,294,668	14,694,668	9,150,000	5,544,668	15% of General Fund Operating Expenses
Economic Contingency Reserve	15,250,000	9,085,066	9,085,066	9,150,000	(64,934)	15% of General Fund Operating Expenses
Debt Service Reserve	535,169	535,169	535,169	-	535,169	Eliminate this reserve
Liability Insurance	13,283,000	14,466,396	15,000,000	12,689,000	2,311,000	75% confidence level
Facilities Maintenance	6,020,000	2,400,000	2,400,000	2,745,000	(345,000)	Three times the annual need for major maintenance
Vehicle Replacement	7,500,000	1,677,878	1,877,878	3,030,000	(1,152,122)	30% of the book value of vehicles
Pension Trust	114,700,000	6,339,807	6,466,604	18,400,000	(11,933,396)	Two years of UAL payments
OPEB Trust	5,700,000	3,197,914	3,261,872	4,560,000	(1,298,128)	80% of OPEB liability

Note: No changes are proposed for several other non GF reserves



Fund Balance Categories

Non-spendable – amounts that cannot be spent because they are: 1) not in spendable form or 2) legally or contractually required to be maintained intact.

Restricted – resources that have spending constraints that are either 1) “externally” imposed or 2) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that have internally imposed restrictions mandated by formal action of the City Council.

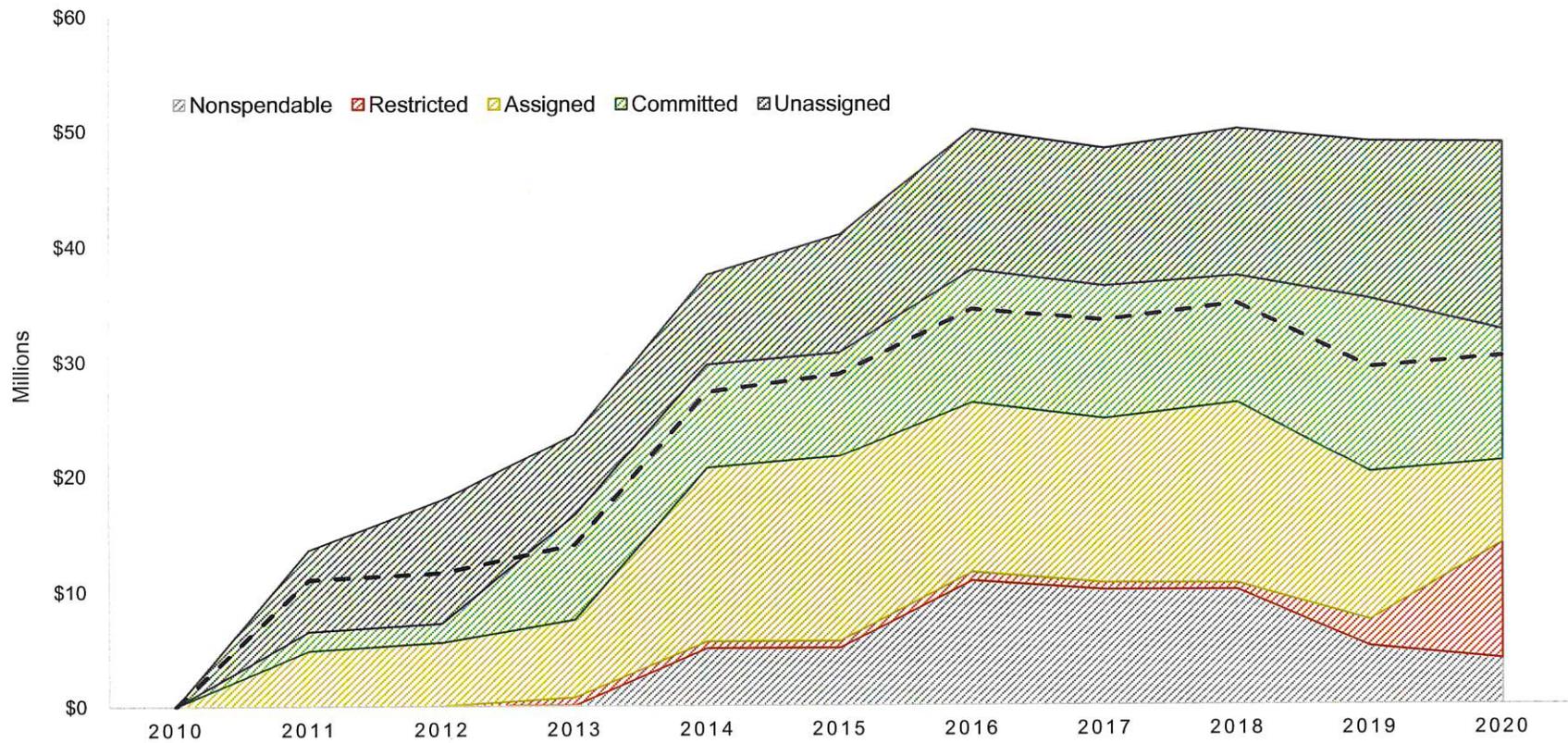
Assigned – amounts that are constrained by the Council’s intent that they will be used for specific purposes. (Decision-making with regard to these amounts may be made by a committee or other governmental official.)

Unassigned – the “residual” fund balance for the General Fund. This residual amount of unassigned fund balance reflects the resources available for further appropriation and expenditure for general governmental purposes.



Historical Fund Balance

FUND BALANCE HISTORY
FISCAL YEARS 2010 - 2020



* Dashed line indicates 2 months of Operating Costs - GFOA

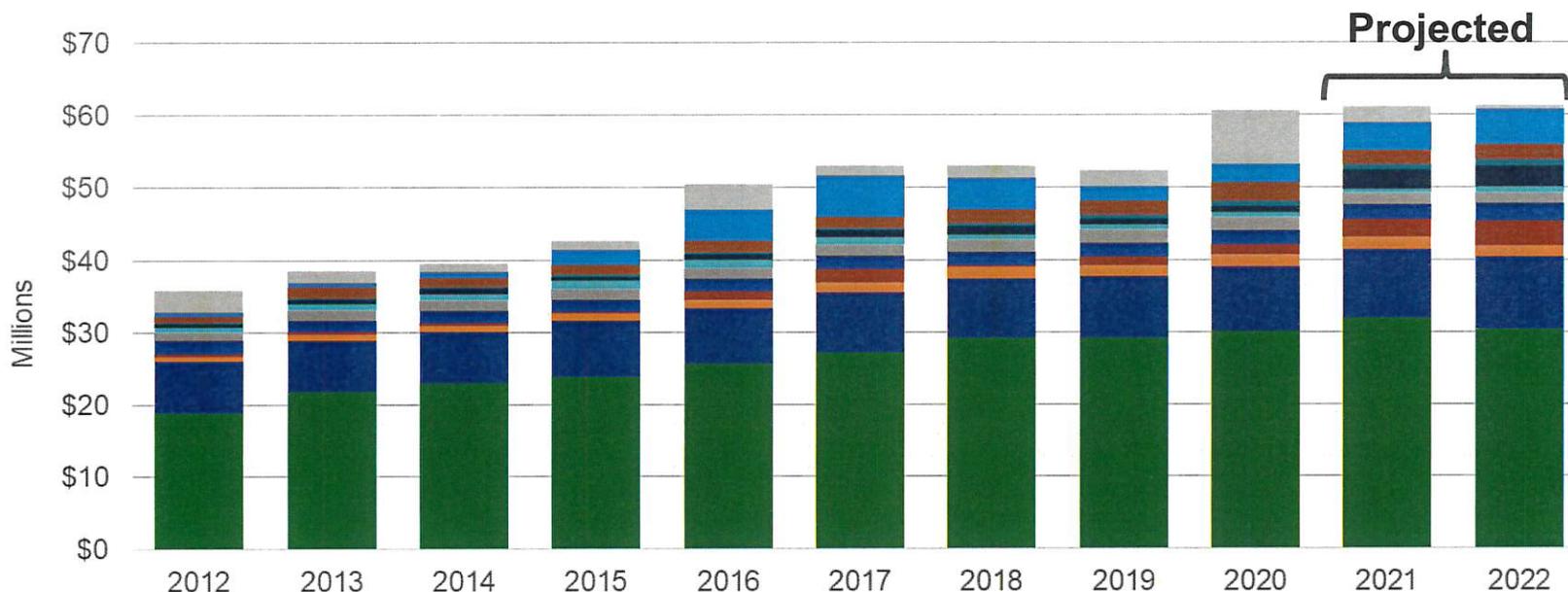


FINANCIAL FORECAST

Historical Trends and Preliminary 10-Year Financial Forecast



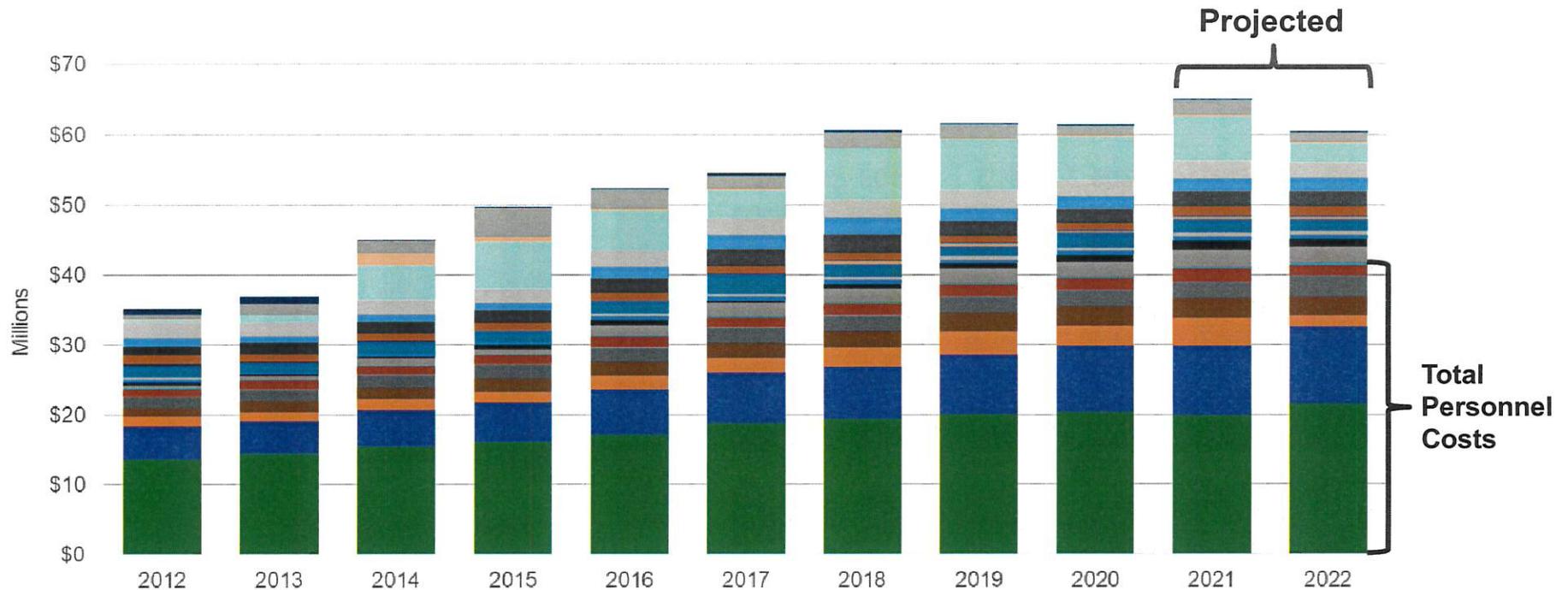
Historical Revenue Trends



- ❖ Sales taxes (green) will make up approximately 36% of projected FY 22 revenues, while property taxes (purple) will account for about 22%
- ❖ Sales tax receipts had grown an average of 5.2% per year over from FYs 12-19 before falling, while property taxes grew an average of 4% over that same period & are expected to see modest continued growth through FY 22



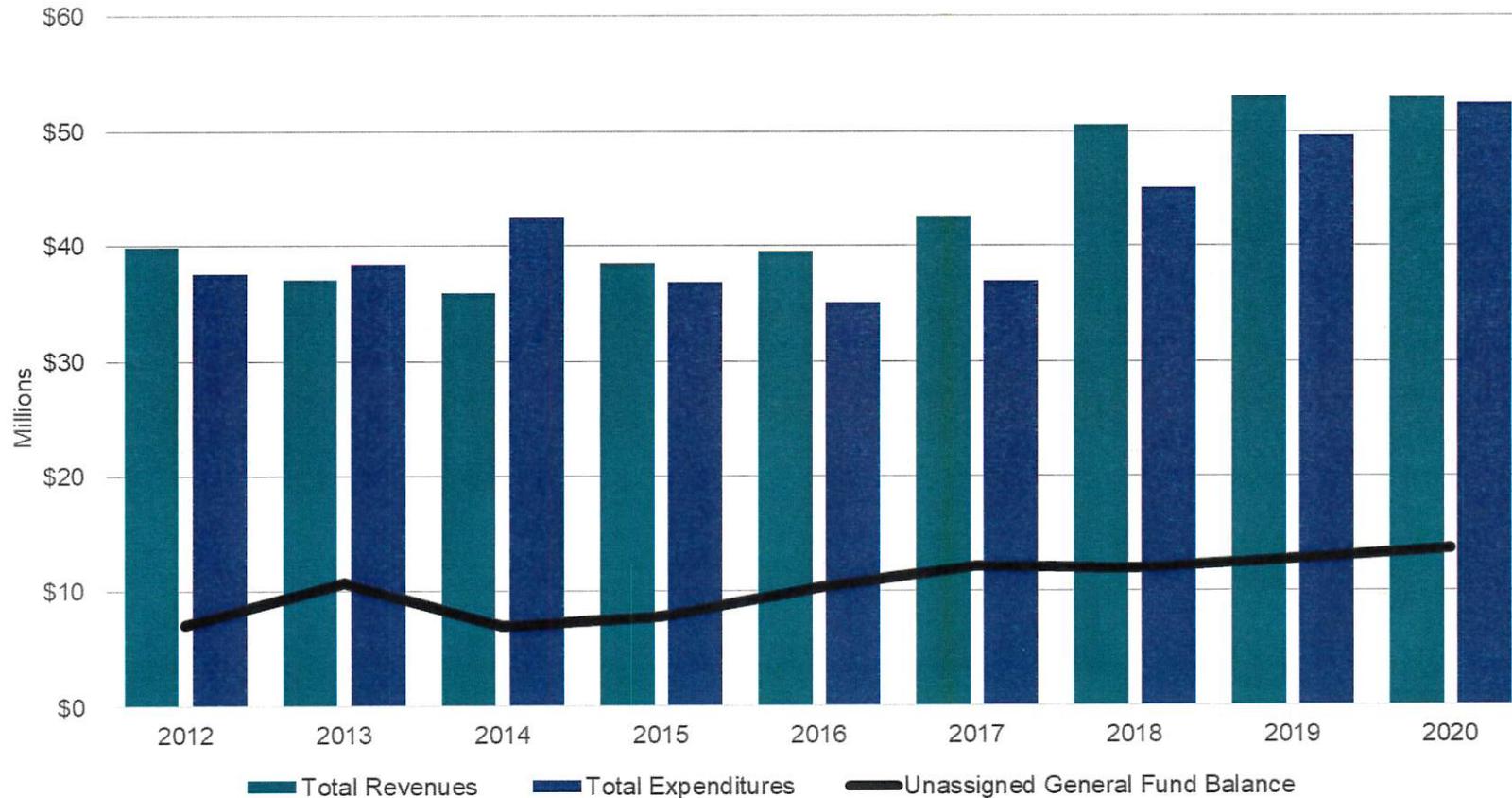
Historical Expenditure Trends



- ❖ Total personnel costs (salaries, overtime, worker's comp, health insurance, CalPERS, OPEB, other) will comprise 68% of FY 22 expenses
- ❖ Salaries (green) have grown an average of 4.3% per year since FY 12, while CalPERS (blue) costs have grown an average of 8.7% over that same period



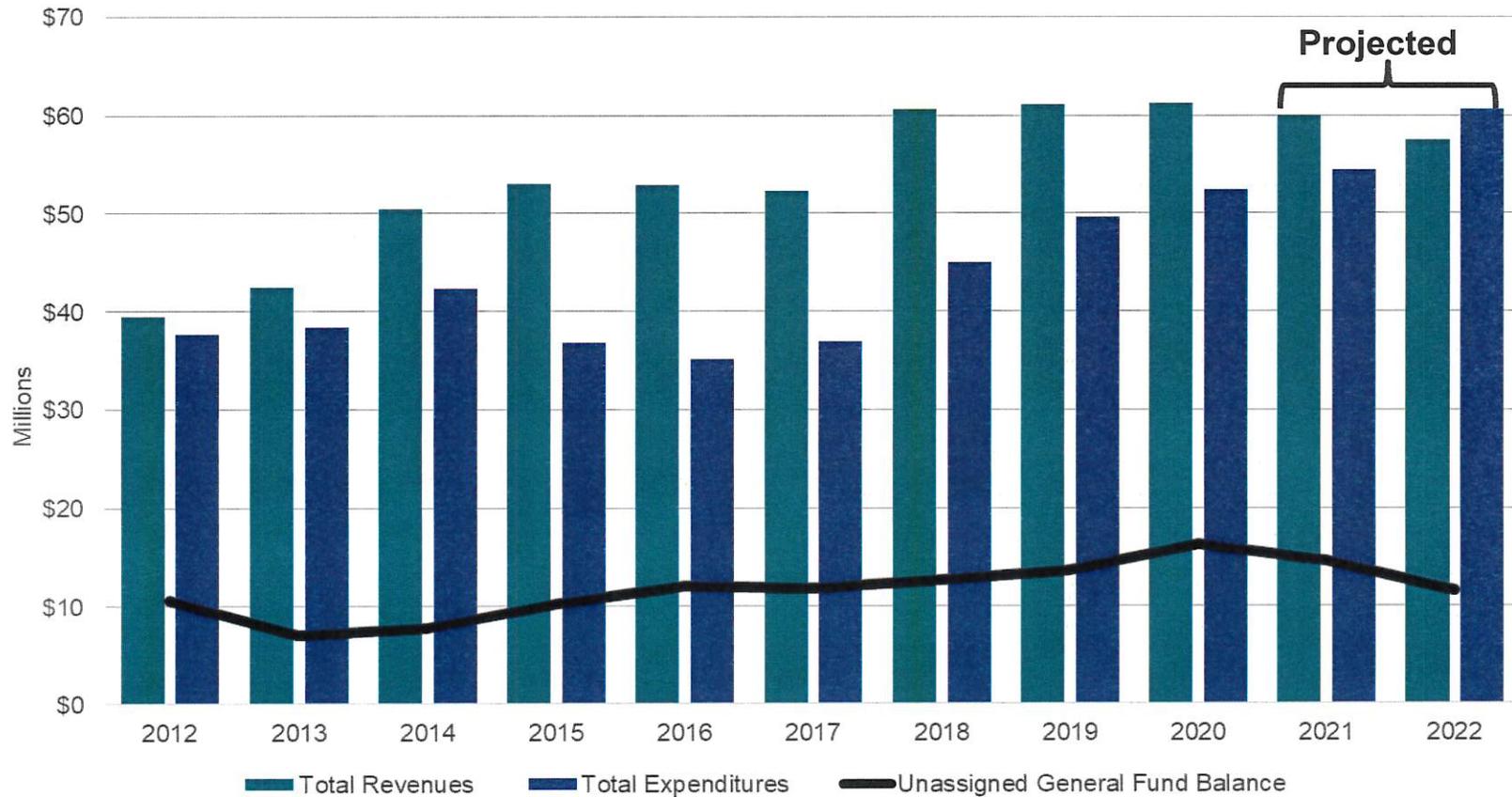
Historical Performance and Fund Balance



❖ Unassigned General Fund balance has increased from \$10.7 to \$16.3M



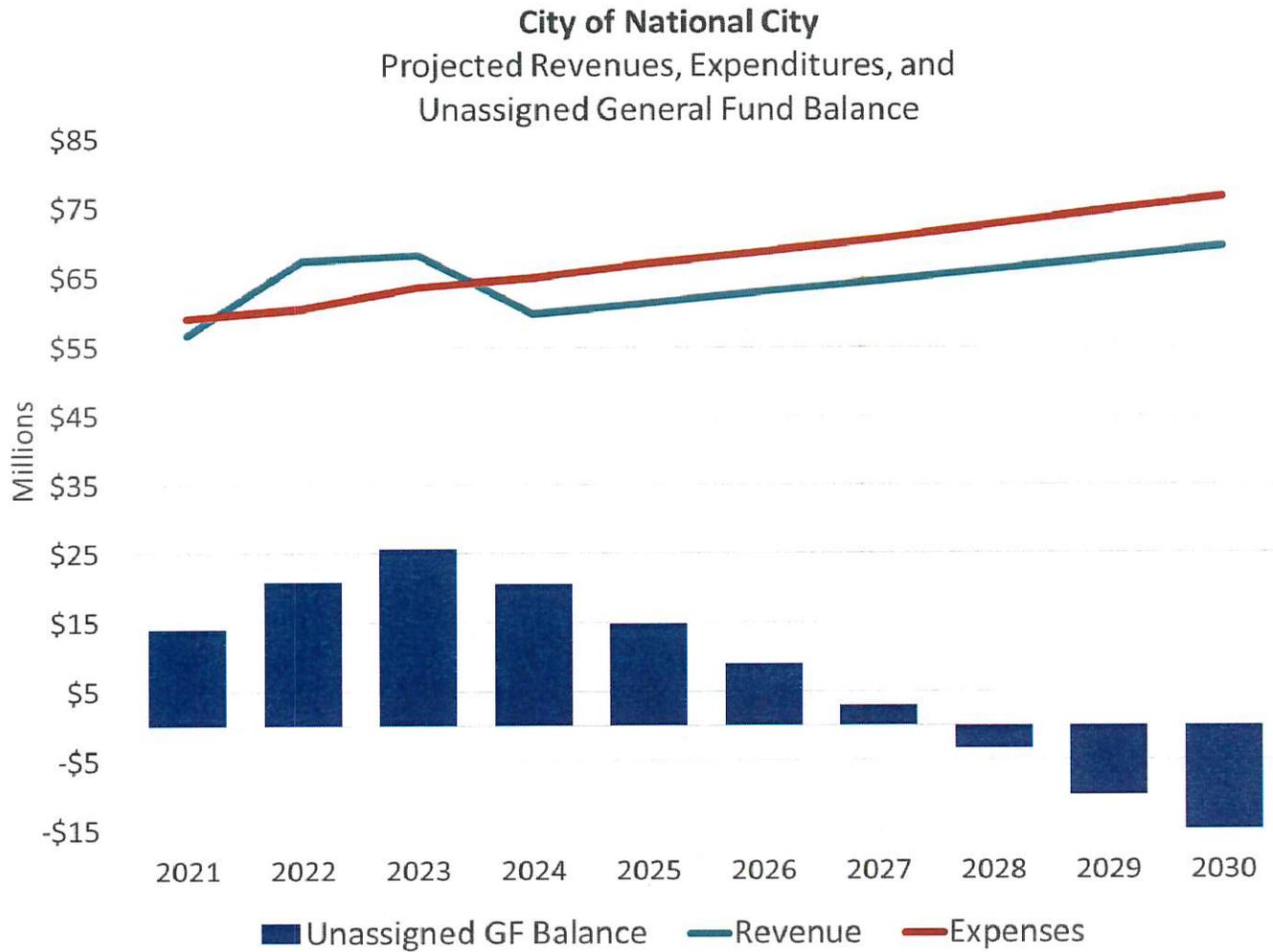
Historical Performance and Fund Balance



❖ Unassigned General Fund balance increased from \$10.7 to \$16.3M from FY 12 to FY 20 but is *currently* projected to fall to \$11.7M by June 30, 2021



Projection Results





Total Budget



Total Operating & Capital Budget FY 22 Preliminary vs FY 21 Adopted

	FY 22 Preliminary	FY 21 Adopted	Change
General Fund			
Revenues	\$ 57,506,246	\$ 52,072,928	\$ 5,433,318
Transfers In	5,500	5,500	-
Expenditures	58,790,004	56,693,302	2,096,702
Transfers Out	1,678,379	2,100,617	(422,238)
Projected Use of Fund Balance*	\$ (2,956,637)	\$ (6,715,491)	\$ 3,758,854
Other Funds			
Revenues	\$ 54,800,721	\$ 44,601,416	\$10,199,305
Transfers In	2,230,020	3,063,449	(833,429)
Expenditures	61,840,634	47,850,356	13,990,278
Transfers Out	557,141	968,332	(411,191)
Projected Use of Fund Balance	\$ (5,367,033)	\$ (1,153,823)	\$ (4,213,210)
All Funds			
All Revenues	\$ 114,542,487	\$ 99,743,293	\$14,799,194
All Expenditures	122,866,158	107,612,607	15,253,551
Projected Use of Fund Balance	\$ (8,323,670)	\$ (7,869,314)	\$ (454,356)



General Fund



Preliminary Budget Summary Fiscal Year 2022

General Fund

	FY 22 Preliminary	FY 21 Adopted	Change
Total Revenues	\$ 57,506,246	\$52,072,928	\$5,433,318
Transfers In	5,500	5,500	-
Expenditures	58,790,004	56,693,302	2,096,702
Transfers Out	1,678,379	2,100,617	(422,238)
Fund Balance (Use)			
Gain*	\$ (2,956,637)	\$ (6,715,491)	\$ 3,758,854



Revenues

FY 22 Preliminary vs FY 21 Adopted

General Fund by Source

	FY 22 Preliminary	FY 21 Adopted	Change
Sales & Use Tax	\$20,926,646	\$17,281,000	\$ 3,645,646
District Transactions & Use Tax	12,870,000	11,293,000	1,577,000
Property Tax	2,372,998	2,436,700	(63,702)
Property Tax in Lieu of VLF	7,741,006	7,400,000	341,006
Other Revenues	13,595,596	13,662,228	(66,632)
Transfers In	5,500	5,500	-
Total Revenues	\$57,511,746	\$52,078,428	\$ 5,433,318



Expenditures

FY 22 Preliminary vs FY 21 Adopted

General Fund

	FY 22 Preliminary	FY 21 Adopted	Change
Personnel Services	\$41,321,568	\$41,057,517	\$ 264,051
Maintenance & Operations	6,816,863	6,835,486	(18,623)
Capital Outlay	175,430	175,430	-
Capital Improvements (CIP)	2,750,000	800,000	1,950,000
Internal Service Charges and Reserves	7,726,143	7,824,869	(98,726)
Transfers Out	1,678,379	2,100,617	(422,238)
Total	\$60,468,383	\$58,793,919	\$58,793,919



Expenditure Changes

General Fund - Personnel

	FY 22		
	Preliminary	FY 21 Adopted	Change
Full-time Salaries	\$ 21,011,925	\$ 21,216,387	\$ (204,462)
Retirement Plan Charges	11,098,034	10,608,493	489,541
Health Insurance	3,024,241	2,970,709	53,532
Overtime	1,588,800	1,590,000	(1,200)
Workers' Comp	1,463,345	1,430,622	32,723
Personnel Compensation	1,207,853	1,210,727	(2,874)
Differential Pay	549,564	702,745	(153,181)
Part-time Salaries	500,800	422,629	78,171
Educational Incentive Pay	436,874	436,033	841
Medicare	304,673	313,765	(9,092)
Allowances and Stipends	60,144	89,716	(29,572)
LTD Insurance	56,898	45,261	11,637
Longevity	18,417	20,430	(2,013)
Total Personnel Costs	\$ 41,321,568	\$ 41,057,517	\$ 264,051



Unassigned Fund Balance FY 21 Mid-Year Recap

General Fund

Fund balance, 6/30/20	\$16,294,668
<u>Projected use of fund bal., FY 20 mid-yr</u>	<u>(1,651,536)</u>
Projected fund balance, 6/30/21	\$14,643,132



Impact on Unassigned Fund Balance Fiscal Year 2022

General Fund

Unassigned Fund Balance 6/30/2020	\$16,294,668
FY 21 - Mid-year Projected Use	<u>(1,651,536)</u>
Projected Balance 6/30/2021	14,643,132
Estimated Use - FY22 Prelim Budget	<u>(2,956,517)</u>
Projected unassigned fund balance 6/30/22	\$ 11,686,615



Capital Improvement Program (CIP)

CIP Assets

Infrastructure

Streets
Sidewalks
Pedestrian Ramps
Street Lights
Traffic Signals
Sewer System
Storm Drains and Open Channels
Communications &
Information Technology

Parks and Facilities

City Offices
Public Works Yard
Police Station
Fire Stations
Community & Rec Centers
Public Library
Community Parks
Athletic Fields & Skate Park
Basketball & Tennis Courts
Municipal Swimming Pool
Public Restrooms
Public Safety Cameras
Lighting & Landscaping
Walking Paths

Vehicle Fleet

Light Duty Trucks
Medium and Heavy Duty Trucks
Sedans
SUVs
Specialty Vehicles
Police Patrol Vehicles
Fire Apparatus
Heavy Equipment



CIP Overview

Major Maintenance - Deferred & Ongoing (M)

- ❖ Capital improvement projects that provide major maintenance and/or upgrades to existing infrastructure and/or facilities required to provide essential public services and maintain health and safety
- ❖ Examples – roadway rehab, roof replacement, HVAC system upgrades, removal and replacement of deteriorated metal storm drain pipes

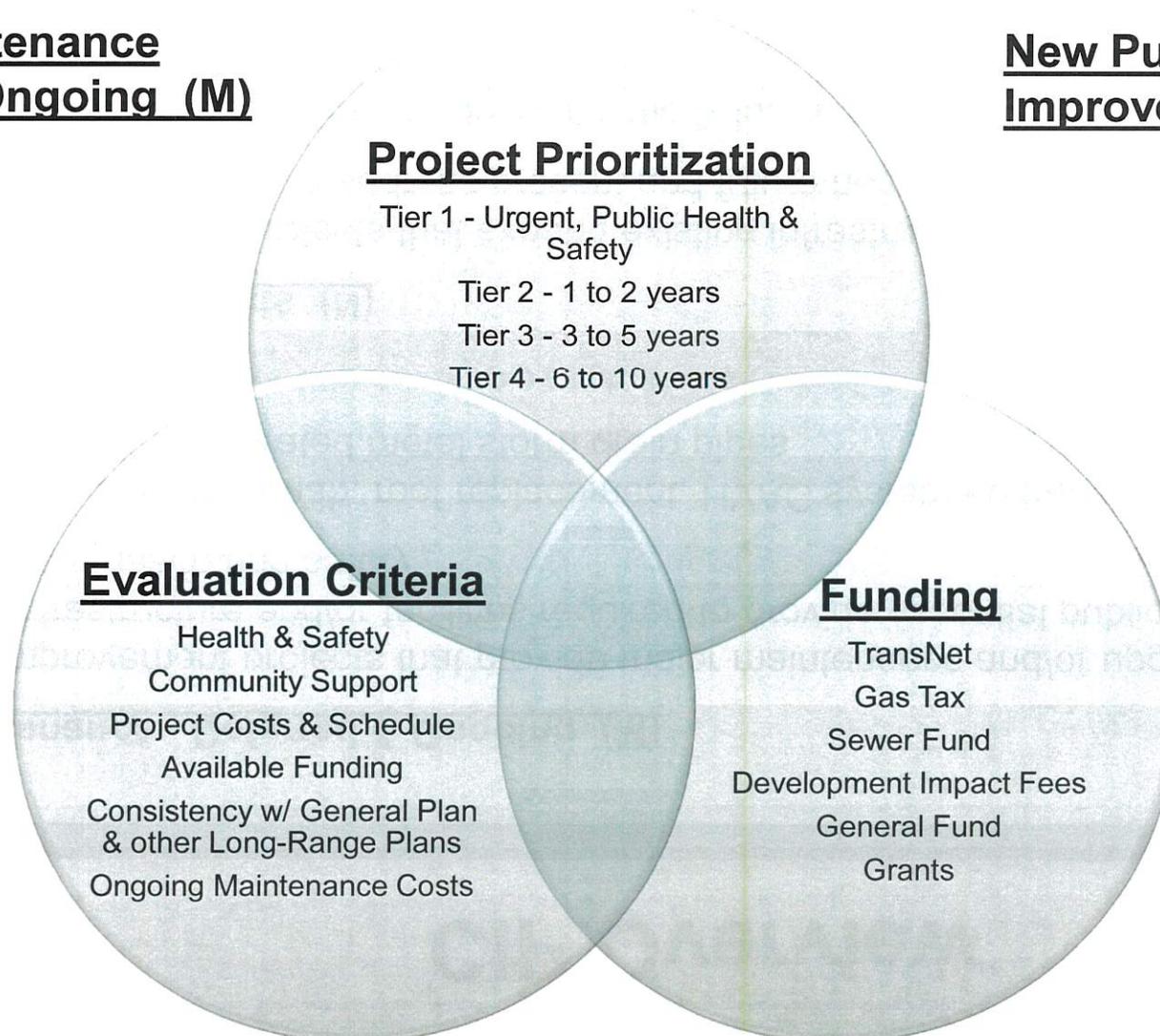
New Public Improvements (N)

- ❖ Capital improvement projects that expand existing infrastructure and/or facilities, or construct new facilities, to address present and future needs of the Community
- ❖ Examples – skate park, multi-purpose athletic field, municipal swimming pool, community corridors

CIP Overview

Major Maintenance Deferred & Ongoing (M)

New Public Improvements (N)



Current Vehicle Fleet

FY22	209
LEASED VEHICLES Hybrid/Electric - 9	37
OWNED VEHICLES Hybrid/Electric - 1	122
SMALL EQUIPMENT	21
MEDIUM EQUIPMENT	21
LARGE EQUIPMENT	8

**Rotation Schedule – Life Cycle, Mileage, Hours of Use
Maintenance and Repair Costs
Operational Needs of City Staff / Departments**





FY21 Vehicle Fleet Include

Deferred Costs	Fund	Department / Section	Description	Action
\$120,000	General Fund	Police	Medium SUV Patrol (2)	Defer to FY 2022
\$ 65,000	General Fund	Police	Medium SUV Lieutenant	Defer to FY 2022
\$ 80,000	General Fund	Police	Medium ARO Truck	Defer to FY 2022
\$ 24,000	General Fund	Police	Sedan Detective/Pool (4)*	Defer to FY 2022
\$ 35,000	General Fund	Police	Motorcycle	Potential for Grant Funding
\$150,000	General Fund	Fire	Medium Crew Cab Truck	Defer to FY 2022
\$180,000	General Fund	Fire	Large Fire Squad Truck	Potential Funding by Lower Sweetwater
\$ 35,000	Facilities Maint Fund	PW Facilities	Small Gene Lift	Defer to FY 2022
\$ 8,000	Facilities Maint Fund	PW Facilities	Small Cargo Trailer	Defer to FY 2022
\$ 25,000	General Fund	PW Streets/Wastewater	Fork Lift	Defer to FY 2022
\$ 25,000	Sewer Fund			
\$ 5,000	General Fund	Engineering	Sedan*	Defer to FY 2022
\$ 5,000	General Fund	Neighborhood Services	Small Truck*	Defer to FY 2022
\$ 757,000		Total		Maintenance costs projected to increase by deferring to FY 2022

*Costs reflect estimated annual lease payment

+ Medium SUV Patrol (2)



FY22 Vehicle Fleet Include

FY 2022 Recommendations - Vehicle Fleet

Department	Vehicle/Equipment	Leased Vehicles	Purchase (Total Cost)	FY 2022 (Funding Needs)	General Fund (001)	Parks Maint Fund (105)	Sewer Fund (125)	Section 8 Fund (502)	Facilities Maint Fund (626)
<i>Public Safety</i>									
Police	Medium SUV Patrol (4)		\$240,000	\$240,000	\$240,000				
Police	Medium SUV Lieutenant		\$65,000	\$65,000	\$65,000				
Police	Medium ARO Truck		\$80,000	\$80,000	\$80,000				
Police	Sedan Detective/Pool (4)	\$24,000		\$24,000	\$24,000				
Police	Motorcycle (1)		\$35,000	\$35,000	\$35,000				
Police	Current Lease Vehicles (7)	\$37,000		\$37,000	\$37,000				
Police	Emergency Equip (1-time cost)	\$20,000		\$20,000	\$20,000				
Fire	Medium Crew Cab Truck		\$230,000	\$230,000	\$230,000				
Fire	Current Lease Vehicles (1)	\$11,000		\$11,000	\$11,000				
<i>Public Works</i>									
	Current Lease Vehicles (15)	\$103,000		\$103,000		\$45,700	\$21,300		\$36,000
Facilities	Small Genie Lift		\$35,000	\$35,000					\$35,000
Facilities	Small Cargo Trailer		\$8,000	\$8,000					\$8,000
Streets/Wastewater	Fork Lift		\$50,000	\$50,000	\$25,000		\$25,000		
<i>General</i>									
Neighborhood Services	Small Truck	\$5,000		\$5,000	\$5,000				
	Current Lease Vehicles (14)	\$75,000		\$75,000	\$71,000			\$4,000	
FY22 Total		\$275,000	\$743,000	\$1,018,000	\$843,000	\$45,700	\$46,300	\$4,000	\$79,000

Replace based on Rotation Schedule **Needs to be Modernized** **New Addition to Vehicle Fleet**



Current Parks & Facilities

Park and Facility	Qty	Description
City Hall	1	City Hall
Police Station	2	Police Department, 1430 Hoover Warehouse
Fire Stations	3	31,33,34
Recreational Centers	3	Camacho, Kimball, El Toyon
Community Facilities	2	MLK Jr, Casa de Salud Youth Center, Nutritional Center
Public Works Yards	2	1726 Wilson, 726 19th
Library	1	Public Library
Parks	5	Kimball, El Toyon, Las Palmas, Paradise Creek Park, Sweetwater Heights
Facilities Other	5	ARTS Center, Granger Music Hall, Kimball House, Stein Farm, Santa Fe Rail Depot
Senior Center	1	Kimball Senior Center
Las Palmas Municipal Pool	1	Pool
Total	27	



Las Palmas Pool

❖ Major Maintenance Estimates

Las Palmas Pool	\$ 2,500,000
Pool Replaster (both Pools)	\$ 1,000,000
Deck Rehab	\$ 1,150,000
Locker Room and ADA Upgrades	\$ 350,000

❖ Overview of Operating Expenses & Revenue

Fiscal Year	Expenses*	Revenue	Variance
FY21	\$312,300	\$341,900	\$29,600
FY21 Adjusted	\$368,000	\$339,200	\$28,800
FY22 Proposed	\$410,000	\$411,000	\$1,000



FY22 Parks & Facilities Funding

CIP Category	Cost Estimate					Proposed Funding Plan		
	Total	Tier 1 (Urgent)	Tier 2 (1-2 years)	Tier 3 (3-5 years)	Tier 4 (6-10 years)	Facilities Maintenance Reserve (General Fund)	DIF, Grants and Other	TBD
Civic Center / City Hall*	\$1,960,000	\$250,000	\$1,000,000	\$0	\$710,000	\$250,000	\$1,000,000	\$710,000
MLK Jr Community Center	\$1,155,000	\$515,000	\$100,000	\$50,000	\$490,000	\$0	\$615,000	\$540,000
Police Dept Building	\$1,370,000	\$850,000	\$440,000	\$0	\$80,000	\$850,000	\$440,000	\$80,000
Fire Station 34	\$430,000	\$50,000	\$210,000	\$170,000	\$0	\$50,000	\$210,000	\$170,000
Fire Station 33	\$150,000	\$150,000	\$0	\$0	\$0	\$50,000	\$100,000	\$0
Fire Station 31	\$130,000	\$50,000	\$0	\$0	\$80,000	\$50,000	\$0	\$80,000
Public Works (1726 Wilson Ave)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Public Works (726 W. 19th St)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Public Library	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ARTS Center	\$500,000	\$0	\$0	\$500,000	\$0	\$0	\$0	\$500,000
Kimball Recreation Center	\$650,000	\$0	\$0	\$650,000	\$0	\$0	\$0	\$650,000
Kimball Senior Center	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Casa de Salud Youth Center*	\$430,000	\$0	\$180,000	\$250,000	\$0	\$0	\$180,000	\$250,000
Las Palmas Municipal Pool	\$2,900,000	\$400,000	\$2,500,000	\$0	\$0	\$400,000	\$2,500,000	\$0
Camacho Recreation Center	\$150,000	\$150,000	\$0	\$0	\$0	\$0	\$150,000	\$0
El Toyon Recreation Center	\$380,000	\$100,000	\$0	\$280,000	\$0	\$100,000	\$0	\$280,000
Granger Music Hall	\$3,000,000	\$0	\$0	\$3,000,000	\$0	\$0	\$0	\$3,000,000
Kimball House	\$40,000	\$0	\$0	\$0	\$40,000	\$0	\$0	\$40,000
Stein Farm	\$360,000	\$0	\$0	\$320,000	\$40,000	\$0	\$0	\$360,000
Santa Fe Rail Depot	\$40,000	\$0	\$0	\$0	\$40,000	\$0	\$0	\$40,000
Kimball Park	\$7,938,273	\$0	\$0	\$200,000	\$7,738,273	\$0	\$0	\$7,938,273
Las Palmas Park	\$800,000	\$0	\$0	\$800,000	\$0	\$0	\$0	\$800,000
El Toyon Park	\$6,432,571	\$0	\$0	\$800,000	\$5,632,571	\$0	\$0	\$6,432,571
Paradise Creek Park	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
El Toyon Multipurpose Facility	\$10,000,000	\$0	\$0	\$0	\$10,000,000	\$0	\$0	\$10,000,000
Total	\$38,815,844	\$2,515,000	\$4,430,000	\$7,020,000	\$24,850,844	\$1,750,000	\$5,195,000	\$31,870,844

* Supplemental evaluations are needed, which will lead to additional capital needs and costs

Indicates Potential CDBG or DIF Funding



FY22 Parks & Facilities Include

Parks & Facilities	Tier	
City Hall	1	\$ 250,000
MLK Jr. Community Center	1	\$ 515,000
Police Department	1	\$ 850,000
Fire Department (Station 31, 33, 34)	1	\$ 250,000
La Palmas Municipal Pool	1	\$ 400,000
Camacho Recreation Center	1	\$ 150,000
El Toyon Recreation Center	1	\$ 100,000
	Total	\$ 2,515,000

Estimated Impact to General Fund for FY 2022: \$1,750,000



FY22 Parks & Facilities Include

Parks & Facilities	Tier	
City Hall	2	\$ 1,000,000
MLK Jr. Community Center	2	\$ 100,000
Police Department	2	\$ 440,000
Fire Department (Station 31, 33, 34)	2	\$ 210,000
Casa de Salud Youth Center	2	\$ 180,000
Las Palmas Pool	2	\$2,500,000
	Total	\$4,430,000



Current Infrastructure

Asset	Asset Items	Quantity	Unit
Streets	Streets	107	Miles (cl)
	Alleys	7	Miles (cl)
Sidewalks / Ped Ramps (ADA)	Sidewalks*	200	Miles
	Pedestrian Ramps*	2200	Each
Traffic Signals / Street Lights	Traffic Signals	80	Each
	Street Lights	736	Each
Sewer	Sewer Mains	106	Miles
	Sewer Manholes	2015	Each
	Force Mains	1325	LF
Storm Drain	Storm Drain Mains	45	Miles
	Storm Channels	12	Miles
	Storm Drain structures (inlet, c.o., hw, etc)	791	Each
	*Quantity is estimated		



FY22 Infrastructure Numbers

Funding Source	Streets / ADA (Major Maintenance)	Streets / ADA (New Public Improvements)	Traffic Signals / Street Lights	Sewer	Storm Drain	Total
Gas Tax RMRA (SB1)	\$1,218,000					\$1,218,000
TransNet	\$1,041,000	\$200,000	\$300,000			\$1,541,000
Sewer Fund				\$2,000,000		\$2,000,000
General Fund		\$800,000			\$200,000	\$1,000,000
Other Funds (ARP Funds)	\$1,000,000*		\$1,332,000*			\$2,332,000
FY 2022 Investment	\$3,259,000	\$1,000,000	\$1,632,000	\$2,000,000	\$200,000	\$8,091,000

- **General Fund allocations for street improvements support local match requirements for grant funded projects and MOE requirements for receipt of TransNet and Gas Tax RMRA (SB1) funds**
- **TransNet MOE will increase from \$1,970,000 to \$2,030,000 for FY21, FY22 and FY23**
- **Personnel, maintenance and operating costs funded by the General Fund for engineering, project management and maintenance of local roadways are applied towards the City's MOE (~ \$1.2M); the remaining MOE is met by funding capital roadway projects through General Fund appropriations (~ \$800k)**
- **\$1,332,000 is for the Street Light Purchase (From SDGE) and Conversion (To LED) Efforts**
- *** Pending additional infrastructure legislation or American Rescue Plan (ARP) funds**



Maintenance Of Effort

- **National City is required to invest approximately \$2 million annually in discretionary funds (General Fund) for local roadway projects to meet its Maintenance of Effort (MOE) requirements to receive local TransNet funding and State Gas Tax Road Maintenance and Rehabilitation Account (RMRA) funding through SB1**
- **Personnel, maintenance and operating costs funded by the General Fund for engineering, project management and maintenance of local roadways are applied towards the City's MOE**
- **The remaining MOE is met by funding capital roadway projects through General Fund appropriations**



Sewer Service Fund

- **At the City Council Meeting of December 19, 2017, City Council adopted an Ordinance establishing sewer service rate increases over the next five fiscal years to offset sewage transportation and treatment rate increases from San Diego Metropolitan Wastewater Department and address capital needs for sewer pipe repair / replacement and upsizing.**
- **Approximately 30% (\$2,000,000) of the total revenue will be invested in Capital Improvements.**



Street Lights Conversion

Item	Quantity
Street Lights Total	1,864

Item	Cost
Purchase SDGE Street Lights	\$ 514,000
Convert to LED	\$ 715,000
Consultant Fees	\$ 103,000
Total Investment	\$ 1,332,000

Total Yearly Projected Savings (Energy and Maintenance): \$ 240,307

Projected 5.5 Year Return



FY22 Infrastructure Include

City Match for Grant funded projects	\$ 730,000
Central Community Mobility Enhancements	\$ 180,000
Sweetwater Road Protected Bikeway	\$ 110,000
Bayshore Bikeway – Segment 5	\$ 140,000
Citywide Protected Left-Turn Enhancements	\$ 170,000
El Toyon-Las Palmas Bicycle Corridor	\$ 130,000
Pavement Improvement Project	\$ 3,259,000
Locations to be finalized as a part of the Citywide Pavement Condition Assessment	
Sewer Phase 2 Upsizing	\$ 2,000,000
Includes pipe upsizing, pipe repairs, design, and construction management.	



FY22 Infrastructure Include

Storm Drain Rehabilitation	\$ 200,000
Includes pipe replacement, design, and construction management.	
Design and Construction Management As-Needed	\$ 570,000
Anticipate additional grant awards in Traffic Signal Upgrades	
Street Light Conversion	\$ 1,332,000
Purchase 1128 Street Lights from SDGE Convert 1864 Street Lights to LED	



FY22 All Funds Request

	Vehicle Fleet	Parks & Facilities	Infrastructure	Totals
General Fund (001)	\$ 843,000		\$ 1,843,000	\$ 2,686,000
Facilities Maintenance Reserve (001)		\$ 1,750,000		\$ 1,750,000
Parks Maintenance Fund (105)	\$ 45,700			\$ 45,700
Facilities Maintenance Reserve (626)	\$ 79,000			\$ 79,000
Sewer Fund (125)	\$ 46,300		\$ 2,000,000	\$ 2,046,300
Gas Tax RMRA (SB1) Fund (109)			\$ 1,218,000	\$ 1,218,000
TransNet (Prop "A") Fund (307)			\$ 1,541,000	\$ 1,541,000
Housing Authority Fund (501)	\$ 4,000	\$150,000		\$ 154,000
CDBG Fund (301)		\$515,000		\$ 515,000
Development Impact Fees Fund (325)		\$100,000		\$100,000
Other Funds		4,430,000	\$2,332,000	\$6,762,000
Totals	\$ 1,018,000	\$ 6,945,000	\$ 8,934,000	\$ 16,897,000



Closing Comments, Next Steps, and Request for Direction



Long-Term Considerations

- ❖ Revise Reserves and Refill per New Policy Targets
- ❖ Fund Facility Maintenance Reserve and Address Major Maintenance Needs
- ❖ Consider Use of One Time Funds on Priority Projects that Create Ongoing Savings
- ❖ Labor Agreements and Staffing Needs Assessments
- ❖ Maintain Focus on Economic Development and other Revenue Strategies



Next Steps

- ❖ Focus on 2022 Budget:
 - ❖ Corrections, Adjustments, and Refinements
 - ❖ Reestablish staffing levels and begin reopening process
 - ❖ Decision Items
- ❖ Council-directed budget adjustments
- ❖ Additional follow-up at regularly scheduled City Council meeting or budget workshop in May
- ❖ Budget adoption June 1
- ❖ Kick-off Labor Negotiations



Decision Items



Decision Items

RECOMMENDED

Estimated Amount

Revise Maintenance of Reserve Funds Policy #201 at 5/4 City Council meeting per proposed changes and fund targeted reserve levels with eligible sources

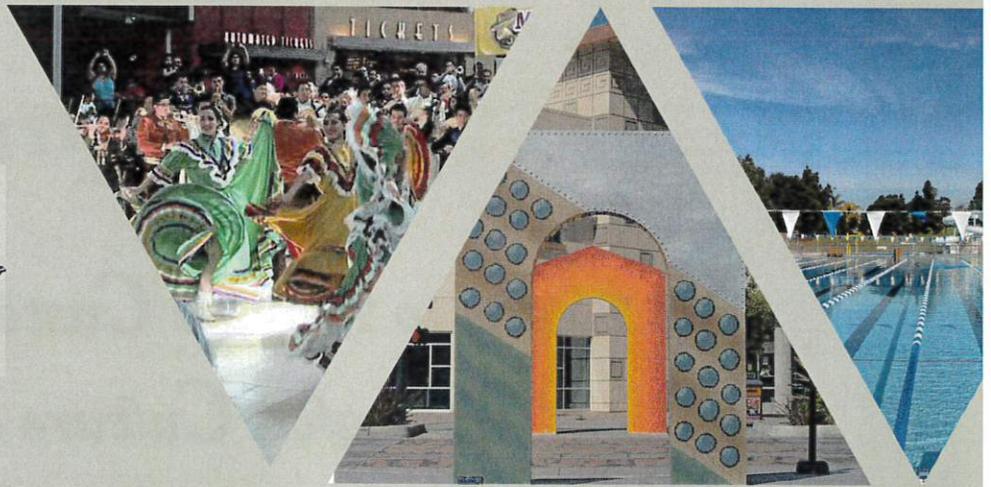
Fund Vehicle Replacement CIP Request	\$1,018,000
Fund Tier 1 Parks/Facilities CIP Request	\$2,515,000
Fund Tier 2 Parks/Facilities CIP Request with ARP	\$4,430,000
Fund Infrastructure CIP Request	\$5,759,000
Fund Infrastructure CIP with ARP or Infrastructure Grants	\$2,322,000
Add Economic Development/Recovery Program with Chamber	\$50,000
Add Paid Internship/Fellowship Program	\$50,000
Change to Preliminary Budget	\$(100,000)



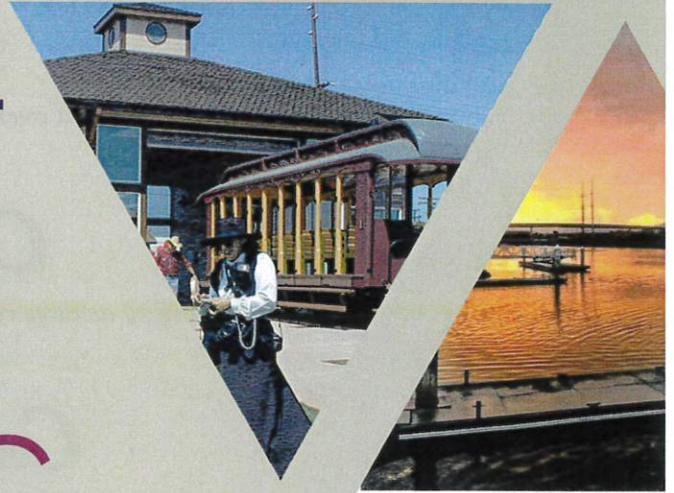
Public Comments



City Council Comments/Direction



NATIONAL CITY'S STRATEGIC PLAN



2020-2025

www.nationalcityca.gov





*We Pledge to Provide Customer Service
through a Culture of...*

Courtesy

We treat everyone with dignity and respect.

Collaboration

We work to achieve common goals and value our differences.

Communication

We communicate openly, honestly, and with clear, consistent messages.

with a Commitment to Our Community

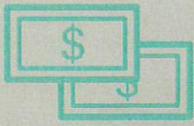
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2020-2025 Strategic Plan

7 Strategic Focus Areas

- ▲ Balanced Budget and Economic Development
- ▲ Communication and Outreach
- ▲ Health, Environment, and Sustainability
- ▲ Housing and Community Development
- ▲ Parks, Recreation and Library
- ▲ Public Safety
- ▲ Transportation Choices and Infrastructure





Balanced Budget and Economic Development



Maximize economic development strategies.



Partner with other public agencies and non-profits to increase revenue and augment services.



Manage pension and other employee expenses.



Optimize City assets and lease property when appropriate.



Communication and Outreach



Connect the community with timely and transparent information.



Increase meaningful outreach through quality engagement.



Improve emergency preparedness and public noticing.



Promote educational and economic opportunities.



Health, Environment, and Sustainability



Update and implement the Climate Action Plan.



Support a healthy community through active living and healthy eating.



Create health and education hubs around major transit stops.



Support an age-friendly community.



Housing and Community Development



Pursue new housing options at all income levels.



Ensure preservation of existing affordable housing stock.



Streamline permitting and improve code compliance.



Enhance role in reducing homelessness.





Parks, Recreation, and Library

- ▲ Improve outreach and increase participation.
- ▲ Organize community events and support other gatherings.
- ▲ Seek reliable funding and synergize with south bay partners.
- ▲ Develop volunteer program and community services plan.



Public Safety

- ▲ Reduce overall crime and illegal activity.
- ▲ Improve operational readiness and community resilience.
- ▲ Enhance recruitment and retention and promote public safety pipeline.
- ▲ Expand community engagement and increase visibility.



Transportation Choices and Infrastructure

- ▲ Expand mobility choices by improving access to transit, biking, walking, rolling, and parking management.
- ▲ Improve traffic safety through traffic calming and safe routes.
- ▲ Update capital needs assessment and funding strategies.
- ▲ Maintain infrastructure and establish measurable targets.



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WE
CAN!

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CITY COUNCIL POLICY

CITY OF NATIONAL CITY

TITLE: Maintenance of Reserve Funds	POLICY #201
ADOPTED: June 26, 1985	AMENDED: September 17, 2019

Purpose

The City will establish reserves to strengthen its ability to withstand unexpected financial emergencies such as those that may result from national disasters, revenue shortfalls, or unanticipated expenditures of a non-recurring nature and to accumulate funds for large-scale purchases.

Policy

The City Manager is charged with the responsibility of accumulating and maintaining the City's reserves at the following target levels:

- **GENERAL FUND CONTINGENCY RESERVE:** an amount equal to between twenty-five percent (25%) and fifty percent (50%) of a single year's budgeted General Fund operating expenditures. "Operating expenditures" shall be defined as all expenditures, except those of a capital nature, plus operating subsidies provided to the Library Fund, Parks Fund, Nutrition Fund, and Personnel Compensation Fund.
- **GENERAL FUND FACILITIES MAINTENANCE RESERVE:** an amount equal to between ten percent (10%) and fifteen percent (15%) of the total acquisition cost of the City's building assets. "Building assets" shall be defined as all permanent or nonpermanent structures constructed or installed to provide a workplace for City employees or house City assets and/or operations.
- **GAS TAXES FUND CONTINGENCY RESERVE:** an amount equal to a minimum of five percent (5%) of the estimated annual revenue of the Gas Taxes Fund.
- **SEWER SERVICE FUND OPERATIONS / CASH FLOW RESERVE:** an amount equal to between twenty-five percent (25%) and fifty percent (50%) of a single year's budgeted Sewer Service Fund operating expenditures.
- **SEWER SERVICE FUND METRO CASH FLOW RESERVE:** an amount equal to the City's estimated portion of the projected cash needs for capital costs of the San Diego Metropolitan Sewerage System's wastewater treatment program.

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- **SEWER SERVICE FUND CAPITAL REPLACEMENT RESERVE:** an amount equal to between ten percent (10%) and fifteen percent (15%) of a single year's budgeted Sewer Service Fund operating expenditures.
- **SEWER SERVICE FUND CAPITAL EXPANSION RESERVE:** an amount equal to between ten percent (10%) and fifteen percent (15%) of a single year's budgeted Sewer Service Fund operating expenditures.
- **SEWER SERVICE FUND EMERGENCY / NATURAL DISASTER RESERVE:** an amount equal to a minimum of fifteen percent (15%) of a single year's budgeted Sewer Service Fund operating expenditures.
- **LIABILITY INSURANCE RESERVE:** an amount sufficient to ensure liability insurance claim assets of the Liability Insurance Fund equal to the eighty percent (80%) Confidence Level of Adequacy applicable to estimated liability insurance claims, as established biennially by the City's actuary.
- **WORKERS' COMPENSATION RESERVE:** an amount sufficient to ensure Workers' Compensation claim assets of the Liability Insurance Fund equal to the eighty percent (80%) Confidence Level of Adequacy applicable to estimated Workers' Compensation claims, as established biennially by the City's actuary.
- **DEBT SERVICE RESERVES:** in each fund from which debt service is paid, an amount equal to the total required by applicable indenture(s) and/or other agreement(s), but in no case less than one year's debt service requirement of all long-term City obligations, excluding inter-fund loans.
- **IRREVOCABLE SUPPLEMENTAL PENSION TRUST RESERVE:** an amount equal to the total net pension liability of the City's pension plans. The balance of this reserve shall not be subject to the "Replenishment of Reserves" guidelines.
- **IRREVOCABLE OTHER POST-EMPLOYMENT BENEFITS TRUST RESERVE:** an amount equal to the total net other post-employment benefits (OPEB) liability of the City's OPEB plans. The balance of this reserve shall not be subject to the "Replenishment of Reserves" guidelines.
- **VEHICLE REPLACEMENT RESERVE:** an amount equal to between the accumulated depreciation and estimated replacement value of the motor vehicle assets of the Vehicle Replacement Fund. For the purposes of this policy, "motor vehicle" shall be defined as a self-propelled, wheeled vehicle with propulsion provided by an engine or motor which must be operated by one or more persons to perform the function(s) for which it is designed.

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The actual amount of each reserve shall be determined each year by the City Manager as part of the budgeting process and shall be annually reported to the City Council as part of or in conjunction with the Comprehensive Annual Financial Report (CAFR); however, nothing in this policy shall prevent determining or reporting on the level of any reserves at other times during the year.

The above requirements may be suspended only upon approval of Council.

Replenishment of Reserves

If its balance falls below the minimum required level, the City shall strive to restore it to the minimum required balance by any feasible means, including, but not limited to, adopting a budgetary surplus; applying any cost savings, over-realized revenues, and/or surpluses realized within the applicable fund; or transferring a portion of the General Fund Contingency Reserve. Unless otherwise noted, the following guidelines will be used to restore a reserve fund:

- If a reserve is drawn down to 75-99% of its minimum required balance, it shall be restored to 100% over a 1 to 3 year period.
- If a reserve is drawn down to 50-74% of its minimum required balance, it shall be restored to 100% over a 3 to 5 year period.
- If a reserve is drawn down below 50% of its minimum required balance, it shall be restored to 100% over a 5 to 7 year period.

These guidelines may be suspended, in whole or part, if financial or economic circumstances prevent meeting any or all of the timelines.

Once established or increased, a reserve balance shall become committed fund balance, as defined by Governmental Accounting Standards Board Statement Number 54, within the applicable fund and, as such, shall require Council approval for all transfers and expenditures therefrom.

Related Policy References

None

Prior Policy Amendments

November 21, 2017

June 7, 2016

October 7, 2014

December 10, 2013

March 12, 2002