

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: ALAN ALTON, INTERIM CHIEF FINANCIAL OFFICER
SUBJECT: 2019-20 FISCAL YEAR-END BUDGET REVIEW, LONG RANGE
FINANCIAL FORECAST UPDATE, AND UPDATE OF CARES ACT
AND PG&E SETTLEMENT FUNDS

AGENDA ACTION: NO ACTION REQUIRED

RECOMMENDATION

It is recommended by the Finance Department that the City Council hold a Study Session to provide an opportunity for the City Council to receive information and ask questions relative to the year-end results of the Fiscal Year (FY) 2019-20 budget, and the forecasted condition of the General Fund for FY 2020-21 and beyond. No action is necessary.

EXECUTIVE SUMMARY

In this Study Session, the City Council will receive a joint presentation from staff and consultants from Management Partners. Staff will provide an overview of the year-end results of the FY 2019-20 budget, including the General Fund and the Transit fund. Management Partners will present an updated Long Range Financial Forecast (LRFF) and provide some strategies for consideration which may help close the budget deficit gap in the General Fund. Staff will also provide and update on CARES Act funding and PG&E Settlement Funds.

BACKGROUND

As the COVID-19 pandemic began impacting the City, certain measures were put in place to stabilize General Fund reserves and finances, as opposed to making immediate cuts to offset the projected loss of revenue due to the shelter in place order. Staff recommended implementing a hiring freeze with a target of holding \$5 million of positions unfilled and released project balances to the General Fund. Staff committed to returning to the Council with a review of the fiscal year-end revenues and fund balances, and a revised Long Range Financial Forecast showing the projected condition of the General Fund. The September 15, 2020 study session was the earliest date to have final year-end revenue and fund balance information for the General Fund and other funds.

PRIOR CITY COUNCIL REVIEW

None.

ANALYSIS

This Study Session will include a joint presentation from City staff and Management Partners. Staff will present unaudited fiscal year end actual revenue and fund balance information for the FY 2019-20 budget, focusing primarily on the General Fund. Management Partners will present the Long Range Financial Forecast with updated assumptions to include FY 2020-21 adopted budget and recession data. In addition, the presentation will include strategies to correct the current and projected General Fund structural deficit over time.

FISCAL IMPACT

There is no fiscal impact from holding a study session.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable

NOTIFICATION

Not applicable

ATTACHMENTS

None

CONTACT

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