



City of Poway COUNCIL AGENDA REPORT

APPROVED	<input type="checkbox"/>
APPROVED AS AMENDED (SEE MINUTES)	<input type="checkbox"/>
DENIED	<input type="checkbox"/>
REMOVED	<input type="checkbox"/>
CONTINUED _____	
RESOLUTION NO.	

DATE: June 18, 2019

TO: Honorable Mayor and Members of the City Council
Honorable Chairman and Members of the Housing Authority
Honorable Chairman and Members of the Successor Agency
to the Poway Redevelopment Agency

FROM: Chris Hazeltine, City Manager/Executive Director *CH*

CONTACT: Wendy Kaserman, Assistant City Manager *Wk*
(858) 668-4502 or wkaserman@poway.org
Donna Goldsmith, Director of Finance *DG*
(858) 668-4411 or dgoldsmith@poway.org
Alex Castanares, Budget Administrator *AC*
(858) 668-4415 or acastanares@poway.org

SUBJECT: Proposed Fiscal Year (FY) 2019-20 Comprehensive Financial Plan and
Fiscal Forecast for the General Fund

Summary:

This report presents the Proposed Comprehensive Financial Plan (Budget) for FY 2019-20. The budget as proposed results in a balanced General Fund and maintains reserves at the level identified in the City's Financial Policy. Also included with this report is an updated General Fund Summary and Fiscal Forecast for the General Fund through FY 2020-21 (Attachment A), the major Department Goals and Objectives supported by the proposed expenditures (Attachment B), and the report of recommendations by the City Council appointed Budget Review Committee (Attachment C).

Recommended Action:

It is recommended that the City Council/Housing Authority/Successor Agency:

1. Receive public input regarding the FY 2019-20 Proposed Budget;
2. Receive the Report of the Budget Review Committee and consider their recommendations;
3. Adopt the attached resolutions authorizing the Comprehensive Financial Plan for FY 2019-20, establishing the updated reserve levels.

Discussion:

The FY 2019-20 Proposed Budget consists of revenues across all funds totaling \$102.77 million. Projected revenues are anticipated to be sufficient to cover city-wide expenses of \$98.78 million across all funds including \$91.63 million for department operations (including law enforcement, fire protection, parks and recreation, streets, drainage, stormwater, and water and sewer utilities), \$5.76 million for capital project and program expenditures, and \$1.36 million for debt service. The remaining differential between the projected revenues and expenditures funds the required additional contribution to the General Fund Reserves (\$437,208) to maintain the Council adopted policy of 45% of the operating budget, an increase to the Sewer Fund Balance in continued preparation for a major regional project described later in the report and for future City sewer capital projects (\$1.15 million), and lastly, an increase in the Capital Replacement Fund balance

of \$679,100, resulting from the need to continue setting aside additional funding for projects identified in the recently completed facility needs assessment study.

The proposed budget is balanced, but as has been noted in prior budget reports, the growth in General Fund revenues is not keeping pace with the growth in expenditures. This is due in large part to rising pension costs, as well as rising law enforcement costs. City staff was conservative in new requests for FY 2019-20. The budget highlights described below for each department reflect only necessary operating expenditures. Additionally, there are several projects and issues on the horizon that have the potential to significantly impact the budget. These are described later in the report. While the City Council only adopts a single year budget, staff is always looking ahead to future fiscal years. Early numbers for FY 2020-21 indicate that even with modest growth to General Fund operating expenditures, expenditures will likely exceed revenues. Staff is anticipating that difficult decisions may need to be made in the development of the FY 2020-21 budget.

FY 2019-20 Proposed Budget – Program Highlights

City Staffing

Labor budgets proposed for FY 2019-20 total \$32.15 million, or 35% of the overall budget across all funds. The memoranda of understanding between the City and the Poway Firefighters' Association (Safety) and the Teamsters Local 911 (Non-Safety) are both due to expire on June 30, 2019. As of the writing of this report, labor negotiations are underway. Since new agreements have not been approved, the proposed budget does not include any across the board salary increases for either the represented (Safety and Non-Safety) employees or unrepresented (Management/Confidential) employees.

There are no new positions included in the proposed budget. However, the manner in which part-time temporary/seasonal positions are reflected has changed. Rather than displaying a full-time equivalent (FTE) for the funds allocated for temporary staffing, only the dollar amount will be displayed, thus causing a decrease in FTEs. The current adopted level (FY 2018-19) includes adjustments approved by the City Council following adoption of the budget. The table below shows 3 years of FTE count:

	FY 2017-18	FY 2018-19	FY 2019-20 Proposed
Legislative and Administrative Services	8.96	9.48	9.00
Finance	17.25	20.50	20.50
Human Resources and Risk Management	5.00	6.00	6.00
Community Services	50.03	50.39	24.10
Development Services	25.50	26.50	25.50
Public Works	86.84	82.36	78.96
Safety Services - Fire	57.00	57.00	57.00
Total City	250.58	252.23	221.06

The proposed budget does include step increases for those employees who are not already at top step in their respective salary ranges. It also includes increases to the employer's CalPERS (PERS) pension contributions, increases to the City's supplemental retirement benefit (PARS) contributions, as well as projected increases to the employer's portion of health care costs. The PARS supplemental retirement benefit is a closed plan, meaning that employees hired after 2012, are not eligible for this benefit. Employer-paid PERS contributions are increasing effective July 2019, from 23.3% of base salary to 34.4% for Non-Safety/Management/Confidential classic members and from 39.4% to 55.5% for Safety classic members. These rates are composed of two parts, Normal Cost and Unfunded Liability. Currently all classic employees (Safety, Management/Confidential, and Non-Safety) are contributing an additional one percent toward the Normal Cost, thereby reducing the City's contribution by this amount. The cumulative percentages

shown above reflect these employee contributions. The City bears the full cost of the Unfunded Liability, as well as any increases to the Normal Cost resulting from changes determined by PERS. Overall, PERS costs are projected to increase by \$677,358 in FY 2019-20. Rising costs are primarily attributed to decreases to the PERS discount rate (the rate of return on investments) and other changes in actuarial assumptions.

In FY 2018-19, the City hired a specialized actuary to analyze projected growth in PERS rates and develop recommendations for mitigating the impact of future increases on the City's operating budget. The final report, presented to the City Council on September 18, 2018, indicates that employer rates will continue to increase annually for the foreseeable future and there will be little relief until the late 2030s or earlier 2040s at which point it is anticipated the entire City workforce will be comprised of Public Employee Pension Reform Act (PEPRA) employees who have a less generous pension formula and pay significantly more toward the costs of their pension benefit. The consultant did make recommendations for mitigating the future impact on the operating budget, however the City has not yet identified funding to implement the recommendations which include making additional payments to PERS to reduce the City's unfunded liability and/or establishing an IRS Section 115 Trust that would in essence establish a dedicated savings account for pension costs that could be drawn on in future years to offset the impact of pension costs on the operating budget.

Program Highlights – Operating Expenditures

Legislative and Administrative: The City Clerk's budget has decreased due to the fact that election expenses have been removed from the budget for FY 2019-20. These costs will need to be budgeted again in the FY 2020-21 budget for the election in 2020. The City Attorney budget reflects the annual inflationary adjustment of 2.6% to the agreement for legal services.

Finance: The Finance Division's budget for contractual services saw a decrease of \$50,980 due to the elimination of Banner software maintenance, the City's previous financial software. The Information Technology Division's contractual services were also reduced for lower consulting fees. A new item initiated by the Finance Department is annual "rental charges" for the replacement of major software applications, such as Enterprise Resource Planning software (Munis), TRAKiT in Development Services and Cartegraph in Public Works. By collecting rent each year, the City will be better prepared for a major software purchase when the time comes to replace or upgrade. These costs are spread across four departments; Finance, Human Resources & Risk Management, Public Works and Development Services.

Community Services: Throughout the Community Services Department there are increases to various contractual services to account for consumer price index (CPI) adjustments, per written agreements. In the Community Services Director division, \$50,000 has been added to the budget for the City to provide ongoing support for the Poway Valley Senior Citizens Corporation at their temporary location during construction of the Mickey Cafagna Community Center. The Poway Center for the Performing Arts (PCPA) budget reflects an increase of \$91,436 in Gas and Electricity since savings from the solar project have been less than anticipated. This increase to the budget makes the PCPA whole in this account, which was also done at midyear during FY 2018-19. Staff is currently working with an outside consultant to analyze the PCPA solar system to determine why the system is not performing as it was projected to.

Development Services: As discussed in the Finance section, "rental charges" in the amount of \$46,500 have been budgeted in Development Services for major software purchases and upgrades in the future. In the Traffic Engineering Division, \$40,000 is being added for a city-wide speed survey, which occurs every seven years. The Development Services Department requested, and City Management is recommending approval, of a specialized project management software that is specifically designed for managing large scale capital projects and will assist with tracking Requests for Information (RFIs) and change orders. The budget includes \$12,000 for this software purchase. The Stormwater Division will again see an increase in shared

costs for both the Los Penasquitos and San Dieguito Water Quality Improvement Plans (WQIPs). Shared costs are levied and tiered for participating jurisdictions every five years. Per the WQIPs and related cost share agreements, the City is expected to participate in a major lagoon restoration project in the next few years. This is one of the issues on the horizon that the City currently does not have funding set aside for. The projected and estimated costs will be described later in this report. On the revenue side in Development Services, current development activity was reviewed and revenue adjusted downward by \$200,000 to better reflect the current activity level.

Public Works: Proposed expenditures to continue the City's high standard for streets maintenance total \$4.47 million, including \$1.10 million in General Fund support. Under SB 1, the statewide 12-cent and 20-cent tax on regular and diesel fuel, the City's annual revenue from Gas Tax is projected to be supplemented by \$836,010 for FY 2019-20, allowing the City to hold its current General Fund contribution for streets maintenance to \$1.10 million. A statewide effort to repeal the gas tax was unsuccessful on the November 2018 ballot, therefore no additional General Fund support is needed to continue the City's street maintenance program.

Proposed increases in expenditures in the Public Works Department relate to increased wastewater costs as a result of the City of San Diego's Pure Water Program and prior fiscal years' true up of metro system expenses, increased gas and electricity costs, as well as inflationary adjustments included in previously approved agreements. Additionally, the Public Works division budgets include increased costs associated with the quantity of hazardous waste removal and new and increased regulatory fees to agencies.

City Management is recommending approval of four new budget items requested by the Public Works Department. These include the SeeClickFix mobile resident report application. This will replace the current tool the City is using (YourGov) which is no longer being supported. This application will provide a better mechanism for residents to report issues to the City. Additionally, requests were submitted to send a Stormwater employee to new regulatory compliance training, as well as to replace the aging Heavy Duty Tire Changer used by the City's Fleet Division. The final item, which is reflected in the Water Enterprise Fund budget described later in this report, is a Water Information Management System that will be used by staff to track data that the City is required to report to regional and state agencies.

The Capital Facilities Replacement/Refurbishment program, jointly administered by Public Works Facilities and Development Services Capital Projects, incorporates projects identified by the facility maintenance needs assessment study completed in FY 2016-17. To address an increased volume of necessary maintenance projects, beginning in FY 2017-18 staff recommended increasing the General Fund contribution for capital facilities maintenance by 20 percent annually for five or more years to prevent depletion of the Capital Facilities Fund. For FY 2019-20, a proposal was submitted for \$430,000 to pay for design of several items identified in the facility maintenance needs assessment study for the PCPA. It is estimated the actual costs of the project will exceed \$4 million and the comprehensive nature of the work itself would likely result in the need for an extended closure of the facility. City Management is not recommending approval of the design funds at this time. Rather it is suggested that a separate City Council Workshop be held to provide an opportunity for a holistic discussion on operating, maintenance, and capital expenses at this facility.

Safety Services: The City's contract with the County of San Diego for Law Enforcement Services for FY 2019-20 continues in its third year at a cost of \$13.49 million. The City, along with the eight other cities in San Diego County that contract with the County for law enforcement services, is currently in a 5-year contract with the County of San Diego. Costs have risen by \$825,351 compared to the current year, after applying a 5.5 percent contract increase as well as restoring one detective position. There are several reasons for restoring the position including increased team efficiency, better customer service, officer safety, and increased flexibility. Individual caseloads have become two to three times what other contract city detectives handle with each

handling in excess of 50-60 cases routinely. This number of cases is not manageable in terms of conducting reasonable investigations in a timely manner. Decreased respective caseloads allow for better efficiency and better customer service as detectives can give more attention to individual cases. Officer safety is increased. Detectives go into the field in pairs at minimum when contacting suspects. Having an odd number (3) detectives decreases efficiency when more than one contact needs to be made. To offset some of the costs of the new detective, the Sheriff's Captain is recommending eliminating a non-sworn Community Services Officer (CSO). The CSO position will be absorbed by the department in another location, so the individual will still be employed. The CSO position can only perform a limited number of duties. Both CSO positions perform the same function, so eliminating one position will not eliminate a particular service to the city. The proposed FY 2019-20 budget does include the recommendation to restore the detective position and eliminate a CSO position, this change adds additional \$120,000 to the law enforcement contract.

There are two significant capital equipment purchases included in the Fire portion of the Safety Services budget. In FY 2019-20, the City will begin the NextGen Regional Communication System (RCS) Radio Upgrade. The RCS system provides for seamless communication between all regional agencies in San Diego and Imperial Counties. The RCS infrastructure is currently in the process of being upgraded, the City of Poway is a financial partner in that upgrade. It is now time to begin replacing the RCS radios to operate on the new system. The radios will be purchased over a three year period for a total cost to the City of approximately \$335,000. The majority of the costs will be borne by the General Fund, as they are in the Safety Services budget, however some costs will also be shared by the Water and Sewer Enterprise funds depending upon which division has the radios.

The second significant project is the replacement of the Self Contained Breathing Apparatus (SCBAs) used by Fire Personnel. Staff is in the process of applying for a grant to cover the majority of the \$355,000 replacement costs, the proposed Safety Services budget includes the 10% grant match. However, if the City is unsuccessful in obtaining the grant funds, the General Fund will need to pay for the full replacement costs as the equipment is at the end of its lifecycle.

Human Resources and Risk Management: There are no notable changes in the Human Resources and Risk Management budgets.

Capital Improvement Program (CIP): The City's CIP division is fully staffed with the addition of an Associate Civil Engineer and a limited term Construction Project Manager in FY 2018-19. The division will oversee 36 active and proposed projects in the coming year, with \$5.32 million appropriated in FY 2019-20 for a total of \$46.32 million in appropriations for these projects.

In 2014, assessments of the City's water distribution system and water treatment plant were completed. A ten-year water CIP was developed from the assessments. The projects identified in the ten-year CIP are incorporated into the annual water rate setting process and are also being incorporated into the new water and sewer rate study which will be presented to the City Council in fall 2019. Previously funded projects currently under design include the Clearwell Upgrades (design previously funded), Annual Water Valve Replacement, and Water Treatment Plant Clearwell Distribution Flow Meters. The Buehler Reservoir Rehabilitation and Treatment Plant Washwater Tank Upgrades are under construction. The Boulder Mountain Reservoir I & II Rehabilitation has been fully designed but construction is not scheduled to occur until FY 2020-21. The project was previously delayed due to staff workload and the requirements for construction during winter months. The Chemical Building and Tank Farm Upgrades project is scheduled to be awarded at the June 18, 2019 City Council meeting. Several other water projects were previously funded and are on-going and in various stages of completion. Water funding in the amount of \$2.31 million is being requested this year and will be used for construction of the Clearwell Upgrades project along with continued annual funding for the Water Valve Replacement project.

In 2013, an assessment was completed for the City's sanitary sewer distribution system. A ten-year sewer CIP was developed and included both capacity increasing projects and maintenance projects. The projects identified in the ten-year CIP are incorporated into the annual sewer rate setting process, as well as the new water and sewer rate study that is currently being developed. The proposed FY 2019-20 budget requests sewer funding in the amount of \$1.15 million to be used for construction of the Exposed Sewer East of Martincoit project, a sewer replacement project, and the Annual Manhole Rehabilitation project, which is ongoing maintenance of the City's sewer manholes. Previously funded projects include the Martincoit Road Sewer Upsize, Butterfield Trail Sewer Upsize, and the Annual Sewer Line Repair/Replace projects. The Martincoit Road Sewer Upsize project will be under construction this summer and the Annual Sewer Line Repair/Replace project is currently under construction for replacement of a sewer line on Pomerado Road at Stone Canyon Road. The Butterfield Trail Sewer Upsize project design has not yet started. It was placed on hold due to potential development of the former Stoneridge Golf Course.

FY 2019-20 street projects include funding in the amount of \$1.01 million for the construction phase of the Espola Road Bike Lanes project which will install bike lanes on Espola Road between Poway Road and Range Park Road, the Neighborhood Sidewalks project, which will add sidewalks in the Powers Road and Garden Road areas, and the Traffic Signal Controller Upgrades project which is an ongoing program to upgrade the City's aging signal controllers. Ongoing, previously funded projects include the Espola Road Safety Improvements, Poway Road Turn Pocket Extension, and LED Street & Safety Lighting Conversion projects. The Espola Road Safety Improvements project is in the utility undergrounding phase. The Poway Road Turn Pocket Extension project was recently awarded and is expected to be constructed this summer. The LED Street & Safety Lighting Conversion project is being completed under a design-build method and the award of contract will be presented to City Council at an upcoming Council meeting.

Drainage funding in the amount of \$580,000 will be used for the City's Annual Corrugated Metal Piping Replacement and for the Sebago Avenue Channel Repairs projects. It will also be used for the Annual Trash Capture Program, which is an unfunded mandate by the Regional Water Quality Control Board to capture all trash greater than 5mm, essentially anything larger than a cigarette butt, in Priority Land Use areas (PLUs). PLUs include areas classified as commercial, industrial, and high density residential as well as transit stops. The City has 10 years to comply with the mandate and will be requesting funding for this project each year until the City is compliant. The Rattlesnake Creek Integrity Study, which is previously funded, is in preliminary design and a Request for Proposals for design services has been issued.

The Americans with Disabilities Act (ADA) Barrier Removal project will address accessibility issues at Lake Poway Park in accordance with the ADA. The project is funded with Community Development Block Grant (CDBG) grant funds in the amount of \$83,362. Other previously funded park projects include the Valle Verde Playground Renovation and Blue Sky Amphitheater Improvements, both of which are currently under design.

In FY 2019-20, \$177,480 is being requested for Public Facilities Renovation. This is a series of maintenance projects that are typically managed by the Public Works Department. This year's maintenance includes painting at various City facilities, such as the Kumeyaay building exterior, Train Depot exterior, and the Library Courtyard among several others. It also includes general maintenance of the City's monument signs, repairs at the Old Poway Park Gazebo, and other facility repairs as needed. Finally, the pumps and flocculators at the Water Treatment Plant will be prepped and painted. Other previously funded Government Buildings projects include the PCPA Fire Curtain/Smoke Vent (smoke hatch winch modification) project which was recently awarded by City Council and the Photovoltaic Systems project, located adjacent to Fire Station 3, which is in design and will be the subject of a future City Council Workshop. The Mickey Cafagna Community Center is currently out to bid with construction scheduled to start in September.

General Fund Summary

As depicted in the following table, total General Fund sources (revenues) for FY 2019-20 are projected to be \$49.53 million, representing an increase of 0.24% over the FY 2018-19 midyear projection. Property Tax and Sales Tax revenue, combined, represent approximately 74.1% of all General Fund sources.

General Fund Sources (in millions)	
Property Tax	\$22.65
Sales Tax	\$14.05
Franchise Fees/Interest Income/Rent	\$4.49
Community Services Fees	\$2.56
Development Fees	\$1.98
Fire Protection/Safety Fees	\$2.28
All Other Sources/Transfers	\$1.52
General Fund Total	\$49.53

In FY 2019-20, the City's revenue from Property Tax is expected to increase by \$447,134 over the FY 18-19 midyear projection to \$22.9 million. Although there is an overall increase, the distribution the City receives from the Successor Agency Redevelopment Property Tax Trust Fund (RPTTF) is included in this amount and that revenue is expected to decline slightly in FY 2019-20. The decrease is a contrary to previous years' growth in this revenue source. Revenue from RPTTF distributions remains challenging to project, given the complexity of the required calculation method, and the City's reliance on the County for determination of distribution to agencies. Additionally, Poway, along with other cities, continues to be part of an ongoing lawsuit against the County of San Diego challenging the County's calculation for the distribution for this revenue.

Sales Tax revenue is projected at \$14.05 million, a slight decline from the FY 2018-19 midyear projection of \$14.2 million. The decline in revenue can be attributed to a slightly slowing economy, as well as potential reporting issues associated with the recent transfer of the State Sales Tax reporting function from the State Board of Equalization to the California Department of Tax and Fee Administration (CDTFA).

As depicted in the following table, General Fund operating uses (expenditures) coupled with allocations for capital projects, debt service and other non-operating obligations, total \$48.97 million for FY 2019-20.

General Fund Uses (in millions)	
Law Enforcement	\$13.49
Fire	\$12.91
Community Services, Parks Maintenance*	\$8.96
Development Services	\$4.95
Public Works, Street Maintenance	\$3.29
Administrative and Legislative, Finance, Human Resources & Risk Management	\$4.04
CIP/Other Non-Operating	\$1.33
General Fund Total	\$48.97

*Parks Maintenance is included in the Public Works Department

Consistent with the City's Reserve Policy, which calls for maintaining a General Fund reserve equivalent to 45% of the annual operating budget, the Proposed Budget for FY 2019-20 results in an updated reserve level of \$20.87 million, as follows:

Risk-Based Reserves (in millions)	FY 2017-18	FY 2018-19	FY 2019-20
Revenue Volatility Reserve Fund	\$4.32	\$4.65	\$4.64
Expenditure Volatility Reserve Fund	\$2.16	\$2.33	\$2.32
Extreme Events Reserve Fund	\$12.97	\$13.95	\$13.91
TOTAL	\$19.45	\$20.93	\$20.87

In order to meet the updated reserve requirement of \$20.87 million, the adopting resolution commits \$437,208 to the Revenue/ Expenditure Volatility and Extreme Events Reserve funds. A one-time reduction in typical reserve funding requirements is being displayed below due to a refinement of the definition of operating expenditures. After careful analysis, it was determined that the total amount budgeted for capital equipment replacement (which is designated in a separate fund for the purchase of equipment) can be backed out of the amount upon which the 45% is calculated. This is due to the fact that through rental payments built in to the operating budget for capital equipment and vehicle replacement, as well as capital facilities costs, the City is saving for these purchases and it did not make sense to also include the rental payments in the calculation of the General Fund reserves. Because of this change, there is positive impact to the General Fund this upcoming year as the "surplus" reserve amount is credited with the necessary funding in FY 2019-20. After accounting for all General Fund operating expenditure and revenue activity, non-recurring/one-time sources and uses, and the additional contribution for reserves, \$3.49 million in undesignated funds remain.

General Fund Uses (in millions)	
Estimated Undesignated Fund Balance at June 30, 2019	\$2,876,024
Fiscal Year 2019-20 Projected Change to Fund Balance from Operations	553,951
Reserve Requirement Funding	(437,208)
One-time Reserve Calculation Refinement	499,636
Net Fiscal Year 2019-20 Projected Change to Fund Balance	\$116,743
Estimated Undesignated Fund Balance at June 30, 2020	\$3,492,403

Fiscal Forecast for the General Fund

Staff has updated the fiscal forecast for the General Fund, using the FY 2019-20 Proposed Budget as the base year. As staff looks at the national, state, and local economy, and confers with the City's sales tax consultant, there are signs of the economy slowing. Recent budget reports included concerns that revenue growth was being outpaced by expenditure growth. This trend continues in FY 2019-20 and beyond as we see sales tax projected to dip slightly over the FY 2018-19 approved budget and one of the few revenue sources that the City had seen growth in beyond inflationary type increases, RPTTF revenue, is projected to decrease for FY 2019-20. Looking ahead to FY 2020-21, staff is projecting little more than cost of living type of adjustment to revenues. Poway is a mature city with little new growth which creates limited opportunity to generate new revenues to fund General Fund operating expenditures. However, efforts are underway to implement the Poway Road Specific Plan which was adopted in 2017. In FY 2018-19, The Outpost project broke ground on Poway Road. This is a mixed-use development project that will include retail uses, as well as new housing units. The City also recently entered into a Purchase, Sale, and Development Agreement, with Poway Commons, LLC for another mixed-use development project on several City and Housing Authority owned properties on Poway Road. Together The Outpost project, and the Poway Commons project present opportunities to revitalize the Poway Road Corridor to attract new businesses which will create new housing

options, as well as new retail and dining opportunities for Poway residents and visitors to the city. It is also anticipated the projects will generate new sales tax revenue, as well as higher property tax revenue as a result of higher assessed property valuations.

The fiscal forecast for FY 2020-21 at this point reflects a 1% growth in operating expenditures beyond known PERS increases and law enforcement contract increases. As noted earlier in this report, at this time labor negotiations are still underway and neither the proposed FY 2019-20 budget or the early numbers presented for FY 2020-21 reflect any type of across the board salary increases. There is an assumption that the City will provide some funding to new CIP projects that will be funded by the General Fund in FY 2020-21. Even with these very modest assumptions, the General Fund budget appears to be out of balance after accounting for the additional contribution to maintain the General Fund Reserves at the 45% policy level and that is with using the refined definition of operating expenditures that significantly reduced the contribution in FY 2019-20. The growth in expenditures is again largely driven by increased pension costs, that are projected to continue to grow every year with no real relief until the late 2030s/early 2040s. As described in the actuary report presented to the City Council in September 2018, there is little opportunity to pass the employer costs on to employees and offering a different retirement benefit to new employees is not an option unless the City were to completely buy out of the PERS. The projected cost to buy out of PERS was between \$170 million and \$203 million at the time the report was presented to Council in 2018 and the City would still need to develop and fund an alternative retirement program for employees. In FY 2020-21 the City will enter its fourth year of a five year contract with the County for law enforcement services. While the contract increase is lower for FY 2020-21 than the prior three fiscal years, it still represents an increased cost to the General Fund.

In addition to the projected increases in operating expenditures, there are several projects and issues on the horizon that are not built in to the fiscal forecast but have the potential to significantly impact the budget. While it is possible that the undesignated fund balance described in the prior section could be utilized to fund some of the items described below, the totality of these items exceeds the projected undesignated fund balance reflected in the fiscal forecast. Short-term issues include the opening of bids for the Mickey Cafagna Community Center. While a professional construction cost estimator was hired during the development of the plans, until bids are open, the City will not know how close the estimates are to actual costs. The City Council is planning a follow up workshop on Landscape Maintenance Districts (LMD) 83-1 and 86-1 in July 2019 and could make decisions that involve General Fund dollars. The City does plan to go back out to bid for the remainder of the Espola Road Safety Improvements project and additional funds may be needed for the project depending upon where bids come in. While the majority of the details are confidential since they involve a specific taxpayer, the City is actively appealing a recent decision by the State to redistribute sales tax dollars received by the City in 2005. The outcome of the appeal may not be known in FY 2019-20.

The National Pollution Discharge Elimination System (NPDES) permit from the San Diego Regional Water Quality Control Board (RWQCB) requires municipalities and agencies to participate in the development and implementation of Water Quality Improvement Plans (WQIP) for each watershed in their jurisdiction. Poway is a part of the San Dieguito and Los Penasquitos Watersheds. In 2014, the City Council approved the WQIP Development and Cost Sharing Agreements for the Los Penasquitos and San Dieguito watersheds. As part of the WQIPs copermittees are required to participate jointly in projects. Since the WQIP agreements were last in front of the City Council, a major lagoon restoration project has been developed to address sediment issues in the Los Penasquitos Lagoon. Poway's estimated share of Phase I of the project is in excess of \$6 million, which the City currently has no funding set-aside for. City staff is actively working with our stormwater consultant to confirm Poway's appropriate share of the project and evaluate potential alternative projects within City of Poway limits. The proposed project has not yet come to Council for consideration, as the City of San Diego (the lead agency), is developing a memorandum of understanding that all participating agencies will need to approve.

Landscape Maintenance Districts (LMDs)

The proposed FY 2019-20 budget includes changes to LMD 86-2A and 86-3A to reduce maintenance to a Service Level "C". The service level reduction will not decrease the frequency of watering days in these landscaped areas, which is currently set for three days a week. However, the frequency of certain routine maintenance performed by the City's landscape contractor will be reduced. Decreases in proposed operating expenditures have been made due to insufficient revenues in those districts. Assessments in LMD 86-2B are increasing by 3.7% to replenish the district reserves.

Decreases in proposed operating expenditures have been made due to insufficient revenues in those districts. Assessments in LMD 86-2B are increasing by 3.7% to replenish the district reserves.

The City recently completed a Proposition 218 ballot measure to split off a portion of LMD 87-1 and form a new LMD 19-1. The ballot measure was successful therefore the proposed FY 2019-20 budget reflects the new LMD.

The City Council will be holding a workshop on July 16, 2019 to further discuss the recommendations of the citizen LMD Advisory Group regarding LMD 83-1 and 86-1. The proposed budget does not include any changes to either of these LMDs.

Water and Sewer Utilities

The FY 2019-20 Budget includes \$27.6 million in expenditures for water utilities. Revenue from customer charges and fees is used to recover water operating expenditures and the annual ongoing contribution for system rehabilitation. The drought recovery surcharge of \$0.75 per unit (748 gallons) was discontinued in December 2018. The surcharge was originally adopted effective January 2016 to address the loss of revenue resulting from State imposed water conservation, to restore the City's Water Fund to the policy goal and ensure the City's ability to recover the cost and operation and maintenance of the City's water system. Additionally, Staff is concerned about future pressure on water rates including new legislation signed by the Governor that establishes a 55 gallons per capita daily (GPCD) indoor water use standard, that decreases to 50 GPCD beginning January 1, 2030. Additional state regulations, as well as future usage patterns within Poway, will have an impact on water rates going forward.

During the 2019 water and sewer rate setting process, the City Council directed staff to initiate a new water and sewer rate study. The contract for completing the study was awarded in FY 2018-19, the study is in progress. Staff is planning to hold a series of public workshops this fall during which the City Council and members of the public will have an opportunity to review and comment on different rate structure options prior to the City Council making a final selection for the 2020 rate setting process.

The proposed budget also includes \$10.7 million in expenditures for sewer utility operations, ongoing maintenance, administration, and capital projects. The FY 2018-19 sewer rates do not fully recover the operating and capital costs of sewer operations. Additionally, as a member of the Metro Wastewater Joint Powers Authority, it is expected that the majority of the Sewer Fund's current fund balance will be needed for Poway's share of the Pure Water Program. One of the benefits of the Pure Water Program is to divert sewage flow from the Point Loma Treatment Plant which should lower the City's sewer treatment costs. It is also hoped that the Pure Water Program obviates the need for the Point Loma Sewer Treatment Plant to upgrade to secondary treatment.

Budget Review Committee

The Budget Review Committee completed a comprehensive review of the proposed FY 2019-20 Budget at multiple meetings held in April and May. Their report of recommendations is attached to this report as Attachment C. The Committee Chair, Brian Pepin, plans to be present at the public hearing to comment on the Committee's report and respond to any questions from the City Council.

Adopting Resolution

Attached to this report (Attachment D) is a resolution to adopt the FY 2019-20 Comprehensive Financial Plan, and authorize all necessary appropriations.

Environmental Review:

This item is not subject to CEQA review.

Fiscal Impact:

As stated throughout the report.

Public Notification:

Public Notice was published in the Poway News Chieftain on June 6 and 13, 2019.

Attachments:

- A. General Fund Budget Summary and Fiscal Forecast
- B. Goals and Objectives for FY 2019-20
- C. Report of Recommendations by the Budget Review Committee
- D. FY 2019-20 City Budget Adoption Resolution
- E. FY 2019-20 Proposed Comprehensive Financial Plan (on file with the Office of the City Clerk)

Reviewed/Approved By:

Reviewed By:

Approved By:



Wendy Kaserman
Assistant City Manager

Alan Fenstermacher
City Attorney



Chris Hazeltine
City Manager

**General Fund
Sources & Uses Summary**

	FY 2017-18	FY 2018-19	FY 2018-19	FY 2019-20	FY 2020-21
	Actual	Adopted	Midyear	Proposed	Forecast
REVENUES:					
Operating					
Property Tax	15,500,915	15,784,960	16,035,924	16,641,960	17,141,220 3.00%
Property Tax-Allocation ABXI 26 Trust	5,738,588	6,072,970	6,168,982	6,010,080	6,220,430 3.50%
Admin. Allowance ABXI 26 Trust	432,838	250,000	250,000	250,000	250,000 0.00%
Sales Tax	13,981,478	14,105,860	14,200,000	14,050,000	14,331,000 2.00%
Interest Income/Rental of Property	1,985,571	1,862,220	2,103,933	2,098,418	2,044,970 1.00%
Franchise Fees	2,419,022	2,351,990	2,422,753	2,394,250	2,442,140 2.00%
Development Fees	2,108,350	2,132,410	1,753,661	1,975,012	2,014,510 2.00%
Community Services Fees	2,403,709	2,458,330	2,493,038	2,561,798	2,613,030 2.00%
Safety Services Fees	2,043,234	1,567,700	2,041,739	1,643,832	1,676,710 2.00%
Transient Occupancy Tax	654,235	680,230	680,405	700,820	714,840 2.00%
All Other Revenue Items	545,786	485,650	480,536	460,560	469,770 2.00%
Subtotal Operating Revenues	47,813,726	47,752,320	48,630,971	48,786,730	49,918,620 2.32%
Non-Operating Sources:					
Fire Protection Fees	636,178	633,000	633,000	635,700	635,700 0.00%
COPPS Grant	129,324	100,000	139,416	100,000	100,000 0.00%
Library Fund Interest Income	2,856	2,430	3,427	4,110	4,110 0.00%
Grand Total Revenues	48,582,084	48,487,750	49,406,814	49,526,540	50,658,430
EXPENDITURES:					
Legislative & Administrative	1,085,043	1,214,968	1,240,642	1,152,894	1,181,218 2.46%
Finance	1,612,560	1,823,262	1,842,722	1,772,646	1,807,959 1.99%
Human Resources & Risk Management	1,019,145	1,116,376	1,133,721	1,109,862	1,132,116 2.01%
Community Services	5,750,689	6,205,480	6,022,631	6,150,127	6,285,030 2.19%
Development Services	4,468,523	4,920,905	4,378,982	4,949,799	5,052,428 2.07%
Public Works	4,343,424	4,931,363	4,857,151	5,009,188	5,048,638 0.79%
Safety Services - Fire	12,207,895	12,566,870	13,005,357	12,908,303	13,206,172 2.31%
Safety Services - Law Enforcement	11,976,275	12,666,410	12,727,066	13,491,761	14,165,680 5.00%
Subtotal General Fund Oper. Expen.	42,463,554	45,445,634	45,208,272	46,544,580	47,879,240 2.87%
Street Maintenance	1,100,000	1,067,000	1,067,000	1,100,000	1,100,000 0.00%
Allowance for Savings	-	(491,688)	-	(495,792)	(505,703) 2.00%
General Fund Operating Expenditures	43,563,554	46,020,946	46,275,272	47,148,788	48,473,537 2.81%
Ongoing Non-Operating Expenditures					
City Office Building Debt Service	661,232	661,910	631,407	631,407	631,410 0.00%
Facilities Replacement	477,432	565,920	565,920	679,100	814,920 20.00%
General Fund Share-LMDs & Street Lights	375,529	386,920	386,920	410,794	421,060 2.50%
Grand Total Expenditures	45,077,747	47,635,696	47,859,519	48,870,089	50,340,927 3.01%
Net Operating/Ongoing Non-Operating	3,504,337	852,054	1,547,295	656,451	317,503
CIP/Programs/Transfer to Trusts	(1,376,335)	(527,500)	(527,500)	(2,500)	(250,000)
Transfer to Capital Improvement Fund	(502,950)				
Transfer to Expenditure Reserve (LMDs)			(265,530)		
Transfer to Cafagna Comm. Center			(1,765,624)		
Transfer to Litigation Contingency			(100,000)	(100,000)	
Transfer to Hazard Mit Program			(500,000)		
Surcharge Loan to Water Fund	401,250	537,620	537,620		-
Limited Term Transfers-in/Misc	88,268	56,160	56,160		-
Net Change to General Fund Balance	2,114,570	918,334	(1,017,579)	553,951	67,503
Fund Balance Before One-Time Items	5,113,462	7,528,127	5,592,214	3,429,976	2,909,594
Reserve Designation (additional)	(669,430)	(1,477,210)	(1,477,210)	(437,208)	(600,597)
Total Undesignated	4,444,032	6,050,917	4,115,004	2,992,768	2,308,997
One-Time Revenues:					
RPTTF	83,901				
Auto Storage Lot					
Sale Big Stone Lodge Property	820,000				
RPTTF - Poway Rd Property	138,291				
Poinsettia Note	1,023,958				
Park & Street Loan Repayment			569,220		
Reduction in Reserves due to new calc				499,636	
Other One-Time Revenues	99,611				
Net Change to General Fund Balance	2,165,761	-	569,220	499,636	- 0.00%
Fund Balance	6,609,793	6,050,917	4,684,224	3,492,404	2,308,997 0.00%
One-Time Anticipated Expenditures:					
Litigation			1,808,200		
Fire Equip. - SCBA				319,500	
RCS Radios				330,812	
Estimated Fund Balance	6,609,793	6,050,917	2,876,024	2,842,092	2,308,997 0.00%

CITY OF POWAY

Goals and Objectives

July 1, 2019 – June 30, 2020

LEGISLATIVE & ADMINISTRATIVE DEPARTMENT

Goals and Objectives

July 1, 2019 – June 30, 2020

City Council

1. Oversee Legislation and Services

Provide legislative guidance and direction for the establishment and maintenance of City programs and services. Provide an open forum for direct public input and an avenue for resolving community issues.

2. Ensure the City's Continued Fiscal Health

Uphold the City's commitment to the Council's Financial Policy and its principles.

City Clerk

1. Implement the Newly Revised Records Management Program Citywide

Conduct employee training on records management policies and procedures ensuring compliance with all applicable state and federal laws.

2. Comprehensive Review of Records Stored Off and On-site

Implement a systematic review of City records stored off-site and apply adopted retention policy to the documents while imaging those records identified as permanent into the City's electronic records document management system. Provide each department with a Departmental Records Action Plan to follow and ensure that they are meeting the outlined scheduled benchmarks.

City Attorney

1. Provide Legal Review and Advice

Assist the City Council in developing policies based on sound legal principles that enable the City to accomplish its goals and objectives.

2. Remain Accessible and Responsive to City Officials and Staff

Keep the City Council and staff apprised of legislative and legal developments that may affect the City. Continue to provide timely responses to requests and maintaining appropriate office hours and as-needed availability.

3. Conduct an Incremental Review of the Poway Municipal Code

In collaboration with the City Manager's Office conduct an incremental and comprehensive review of the Poway Municipal Code, amending chapters and sections as needed.

City Manager

1. Ensure Effective and Efficient Delivery of Municipal Services

Ensure that municipal services are provided in the most efficient, effective, and responsive manner possible to meet the needs and desired service levels of the community.

2. Continued Emphasis on Strong Financial Planning and Fiscal Health of the City

Continue emphasis on strong financial planning by maintaining a balanced budget, reducing the cost of City services, using precise cost allocation to City funds, and improving cost recovery user fees.

3. Mickey Cafagna Community Center

Continue to ensure efficient, timely and cost-effective capital project management of the Mickey Cafagna Community Center including the commencement of construction in August 2019.

4. Legislative Advocacy

Research and monitor state legislation. Promote the interests of the Poway community by influencing policy decisions that affect cities and preserve local control and local funding.

Economic Development

1. Strengthen the Business Community

Assist businesses by facilitating business workshops, providing online resources and referrals to business services and financing resources, conducting business site visits, giving assistance to accessing City Hall services, and facilitating business networking opportunities.

Coordinate business attraction efforts by utilizing targeted marketing strategies, promoting Poway's exceptional quality of life, disseminating customized market and trade area data (site specific labor force, consumer spending, wage, businesses, and demographic data), attending trade shows, giving tours, providing land use and zoning information, and identifying available sites for business growth and expansion.

2. Coordinate the Development of a Mixed-Use Project in the Town Center

Staff will work with the developer to ensure all project milestones are met in accordance with the Schedule of Performance. Major milestones for the FY 20 including the developer bringing the project entitlements to the City Council in the third quarter of FY 20 and the close of escrow on the former Redevelopment Agency and Housing Authority properties in the fourth quarter of FY20.

FINANCE DEPARTMENT

Goals and Objectives

July 1, 2019 – June 30, 2020

1. Enterprise Resource Planning (ERP) System – CAFR Builder Implementation

In conjunction with the transition to Munis, the City purchased a CAFR (Comprehensive Annual Financial Report) builder program to automate the production of the document. With assistance from the City's audit firm, initial setup will occur in FY 2019-20 and it is anticipated the FY 2019-20 CAFR will be developed utilizing this program.

Managed by: Donna Goldsmith, Director of Finance
Brad Rosen, Information Technology Manager

2. Utility Billing System Customer Web-Portal Implementation

I.T. and Customer Services will work together on the conversion to a new customer web-portal, including a public information campaign and the implementation of improved online payments, consumption information, and account management.

Managed by: Brad Rosen, Information Technology Manager
Nicole Murphy, Acting Customer Services Supervisor

3. Water and Sewer Rate Cost of Service Study

A Cost of Service Study (COSS) will assess and evaluate the City's current water and sewer rates and potentially establish new rate structure(s) that will adequately balance the short and long-term financial sustainability of the City's water and sewer enterprises. The proposed rate structure(s) should demonstrate that each ratepayer class is paying its proportionate share of costs and also meeting each utility's ongoing operating expenditures, capital improvement needs, fund reserve policies, and regulatory requirements.

Managed by: Wendy Kaserman, Assistant City Manager
Donna Goldsmith, Director of Finance
Jessica Parks, Senior Management Analyst

4. Implementation of SB 998

On September 28, 2018, SB998 was signed into law and will go into effect on February 1, 2020, placing new restrictions on Residential Water Service Discontinuation in California. This will require evaluation of existing policies and procedures relating to delinquent accounts and discontinuation of water service, and possible updates to ensure compliance with the new requirements.

Managed by: Nicole Murphy, Acting Customer Services Supervisor

HUMAN RESOURCES & RISK MANAGEMENT DEPARTMENT

Goals and Objectives

July 1, 2019 – June 30, 2020

1. Complete Labor Negotiations with the City's Bargaining Groups

Negotiations with non-safety employees represented by Teamsters and safety employees represented by the Poway Firefighters' Association will occur in Spring 2019, with the goal of implementing agreements in July of the new fiscal year. Should agreements be reached in June, Human Resources will work with Finance to implement any new terms of the Memorandum of Understanding in July.

Managed by: Jodene Dunphy, Director of HR & Risk Management
Emily Wolf, Management Analyst

2. Update and Provide Training on the City's Drug & Alcohol Free Workplace Policy

The City's current policy is from 1996 and in need of significant revisions to establish consistent processes for the various types of workplace testing along with clear criteria necessary to support testing. Citywide training will be conducted once the policy is updated with the ultimate goal of creating a safer work environment and reducing the City's exposure to liability.

Managed by: Jodene Dunphy, Director of HR & Risk Management
Emily Wolf, Management Analyst

3. Update Personnel Policies and Procedures

Conduct a comprehensive update to the City's Personnel Rules, including researching and incorporating best practices. Lead meet and confer process on the proposed changes to the Personnel Rules with the bargaining groups.

Managed by: Jodene Dunphy, Director of HR & Risk Management
Emily Wolf, Management Analyst

4. Enterprise Resource Planning (ERP) System Implementation - Risk Management Modules

Implement the liability, workers' compensation and third party (subrogation) claims management tracking modules in the City's new ERP system. This will allow for up to date reporting, timely responses to public records requests and greater access to claims information.

Managed by: Jodene Dunphy, Director of HR & Risk Management
Linda Shields, Senior Management Analyst

5. Create a Violence Free Workplace Policy and Provide Citywide Training

Create procedures and protocols for how to handle potential workplace threats. Train all employees on communication protocols as well as what to do when faced with varying levels of threats in the workplace.

Managed by: Jodene Dunphy, Director of HR & Risk Management
Linda Shields, Senior Management Analyst

COMMUNITY SERVICES DEPARTMENT

Goals and Objectives

July 1, 2019 – June 30, 2020

1. Review of Operations

Conduct trend and market research, and evaluation of existing service deliveries so that we may continue to create enriching opportunities in the most economical and effectual way. Bring forward improvement recommendations for City Council consideration.

Managed by: Brenda Sylvia, Director of Community Services
Belinda Romero, Community Services Manager

2. Facility Improvements and Maintenance

Work collaboratively with other departments and organizations to foster a safe and welcoming community by appropriately maintaining facilities and minimizing public impact during projects.

Managed by: Brenda Sylvia, Director of Community Services
Belinda Romero, Community Services Manager

3. Collaborations and Agreements

Review and update/develop agreements with volunteer and other organizations that help the department to provide valuable programs, which connect people in meaningful ways.

Managed by: Brenda Sylvia, Director of Community Services
Roger Morrison, Senior Management Analyst

DEVELOPMENT SERVICES DEPARTMENT

Goals and Objectives

July 1, 2019 – June 30, 2020

1. Mickey Cafagna Community Center

The City Council approved the design for a new community center building at Community Park. The building is 18,335 square feet and has the option to be expanded to 22,763 square feet. The construction documents are complete and building permits are almost ready to be issued. The project will be out to bid in May with bid opening scheduled for July 15. After contract award on August 6, construction will begin by August 26. City staff will monitor the construction closely to ensure that the project stays on schedule and within budget. To help achieve this goal, the City has hired a Construction Project Manager for the duration of construction.

Managed by: Tom Frank, City Engineer

2. Espola Road Pedestrian Safety Improvements & Utility Undergrounding

This project includes the construction of a pedestrian walkway and undergrounding of overhead utility lines. Construction began in April 2018 on the walkway improvements. After multiple delays, the City cancelled its construction contract and plans to re-bid the remaining walkway improvements. The 20A utility undergrounding, from Mountain Road to Jerome Drive, began in March 2019. SDG&E has indicated that the utility undergrounding will take 15-17 months to complete. The 20B utility undergrounding, from Jerome Drive to north of Northcrest Lane, is being re-designed due to gas line conflicts. Upon completion of the re-design, City staff will evaluate the remaining construction activities to determine the least impactful order of construction. Staff continues to use the project webpage on the City's website, Facebook, and Twitter accounts to communicate project updates.

Managed by: Melody Rocco, Senior Civil Engineer

3. "The Farm" at Stoneridge Golf Course

"The Farm" is a 118-acre specific plan to redevelop the former Stoneridge Golf Course. Development Services staff will work with the developer to process entitlements for the project including managing the Environmental Impact Report (EIR). The Farm's Specific Plan and EIR will be presented to City Council for consideration by Spring of 2020. The developer desires to have City voters consider the project on the November 2020 ballot.

Managed by: David De Vries, City Planner

4. Housing Element

Objectives for the coming year include amending the City's Zoning and General Plan to place Affordable Housing Overlay Zones on properties that were identified for such designation in the City's current Housing Element. This objective should be completed by the end of the 2019-2020 fiscal year. The Regional Housing Needs Assessment (RHNA) Plan for the period of June 2020 through April 2029 is anticipated to be adopted by the SANDAG Board of Directors in October 2019 and Housing Elements are due to the State Department of Housing and Community Development from local jurisdictions by April 2021. The Housing Element update will begin after the RHNA plan is adopted and an update to the Safety Element is required prior to Housing Element adoption. Staff will conduct community workshops and draft existing conditions reports for the housing and safety element updates during the 2019-2020 fiscal year.

Managed by: David De Vries, City Planner

5. Traffic Safety Committee Procedures

Development Services staff will revisit the procedures for the Traffic Safety Committee. The updated procedures will address how the public can propose agenda items, staff report preparation, topics to be considered by the Committee and overall meeting structure. Traffic Safety Committee meetings will be scheduled quarterly to address the trend of increased requests for traffic calming, parking prohibitions and other traffic related issues. The committee is comprised of City staff, representatives from the Sheriff's Department and Poway Unified School District. The meetings are open to the public, and the schedule and agendas will be posted on the City's website.

Managed by: Tom Frank, City Engineer

6. Records Management Action Plan

The City Clerk's Office and Development Services Department are working towards reducing the burden of physical storage for City documents and restructuring current electronic filing systems. Staff will determine eligibility for destruction of files stored with Corodata and onsite. In addition, staff will develop standards for electronic records storage (e.g. creating naming conventions, deleting draft documents, and developing project closure procedures).

Managed by: Marie Sanders, Senior Management Analyst

PUBLIC WORKS DEPARTMENT

Goals and Objectives

July 1, 2019 – June 30, 2020

1. Remain engaged in local/state/federal regulatory requirements and continue to meet or exceed existing ones.

In Fiscal Year 2018-19 several new regulatory requirements were enacted that will be included in the Department's Fiscal Year 2019-20 work plan. New regulations include the mandatory reporting of water loss, water-use efficiencies, dam inundation maps and dam emergency operations. Staff will identify and develop changes to the municipal code and operational procedures/ policies to align with current regulations and best management practices. Continue engagement with the region/state over long-term water efficiency regulations, earthen channel cleaning permit costs, and water quality monitoring.

Managed by: Eric Heidemann and Rudy Guzman

2. Safe, reliable, and efficient operation of utilities

Maintain water treatment/distribution/wastewater collection infrastructure and a trained staff to meet regulatory requirements and ensure uninterrupted services. Coordinate with the City of San Diego, the City's wastewater treatment provider, to ensure fair cost allocation and implementation of the Pure Water Program. Allow for timely adjustments in water treatment/distribution maintenance processes to maintain water quality. Continue efforts to advocate for the equitable and fair distribution of costs between all members of wholesale agencies.

Managed by: Rudy Guzman

3. Enhance safety equipment, practices and programs

Continue a multi-year program to provide comprehensive updates to the Cal-OSHA written safety programs. Additionally, staff will participate in Crane Operations and Rigging training and specialized Hazardous Waste Operations and Emergency Response (HAZWOPER) training, designed for identifying hazards at homeless encampments. Enhance safety practices with compliant Personal Protective Equipment (PPE), equipment, practices and training opportunities.

Managed by: Eric Heidemann and Rudy Guzman

4. Execute high priority infrastructure maintenance

Protect public health and safety through proactive maintenance and repair of City infrastructure. Complete the Zone 4 pavement program to maintain high roadway infrastructure standards. Perform annual inspection and maintenance programs

on facilities, signs, storm water channels, trees, and traffic signals/street lighting. Enhance lighting in neighborhoods by implementing the LED streetlight conversion project City-wide.

Managed by: Eric Heidemann and Rudy Guzman

5. Proactive asset management

Utilize and enhance asset management programs and long-range facilities planning to support maintenance and repair of the City's facilities, equipment, parks, open space, and trails. Ensure that vehicles and equipment are in a state of readiness for both routine operational requirements and emergencies.

Managed by: Eric Heidemann and Rudy Guzman

6. Modernize the collection and management of utilities data

Explore electronic data collection for real-time analysis and reporting of the water and wastewater systems.

Managed by: Rudy Guzman

7. LMD cost recovery

Continue to maintain landscaped areas with cost effective water and maintenance strategies. Develop long-range contingency plans for service level reductions to meet revenue projections and unexpected repairs, based on City Council direction.

Managed by: Eric Heidemann

SAFETY SERVICES DEPARTMENT

Goals and Objectives

July 1, 2019 – June 30, 2020

1. Prevent, Reduce and Disrupt Crime in the Community

- a. Hold monthly Information Managed Policing Addressing Community Threats (IMPACT) meetings to identify, target and address prolific and repeat offenders.
- b. Conduct monthly meetings and frequent liaison with the City Manager and Director of Safety Services to analyze crime trends and set priorities.
- c. Aggressively target those engaged in drug and gang-related activities as well as persons driving under the influence of drugs and alcohol.
- d. Maintain a close and effective working relationship with all schools located in the City of Poway and work to provide a safe environment for our youth.
- e. Continue liaison with surrounding agencies to best leverage resources and intelligence sharing.

Managed by: Jeff Duckworth, Captain, Poway Sheriff's Station

2. Provide the Highest Level of Public Safety Service to the Community

- a. Utilize the Poway Criminal Apprehension Team (PCAT) and station detectives to effectively address crime issues.
- b. Continue to implement new and developing technologies and provide advanced training and outreach to prevent and reduce crime.
- c. Continue to target repeat offenders in the community through use of intelligence and information analysis, and regular probation, parole and compliance checks.

Managed by: Jeff Duckworth, Captain, Poway Sheriff's Station

3. Enhance Emergency Preparedness and Foster Community Engagement

- a. Develop capacity, provide training and engagement opportunities for Community Emergency Response Team (CERT) and Poway Auxiliary Communications Team (PACT) members.
- b. Provide preparedness education and safety training to community members.
- c. Seek opportunities to ensure that City staff is well-trained and prepared to function following the City's *Emergency Operations Plan*.
- d. Participate in regional trainings, exercises and engagement.

Managed by: Susy Turnbull, Management Analyst

4. Maintain a High Level of Emergency Response Readiness and Service

- a. Actively manage emergency response resources, service delivery and record management systems.
- b. Utilize the department's *Annual Training Plan* to maintain a highly trained, well-prepared workforce of first responders.
- c. Participate with regional organizations focused on emergency operations and response to maintain awareness of issues, industry trends and opportunities for regional service enhancement.
- d. Coordinate facility and apparatus maintenance and repair activities with the Public Works Department to ensure response readiness and employee safety.

Managed by: Ray Fried, Fire Battalion Chief
Brian Mitchell, Fire Battalion Chief
Scott Post, Fire Battalion Chief

5. Invest in New and Updated Technologies Used in the Delivery of Safe and Efficient Fire, Rescue and Medical Response

- a. Replace the Fire Department's aging self-contained breathing apparatus with the latest in new technology and enhanced respiratory protection.
- b. Coordinate the replacement of telecommunications radio equipment ensuring uninterrupted use on the countywide NextGen Regional Communication System (RCS).
- c. Increase the number of first responders equipped with ballistic personal protective equipment (PPE) used during active shooter incidents.
- d. Replace aging extrication rescue equipment.

Managed by: Ray Fried, Fire Battalion Chief
Brian Mitchell, Fire Battalion Chief
Scott Post, Fire Battalion Chief

6. Deliver Effective Fire and Life Safety Prevention Services

- a. Deliver a high level of customer service through responsive consultations with applicants and project coordination with the Development Services Department.
- b. Complete project review, plan check and inspection services within established timelines.
- c. Maintain a high level of community safety by performing annual fire and life safety inspections of businesses, apartment complexes and institutions.
- d. Invest in technologies to enhance the delivery of fire and life safety inspections of businesses.

Managed by: Jon Canavan, Deputy Fire Chief

Date: June 3, 2019
To: Honorable Mayor and Members of the City Council
Honorable Chairman and Members of the Housing Authority/Successor Agency
From: Budget Review Committee
Subject: Committee Input and Recommendations for FY 2019-2020 Proposed Budget

Honorable Mayor and Members of the City Council, we, the Members of the City of Poway's Budget Review Committee (BRC), report our observations, findings and recommendations from our review of the Proposed Budget for Fiscal Year 2019-2020.

1) INTRODUCTION

The City of Poway is a well-governed and well-managed city. The budget is built on good accounting procedures and a long history of efficient, focused, and conservative revenue application. However, despite good leadership, proficient management, and a strong local economy providing solid tax revenues, the City of Poway is experiencing what almost every other California public agency is experiencing: an extremely troubling financial forecast in coming years.

The FY 2019-20 budget is balanced, but with little room to spare. It is clear that, as early as next year, City management will be faced with difficult decisions in order to balance the budget. In as little as two years the City may need to look at more drastic measures to balance the General Fund budget. It is the view of this BRC that aggressive moves be made by the City, sooner rather than later, to avoid future service cuts for Poway residents.

Ever-rising personnel costs are the largest contributing factor to the City's budget woes, driven largely by the California Public Employees Retirement System (CalPERS), which manages the defined-benefit pension plans of all City employees. The City Council has done a good job in attempting to control these costs and we commend previous actions by City leadership to adopt early pension reform efforts including establishing a Tier 2 for Classic members that carries a less generous retirement benefit. However, it must be noted that, like any other company or organization, personnel costs are by far the City's largest expense; those costs must be controlled as much as possible.

This, and other factors contributing to the City's budget challenges, will be detailed in this report. In accordance with the BRC Charter, this document details the largest issues facing the City and provides potential solutions that can enhance Poway's financial solvency going forward.

2) COMMENDATION OF CITY STAFF & THE BUDGET REVIEW PROCESS

As previous BRCs have noted: we, the Committee, would like to recognize the superior competence and dedication of the City's management team. It should be noted that, during the course of this BRC's meetings, the City transitioned between two City Managers. We commend outgoing City Manager Tina White for her dedication to the City of Poway over the last 17 years and recognize what appears to be a seamless transition to the new management of incoming City Manager Chris Hazeltine.

This year's meetings of the BRC would not have been smooth or productive without the leadership of Assistant City Manager Wendy Kaserman, Director of Finance Donna Goldsmith, and Budget Administrator Alex Castanares. They are incredibly proficient, intelligent, and talented professionals and Poway is fortunate to have them at the helm of our city.

We would also like to thank the City Council for maintaining the BRC's important process of volunteer citizen review by members of the community. We believe it is a beneficial and worthwhile endeavor for the City. The members of this committee appreciate the opportunity to be a part of the budget process.

One additional note: We would also like to thank the members of the public who attended this year's BRC meetings: Daniel Krall, Chris Olps and Torrey Powers. As engaged Poway residents and former members of past BRCs, their experience and knowledge were duly noted.

3) SUMMARY

Poway has the following challenges facing its budget:

- a) High personnel costs
 - a. Note: The problem does not appear to be the number of employees; rather, as mentioned above, it is the cost of total compensation **per employee** driven by pensions, healthcare, and other benefits.
- b) Slow revenue growth. A very high percentage of the city's revenue sources are only projected to grow in the 2-3% range, and some not at all.
- c) Unfunded state mandates such as prevailing wage requirements.
- d) Unfunded regional mandates such as the looming cost of the Los Peñasquitos Lagoon project.
- e) A number of costly items currently being funded in an unsustainable manner, primarily the Poway Center for the Performing Arts.

These challenges can generally be classified as internal or external.

The solutions to any public agency's budget challenges can be classified into three broad categories:

- a) Cost efficiencies
 - a. Control and reduce personnel costs.
 - b. Don't fill unneeded vacancies.
 - c. Pursue creative "outside the box" solutions.

- b) Revenue growth
 - a. “Growing the pie”
 - i. The City Council’s support for the revitalization of Poway Road is commendable and will help provide additional economic activity.
 - ii. Other areas where economic revitalization and revenue growth can be accomplished should be examined.
 - b. Examine fees
 - i. Cost recovery for non-Poway residents using city services is one option.
- c) Service cuts
 - a. This is an undesirable way to address budget challenges that should be avoided if possible. Like any city, Poway is a service-providing organization. Therefore, any cuts to the number of personnel or operations will likely present a decrease in service levels for Poway residents.

Additionally, it must be noted that the City’s reserve level of 45% is, in reality, a smaller dollar amount than last year because of a modification to the way that 45% is calculated. The new calculation, which removes “rent” paid toward capital funding from the General Fund reserve, makes sense and removes a “double-counting” toward capital replacement. However, the Council should be aware that this revised calculation has provided additional funds (~\$500k) available for the FY 2019-2020 budget that will not be repeatable in future years.

4) CHALLENGES

Poway faces a series of internal financial challenges which can be addressed by management and policymakers. In addition, the City faces a number of external financial challenges which are largely outside of the city’s control yet should be mitigated to the extent possible.

Internal Budget Challenges

In short, despite relatively conservative fiscal policies, Poway’s budget has a structural deficiency with the rate of increasing personnel costs exceeding the rate of revenue growth, which is essentially flat and may decrease in the mid-term. In addition, the return rate of Poway’s financial reserves is underperforming compared to inflation and the city is effectively losing purchasing power over time.

Internal challenges include the following:

- Rising personnel costs.
- Flat revenue increases.
- Possible inter-fund charging inefficiencies.
- Fund reserves that, while adequate under normal circumstances, may not be ample in the event of a major emergency.

To address these challenges, the city must both reduce expenditures and increase revenues. The expenditure reduction should be primarily through the reduction in the rate of increase in

personnel-related costs and secondarily through improvements in both fund allocation efficiency, as well as longer-term planning to extricate Poway from regional exposure to uncontrolled expenditure risk.

Revenue increases should be primarily through increasing the size of the property tax base and secondarily by examining the City's user-fee structure. One avenue the Council may consider would be the goal of a neutral net impact on the General Fund balance from some user fees, especially for non-Poway residents.

External Budget Challenges

Public agencies, including the State of California and regional entities, are growing more aggressive in their efforts to acquire funds from Poway. Moving forward, the City must be increasingly aware of its exposure to external financial entanglements with which Poway has little budgetary control. Near and mid-term examples of note are as follows:

- State-mandated regional environmental cost assignments.
- Phase one of the Los Peñasquitos lagoon silt reduction project.
- CalPERS pension contributions.
- Unfunded mandates from the State, County, and regional agencies.
- Increasing permitting costs from the State, County, and regional agencies.

5) RECOMMENDATIONS

In addition to the specific recommendations listed below, this BRC recommends the City consider working groups or forums on some of the biggest challenges facing the budget, such as the Poway Center for the Performing Arts and the Planning Division.

Budget Readability

- Separate pension costs from other benefit costs in the general fund summary section to provide a better idea of the cost fraction of personnel expenditures.
- Add percent change per reporting period to more easily display trends for each budget reporting line.
- Incorporate visual comparators for line item numbers across years to allow for an at-a-glance understanding of relative performance.
- Each line item needs a notation of its percent contribution to the total within its group to quickly assess if the line-item is relatively large or small.
- Where possible, on charts and graphs, use color schemes appropriate for individuals with color blindness.

City Management Unit (CMU) Personnel Management

City management must be extremely diligent to hire and retain only the number of personnel needed in a given department. The BRC noticed a number of current vacancies while examining

the budget and would recommend that management start there in closely examining how many personnel are needed for any given task.

Hiring and Vacancies

Because personnel costs are the main driver of the City's rising costs the BRC recommends that current vacancies should be left unfilled and no new positions be created, unless absolutely necessary for health or safety.

We also recommend that the City examine the use of seasonal and part-time staff as well as an increased use of volunteers.

Given the current budget constraints, a committee member believes the addition of a detective to the Sheriff's station should be reviewed.

Planning Division

To achieve cost neutrality, the BRC recommends that the Planning Division of the Development Services Department take a close look at improving efficiencies and streamlining processes, with the goal in mind to reduce complexity, reduce the length of time to gain project approval, and to operate in a cost-neutral fashion. Planning should aim to be 'easy to do business with' as a means of expediting new development and the resulting increase in property tax revenues. As an example, two BRC members have direct experience with delays in the planning-approval process. These have resulted in project abandonment and a loss of revenue to the General Fund. Additionally, the BRC recommends the City Council ask the City Attorney to explore the viability of shifting compliance responsibility for regional and state mandates to developers as a potential way to streamline the development process and reduce costs.

When looking at expense vs fee revenue, the Planning Division continues to operate significantly in the red (~\$1 million per year for the last several years) and the needed improvements may be too challenging to overcome in the required short-term time frame. Within the Development Services Department, the City currently contracts out for traffic engineering services, as well as building plan review and inspection services. The BRC recommends the City evaluate whether there are opportunities for contracting out other services within the Development Services Department.

Community Services Fees

The BRC recommends that user fees for non-Poway residents be set at a full cost-recovery level. We recognize that this may require an updated fee study, which would carry its own associated costs. We recommend that the Community Services Department work with the City Attorney to determine if similar fee studies from neighboring agencies, like the City of San Diego, can be used to expedite this process while reducing costs.

We also recommend that the Community Services Department simplify and consolidate their multi-tier rate structure.

Poway Center for the Performing Arts

The Poway Center for the Performing Arts (PCPA) brings reputational benefits to the City of Poway, high-quality entertainment, as well as other intangibles. However, since its inception, it has operated significantly in the red and continues to require substantial subsidization from the General Fund.

Given the budget crisis facing the City in coming years, the institution must be cost-neutral and operate within its revenue stream. The City Council should provide appropriate guidance to PCPA to eliminate its operational dependency on the general fund. Any changes in management or programming must include capital replacement allocations for future repairs and upgrades within its budgetary model planning forecasts. Costs appear to be coming largely from personnel costs; those should be evaluated immediately.

In addition to an immediate look at personnel costs, the BRC is supportive of a PCPA workshop so that the Council, staff, and members of the public can look at operating expenditures and capital needs in order to chart a path forward to address this unsustainable drain on the general fund. This year's budget has the Center running a budget deficiency of about \$700,000.

Safety Services

Poway is fortunate to have a first-in-class fire department which provides fire protection and emergency medical response. This great level of service includes a price tag that is second only to the City's contract with the San Diego County Sheriff's Department.

It must be pointed out that one in every five dollars spent on employee compensation within this department is spent on overtime, which is far and above any other department. In the past, this large expense has been rationalized by pointing to the high pension costs and other benefits offered to each new employee of the department, thereby making overtime for existing employees more cost-effective. However, as more employees are hired under CalPERS Tier 3, also referred to as PEPRA employees, overtime will not be as cost-effective as it once was. We recommend that the City Council examine the department's overtime costs, especially once PEPRA employees represent 50% of the Fire Department payroll. Currently, approximately 40% of Fire Department is under PEPRA.

Mitigation of Unexpected Financial Risk

The City should make every attempt to extricate itself from financial responsibility within regional projects where the city lacks sufficient financial oversight and control. Additionally, the City should undertake projects, where possible, to mitigate unexpected financial risk, such as the Los Peñasquitos Lagoon silt reduction project, explained in more detail below.

Phase One of the Los Peñasquitos Lagoon Silt Reduction Project

This is a regional project based on newly-decreed environmental criteria, for which Poway is currently responsible for between \$6 to \$8 million and only represents the first phase of a project with an unknown total cost. If possible, Poway must think outside the box and, if needed, undertake local projects to reduce this massive financial liability. Wherever possible, capital expenditures and projects should be planned in such a way as to reduce Poway's financial and legal exposures to regional agreements or state mandates, or to reduce continuing operating expenses. Outside-the-box solutions should be considered given the high cost of this liability.

LED Streetlight Retrofit

One approach to mitigate the risk of unexpected project cost increases with regards to the conversion of the current LPS street lights to LEDs would be to utilize design considerations that, to the extent possible, mirror current streetlight color profile and intensity. This would reduce the likelihood of extensive shielding retrofit requests that may occur in a project that interfaces with such a large segment of Poway's population.

Information Technology (IT)

Poway has a well-funded and well-managed IT division that provides enhanced service and efficiency across all City departments. Cybersecurity threats are an ongoing concern, particularly with the relatively recent rise of weaponized MilSpec grade computer exploit tools becoming available to civilian criminal enterprises. The results of these are seen on a daily or weekly basis through "ransomware" attacks upon public agencies and specific departments. While Poway does maintain JPIA liability insurance against these types of incidents, reputational damage can be incalculable if the City falls victim to such an assault and is unable to quickly recover through the use of offsite backups.

A public observer informed in this field detailed the need for a series of staggered computer information backup types, one of which would be "cold" storage, which generally refers to backups that are very challenging to alter once made. We encourage management to consider this proposal and recognize that, because of the quality of the IT department, that the skill needed to implement such a system is within their internal capabilities.

Also, we recommend that the City limit the allocation of cell phones and consider removing payment toward employees' professional licenses as ways to trim the budget.

Recurrent Project Expenses

City staff should explore operational means to reduce the frequency for which it needs to use externally granted permits or engage in larger scale maintenance operations. These permits represent a tool by which outside agencies can extract money from Poway's general fund. Reducing the need for these permits can potentially save the general fund thousands of dollars.

As an example, a study could be undertaken to determine if, instead of manually cutting down and removing excessive plant growth in the storm drainage channels, other means of invasive plant control within the storm drainage channels would reduce overall costs. These costs analyses should include an understanding if silt related costs would change with the process alteration. Similarly, a study could be undertaken to determine if there exist storm channel lining options that would reduce the frequency of the need to perform dredging operations. As in all cases, the overall cost impacts should be considered prior to undertaking any operational changes to current practices.

Expanding the Tax Base

Beyond cost efficiencies, the single best way for the City of Poway to address the tightening budget situation is to increase tax revenues by encouraging economic activity and encouraging businesses to thrive in our city.

We commend the Mayor and Council for their support of revitalization projects along Poway Road, one of the best areas in the city to support existing businesses, provide much-needed amenities for residents, and encourage new economic activity. This will boost sales tax revenue, property tax revenue, and help alleviate the budget problems facing Poway. As mentioned previously, permits to support these efforts should be encouraged and streamlined.

In addition to Poway Road, we encourage the City Council to look at additional areas where economic revitalization can be pursued in order that Poway can retain its fantastic quality-of-life while increasing revenue growth to ensure that Powegians can enjoy a high level of city services for many years to come.

Additionally, regulatory hurdles for the encouragement of Accessory Dwelling Units (ADU) should be minimized to the extent possible. In addition to helping Poway's lack of affordable market-rate housing, by definition ADUs will only occur in areas where existing infrastructure and city services will make their relative impact upon city services minimal.

Develop a Longer-Range Financial Forecast

The BRC recommends that Finance Department consider an annual long-term look at the budget. We believe that a five-year financial outlook (updated annually) would be a reasonable approach to help better inform and guide the budget process each year.



Brian Pepin, Chair



Peter De Hoff, Vice Chair



Mike Firenze



Bernie Guzman



Dan Mathson

RESOLUTION NO. 19-

A RESOLUTION OF THE CITY COUNCIL, HOUSING AUTHORITY, AND SUCCESSOR AGENCY TO THE POWAY REDEVELOPMENT AGENCY OF THE CITY OF POWAY, CALIFORNIA, APPROVING AND ADOPTING THE ANNUAL BUDGET FOR THE FISCAL YEAR 2019-20 AND APPROPRIATING THE FUNDS NECESSARY TO MEET THE EXPENDITURE SET FORTH THEREIN

I. ADOPTION OF ANNUAL BUDGET

WHEREAS, the City Manager of the City of Poway has submitted to the City Council of the City of Poway a Fiscal Year 2019-20 Financial Plan consisting of:

- An Allocated Operating Budget in the amount of \$92,138,824
- An Unallocated Operating Budget in the amount of \$141,200
- A Capital Improvement Program Budget of \$5,323,642
- A Multi-Year Project/Program Budget of \$102,500
- Bond and Debt Redemption of \$1,361,570
- Loan/Transfer net activity of \$296,410
- Estimated General Fund operating revenues of \$48,786,730 and other sources of \$649,810
- Proposed General Fund operating expenditures of \$47,148,789, other uses of \$1,721,301, and capital improvement and program expenditures of \$102,500;

WHEREAS, the City Council of the City of Poway has heretofore considered said budget and fixed the date of June 18, 2019 as the date for holding public hearings relative to its adoption; and

WHEREAS, following duly given notice, the City Council of the City of Poway did hold such public hearing, receiving, considering and evaluating all public comments.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Poway as follows:

SECTION 1: The City Manager's proposed 2019-20 Budget for general and special City purposes is approved and adopted in the amount of \$93,641,594 for expenditures (composed of allocated expenditures of \$92,138,824; unallocated expenditures of \$141,200; and debt service of \$1,361,570), \$5,426,142 for capital project and program expenditures; \$296,410 for net City loans and transfers; and \$102,766,415 in revenues.

SECTION 2: The monies necessary to offset the expenses incurred as detailed in the 2019-20 Budget document, as adopted by the City Council for the City of Poway pursuant to Section 2 hereof, are authorized by this section to be appropriated out of the funds available to the City during the 2019-20 Fiscal Year.

SECTION 3: The City Manager is authorized to make such changes in department operating, program, and capital improvement budget totals during the 2019-20 Fiscal Year as may be, from time to time, deemed desirable and necessary in order to meet the City's needs.

SECTION 4: The City Manager is authorized to reappropriate prior year's unexpended encumbered funds as of June 30, 2019 for work in progress.

SECTION 5: Unencumbered balances remaining at June 30, 2019 for operating accounts, excluding salaries/benefits, may be carried forward at the discretion of the City Manager to the subsequent fiscal year.

SECTION 6: The Capital Improvement Projects of the City of Poway are in conformance with the City of Poway Comprehensive Plan as governed by Section 65402 of the California Government Code.

II. APPROPRIATIONS OF FUND BALANCES

WHEREAS, it has been determined that appropriating unappropriated reserve monies in various funds in a manner corresponding to the operational mode of the City is reasonable and proper; and

WHEREAS, funds established and monies appropriated shall not be considered as restricted totally in their availability and use and amounts may be adjusted between funds as necessary to serve the future needs of the City of Poway.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Poway as follows:

SECTION 1: Any unappropriated balance in the General Fund as of June 30, 2019, shall be automatically appropriated into the Contingency Fund therein.

SECTION 2: Any unappropriated balance in the Water Fund as of June 30, 2019, shall be automatically appropriated into the Contingency Fund therein.

SECTION 3: Any unappropriated balance in the Sewer Fund as of June 30, 2019, shall be automatically appropriated into the Contingency Fund therein.

III. COLLECTION AND EXPENDITURE OF DEVELOPER DEPOSITS

WHEREAS, deposits will be accepted in the Developer Deposit Funds (Fund 7610-7630) during the fiscal year based upon the levels of development activity; and

WHEREAS, the City is responsible for administering these deposits, including collection and disbursement of funds as necessary to pay for development services.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Poway as follows:

SECTION 1: The City Council hereby authorizes expenditures of developer deposit funds on hand on July 1, 2019, together with any funds collected during Fiscal Year 2019-20.

IV. CAPITAL IMPROVEMENT PROGRAM APPROPRIATIONS

WHEREAS, the financial plan provides for the appropriation of monies for Capital Improvement Projects; and

WHEREAS, these projects may span multiple fiscal years.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Poway as follows:

SECTION 1: The City Council hereby authorizes a continuing appropriation for the balances remaining in Capital Improvement Projects active as of June 30, 2019, and directs that the authorized appropriation shall be brought forward to be used in the Fiscal Year 2019-20 Capital Improvement Project program or until the completion of these projects.

V. COLLECTION AND EXPENDITURE OF BUILDING AND FIRE INSPECTION FEES

WHEREAS, fees collected by the City for building and fire inspection services offset the City's contractual expenditures to provide inspection services.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Poway as follows:

SECTION 1: The City Council hereby authorizes the expenditure of all such fees collected during Fiscal Year 2019-20, at the discretion of the City Manager, provided that these fees be spent for the provision of said contractual building and fire inspection services.

VI. COLLECTION AND EXPENDITURE OF DONATIONS TO TRUST FUND

WHEREAS, donations are accepted by the City for deposit to donor specified City Trust Funds for the purpose of supporting associated programs.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Poway as follows:

SECTION 1: The City Council hereby authorizes expenditures of donations to trust funds on hand on July 1, 2019, together with any funds collected during Fiscal Year 2019-20, at the discretion of the City Manager, provided that these expenditures be spent in accordance with the purposes of the individual Trust Funds.

PASSED, ADOPTED AND APPROVED at a Regular Meeting of the City Council of the City of Poway, California on the 18th day of June, 2019 by the following vote, to wit:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

Steve Vaus, Mayor

ATTEST:

Faviola Medina, CMC, City Clerk