



ADMINISTRATIVE SERVICES DEPARTMENT

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CITY COUNCIL STAFF REPORT

Meeting: November 19, 2019

Subject

Approve the First Quarter Financial Report for Fiscal Year 2019-20

Recommended Action

1. Accept the City Manager’s First Quarter Financial Report for Fiscal Year 2019-20
2. Adopt a draft resolution approving First Quarter budget adjustments
3. Adopt draft resolution amending the Compensation Program for the Unrepresented (Management and Confidential) Employees

Fiscal Impact

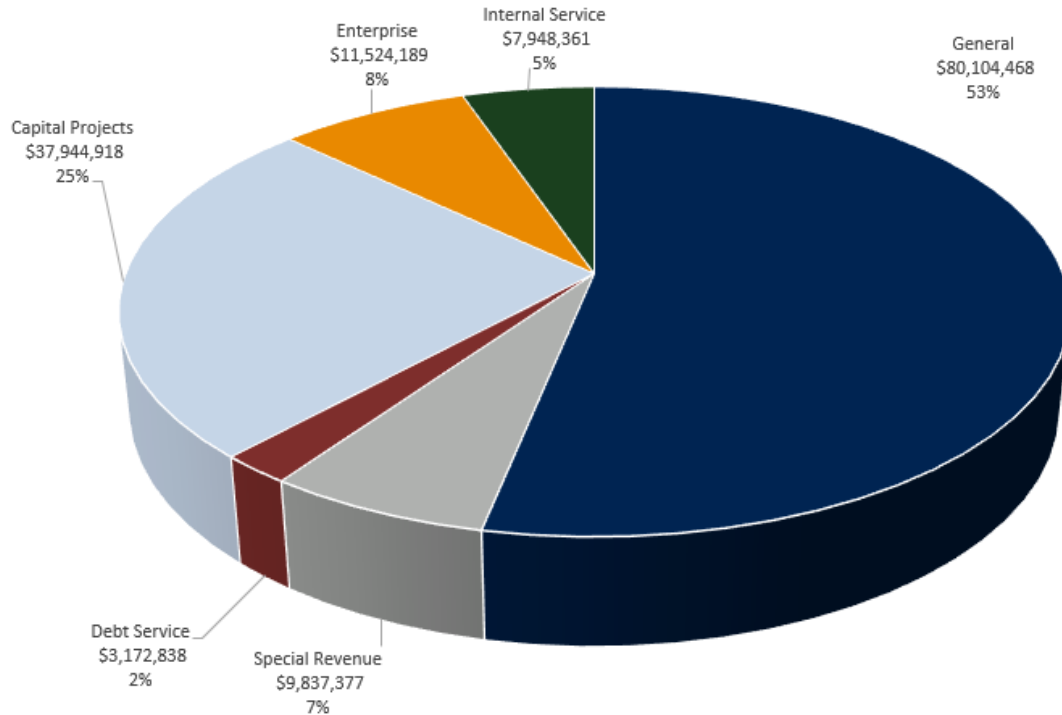
On June 18, 2019, as part of the Final Budget Hearing and Adoption, the City Council approved the following changes to the FY 2019-20 Proposed Budget:

BUDGET ACTIONS	AMOUNT
Proposed Budget	105,792,061
Final Budget Hearing & Adoption	
Community Funding for Cupertino Historical Society	20,000
Accounting Technician	132,695
Community Shuttle	1,750,000
Depreciation Expense	1,124,725
HVAC	(30,000)
Contingency	12,533
Assistant Engineer	175,000
Transfer General Assigned Reserve for Library Expansion Room	352,719
Bike/Ped Projects	9,792,418
Capital Improvement Program (Including Transfers)	31,410,000
Final Budget Hearing & Adoption	
FY 2019-20 Adopted Budget	\$150,532,151

The FY 2019-20 Adopted Budget was adopted at \$150,532,151, is balanced with \$142,250,710 in revenue, and is expected to use \$8,281,441 of fund balance by the end of the fiscal year. This is

primarily due to the use of savings in the Capital Reserve to fund Capital Improvement Projects and the CalPERS reserve. Additionally, savings already set aside for the Lawrence Mitty property acquisition are projected to be used this fiscal year.

Adopted Budget by Fund, \$150,532,151



As part of the FY 2018-19 year-end close, additional funds were carried forward through encumbrances of \$10,718,669, and carryforward appropriations from fiscal year 2018-19 of \$35,250,910. Lastly, Council approved budget amendments between July 1 to September 30, 2019 totaling \$3,976,161. The Amended Budget at the end of the first quarter is \$203,058,692 and is funded with \$147,193,697 in revenue and \$55,864,995 in fund balance and one-time funding sources. Budget amendments are summarized in the chart below:

Appropriation Changes since the FY 2019-20 Adopted Budget

Fund	FY 19-20 Adopted	Carryovers	Encumbrances	Adjustments Approved in 1st Quarter	FY 19-20 Amended Budget as of September 30, 2019
General	\$ 80,104,468	\$ 8,478,803	\$ 1,962,541	\$ 1,382,740	\$ 91,928,552
Special Revenue	9,837,377	15,746,048	4,075,806	1,522,963	31,182,194
Debt Service	3,172,838	-	-	-	3,172,838
Capital Projects	37,944,918	9,906,136	4,179,420	3,448,441	55,478,915
Enterprise	11,524,189	804,884	30,265	94,073	12,453,411
Internal Service	7,948,361	315,039	470,637	108,745	8,842,782
Total All Funds	\$ 150,532,151	\$ 35,250,910	\$ 10,718,669	\$ 6,556,962	\$ 203,058,692

For detailed descriptions of budget amendments, please refer to Attachment C.

2018-19 Fiscal Year End

The City of Cupertino is expected to end FY 2018-19 with total expenditures of \$130,271,257 million - \$18.7 million lower than budgeted. This decrease in expenditures is due to various savings achieved over several expense categories as summarized in the table below:

FY 2018-19 Year End Actuals versus Amended Budget by Expense Category

Expenditure Category	Amended Budget	Actual Expenditures	(Savings)/ Deficit	Description
Salary and Benefits	\$ 34,034,862	\$ 31,183,966	\$ (2,850,896)	Due to full time vacancy rate and part time salary savings
Materials	8,510,362	6,597,428	(1,912,934)	Due to savings in I&T software and equipment acquisitions, materials for housing programs, water services
Contracts	30,322,397	26,657,272	(3,665,125)	Due to savings in Parks and Recreation and Public Works Department
Cost Allocation	11,427,121	11,427,121	-	
Capital Outlays and Special Projects	21,419,998	13,125,806	(8,294,192)	Due primarily to the defunding of projects and the capitalization of fixed asset costs
Contingencies	1,461,769	-	(1,461,769)	Due to departments having sufficient appropriations
Debt Service, Transfers Out and Other Financing Uses	41,818,269	41,279,664	(538,605)	Due to savings from on-call planning contracts and timing of projects
Total	\$ 148,994,778	\$ 130,271,257	\$(18,723,521)	

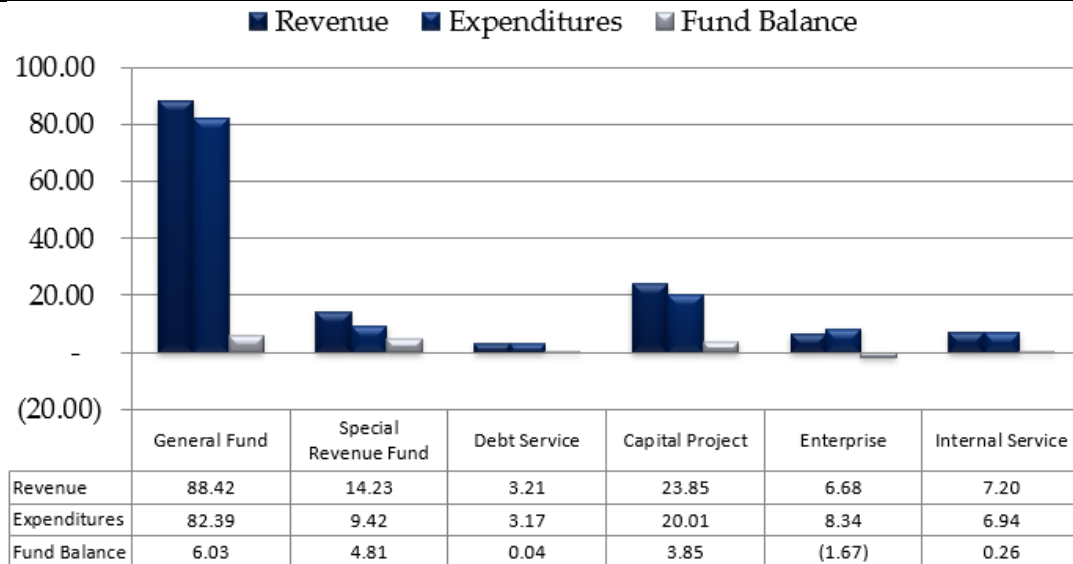
Total revenue of \$143.6 million is expected. This is \$5.1 million higher than estimated, primarily due to increases in property taxes, other taxes, licenses and permits, and use of money and property. According to the Santa Clara County Assessor’s Office, the City’s 2019-20 net taxable property value has increased approximately \$830.5 million or 3.3% over the previous year. This increase is predominantly attributable to an increase in residential values. Other Taxes have seen significant increases due to one-time park dedication revenues from Rancho San Antonio Retirement Housing Corporation. Licenses and permits exceeded estimates due to increased volume in building inspection and planning applications received. Lastly, use of money and property exceeded estimates due to strong investment performance. Historically, the budget reflects conservative estimates for this classification due to market volatility. Revenue classifications are summarized in the table below:

FY 2018-19 Year End Actuals versus Amended Budget by Revenue Category

Revenue Category	Amended Budget	Actual Amount	(Surplus)/ Shortage
05 - Sales tax	\$ 24,537,000	\$ 24,901,779	\$ (364,779)
10 - Property tax	23,766,000	25,301,094	(1,535,094)
15 - Transient occupancy	8,252,000	8,901,337	(649,337)
20 - Utility tax	3,200,000	3,089,921	110,079
25 - Franchise fees	3,042,000	3,445,253	(403,253)
30 - Other taxes	1,153,000	3,299,586	(2,146,586)
35 - Licenses and permits	2,685,000	4,102,665	(1,417,665)
40 - Use of money and property	1,098,310	3,527,208	(2,428,898)
45 - Intergovernmental revenue	4,163,881	3,698,579	465,302
50 - Charges for services	22,803,836	22,826,892	(23,056)
55 - Fines and forfeitures	624,000	534,013	89,987
60 - Miscellaneous	1,607,457	1,249,381	358,076
65 - Transfers in	36,538,338	36,538,337	1
70 - Other financing sources	5,011,196	2,178,466	2,832,730
Grand Total	\$ 138,482,018	\$ 143,594,511	\$ (5,112,493)

The table below compares by fund, total budgeted and actual revenue and expenditures, and the resulting changes to the fund balance effective as of FY 2018-19 year-end close.

FY 2018-19 Year End Estimates (Revenue, Expenditures and Fund Balance in millions)



Discussion

The primary focus of the First Quarter Financial Report is to provide an update on the current status of the City budget; the report also reviews current revenue and expenditure patterns to ensure that budgets are on track to end the year in a positive fiscal position, and reviews any significant variances in expenditures from the prior fiscal year.

General Fund Update

Revenue

As of first quarter, overall revenue is tracking at \$676,688, or 5%, lower than the same time last year due to changes in the City's top three revenue categories Transient Occupancy Tax, Sales and Property Taxes. Additionally, the City experienced fluctuations in Miscellaneous and Other financing sources accounts during the quarter as explained further below.

As of the end of September, TOT has come in \$92,837, or 6%, higher than last year. Increases in Transient Occupancy Tax (TOT) revenues are as a result of the Residence Inn by Marriott, which opened at Main Street in early 2018, and has continued to experience growth in occupancy rates. The City's voluntary collection agreement with Airbnb which began in August of 2018, continues to show growth. Staff estimate approximately \$450,000 attributable to short-term rental TOT revenues in FY 2019-20. Lastly, the opening of the Hyatt House Hotel in April 2019 has contributed to growth in this revenue category. Staff will continue to monitor economic factors and potential additions to the City's hotel base and report back as part of the mid-year financial report.

Sales tax revenue received in first quarter was \$783,712, or 12%, less than last year due to building and construction decreases as expected primarily from the completion of the Apple Campus in the first part of 2018. Statewide, July 2019 marked ten years of continuous statewide economic growth which is the longest period of U.S. economic expansion on record. However, analysts from a variety of economic segments are reporting signs that we may be leveling off. This quarter marked the eighth consecutive comparative period decline in California new car registrations with analysts noting that higher prices and a growing supply of vehicles coming off lease are making used cars more attractive. On-demand services such as Uber and Lyft are making it easier for debt-burdened millennials to avoid buying cars altogether. Rising restaurant menu prices, renewed competition from grocer prepared meals, and cutbacks in foreign tourism appear to be reducing restaurant patronage which in recent years was one of the state's fastest growth segments. Uncertainty over U.S. tariff and trade policies plus labor shortages are delaying some investment and business expansion decisions while reduced home sales and two quarters of declining construction permit values suggest a potential future leveling in that sector. While the Wayfair Decision is not anticipated to have a significant impact on the City's sales tax base, economic shifts are not the only factors leveling sales tax revenues. With an economy based on intellectual technology rather than goods and consumer priorities shifting to non-taxable services and experiences, sales tax no longer reflects 21st century spending. As such, the City's Adopted Budget incorporated a conservative growth

assumption, particularly for the business-to-business (B2B) sector; however, staff will continue to monitor these activities throughout the course of the fiscal year.

As of first quarter, property tax revenue has come in lower than the same time last year by \$5,894, or 13%. In respect to the total estimated property tax for the fiscal year, it is difficult to attribute a specific cause for this minor fluctuation. As far as the FY 2019-20 property tax roll is concerned, the largest collective reduction was on five sites owned by Apple Inc., which contributed to an approximate \$177.9 million reduction. Additionally, current median home prices are at or above the pre-recession peak values. In the past year, the number of sales has generally declined and growth in median sale prices has flattened in most areas of the State. Despite the moderation of growth in sale prices and somewhat lower mortgage rates, affordability remains a concern, particularly in coastal regions. Most economists are predicting a weaker housing market through the balance of 2019 and in 2020. The median sale price of a detached single family residential home in Cupertino from January through July 2019 was \$2,300,000 and represents a \$60,000, or 2.5%, decrease in median sale price from 2018. Staff will continue to monitor all revenue categories, and as part of the Mid-Year proposal make any necessary revenue projection adjustments.

Miscellaneous and Other financing sources experienced a decrease of approximately \$504,000, or 79%, and was primarily due to a reduction in deposit revenue and admin fees received related to the Vallco Specific Plan.

The following table shows the differences between General Fund revenues collected as of the first quarter in the current fiscal year and the prior fiscal year:

Comparison of FY 2018-19 General Fund First Quarter Revenue to FY 2019-20

Revenue Category	First Quarter 2019	First Quarter 2020	Variance	% Change
05 - Sales tax	6,360,674	5,576,962	(783,712)	-12%
10 - Property tax	46,705	40,810	(5,894)	-13%
15 - Transient occupancy	1,544,942	1,637,779	92,837	6%
20 - Utility tax	515,368	509,471	(5,897)	-1%
25 - Franchise fees	201,652	178,738	(22,913)	-11%
30 - Other taxes	296,975	428,239	131,265	44%
35 - Licenses and permits	894,703	865,603	(29,100)	-3%
40 - Use of money and property	459,966	527,631	67,665	15%
45 - Intergovernmental revenue	33,873	46,652	12,778	38%
50 - Charges for services	2,578,719	3,009,151	430,432	17%
55 - Fines and forfeitures	69,779	57,517	(12,262)	-18%
60 - Miscellaneous	203,109	54,466	(148,643)	-73%
65 - Transfers in	10,000	12,000	2,000	20%
70 - Other financing sources	420,756	15,513	(405,244)	-96%
Grand Total	13,637,221	12,960,533	(676,688)	-5%

Expenditures

As of first quarter, overall expenditures are tracking at \$27.3 million, or 1%, lower than the same time last year due to increases in compensation and benefits, materials, contract services, and cost allocation. These increases were offset with decreases to capital outlays, special projects and transfers out.

Compensation and benefits increases are approximately \$288,000, or 6%, due to a new labor contract for the term effective 7/16/19 – 6/30/2022. Annual increases in compensation and benefits for fiscal year 2019-20 is approximately \$1.3 million in the General Fund.

Materials have increased approximately \$279,000, or 27% over this time last year due to increased software purchases and small tools and equipment. Fluctuations are also due to the base budget process in which re-allocations of historically budgeted and expended items create fluctuations at the account level, but may not indicate an actual increase or decrease in spending.

Contracts have increased approximately \$521,000, or 10%, due primarily to increased costs for the City's contract with the Santa Clara County Sheriff and increased general liability insurance costs.

Cost allocation charges have increased approximately \$105,000, or 4%, due primarily to increases in the Innovation and Technology charges due to additional one-time project expenses.

Special projects and capital outlays have decreased approximately \$849,000, or 72%, due primarily to costs associated with the Vallco Specific Plan and various other special projects that differ in scope from year to year.

Transfers out decreases are approximately \$819,000, or 7%, and fluctuate year over year depending on the financial condition of each of the City's respective funds.

The following table shows the differences between General Fund expenditures collected as of the first quarter in the current fiscal year and the prior fiscal year:

Comparison of FY 2018-19 General Fund First Quarter Expenditures to FY 2019-20

Expenditure Category	First Quarter 2019	First Quarter 2020	Variance	% Change
05 - Employee compensation	4,505,318	4,793,716	288,398	6%
10 - Employee benefits	1,960,331	2,066,972	106,640	5%
15 - Materials	1,023,065	1,301,935	278,870	27%
20 - Contract services	5,219,191	5,740,407	521,216	10%
25 - Cost allocation	2,342,056	2,446,619	104,564	4%
30 - Capital outlays	73,736	38,002	(35,735)	-48%
31 - Special projects	1,105,755	292,374	(813,381)	-74%
45 - Transfer out	11,358,912	10,539,557	(819,355)	-7%
50 - Other financing uses	57,891	44,636	(13,255)	-23%
Grand Total	27,646,255	27,264,217	(382,038)	-1%

As of the first quarter, Departments are requesting budget adjustments to ensure they end the year within budget appropriations. The recommended adjustments are summarized in the table below:

Recommended Adjustments					
Fund	Department	Expenditure	Revenue	Fund Balance Used	Description
GENERAL FUND					
100	Administration	30,266	-	30,266	Office of Emergency Services - Limited term conversion to permanent
100	City Attorney's Office	458,550	-	458,550	Legal costs associated with Lehigh and Stevens Creek Quarries (\$413,550) and Vallco related matters
100	Law Enforcement	-	237,847	(237,847)	Apple Donation for Additional Sheriff Officers at Apple Park
100	Parks and Recreation	4,681	-	4,681	Contingency for Neighborhood Events and Youth & Teen Program
100	Community Development	64,989	-	64,989	Hearing Officer, ergo evaluations and equipment, Building Code materials, Cupertino Village Hotel and Westport planning services
100	Public Works	132,802	-	132,802	BBF fencing, Engineering staff augmentation, Aquarium filtration, Veteran's Memorial light replacement
	TOTAL	691,288	237,847	453,441	
GENERAL FUND					
SPECIAL REVENUE FUND					
260	Community Development	11,565	-	11,565	Community Development Block Grant contracts
270	Public Works	30,000	-	30,000	Annual Sidewalk Inspection
	TOTAL	41,565	-	41,565	
SPECIAL REVENUE FUND					
	TOTAL ALL FUNDS	732,853	237,847	495,006	

Emergency Services Coordinator

The City has an Limited Term (LT) Emergency Services Coordinator position with approximately one (1) year left for the term. Emergency management is an ongoing need of the City and this position needs to be a permanent position in order to continue preparing the City in the event of a disaster/emergency. While the City has updated its Emergency Operations Plan, we still need to develop over sixteen (16) annexes to that plan in order to address specific emergencies. The request is also to elevate the position to a higher level as we have found the work is much more complex, requiring a higher level of analytical skill, independence, and overall responsibility.

The City Manager's Office requested that the Human Resources Division evaluate the Emergency Services Coordinator classification to determine if the required needs of the position, including a higher level of education, experience and responsibilities warranted a change to the job description and a review of the salary structure. Human Resources completed their evaluation and determined that based on the revised job requirements the position

classification should be updated and a classification and compensation study conducted to determine a salary schedule.

Human Resources surveyed the City's 12 survey agencies and found that median of market placed the salary higher than much larger agencies and would not reflect the different level of responsibility for a smaller agency. The higher placement when using a median methodology was due to only four comparable classifications from larger agencies whose pay scales are frequently at the top of our compensation survey.

Human Resources then looked to internally align the salary with an existing classification and recommends that the Emergency Services Coordinator salary range be 10% below Cupertino's Assistant to the City Manager salary range. The Assistant to the City Manager will supervise this position. This method resulted in the following salary range and a 37.6% increase over the prior salary range of this position:

Step 1	Step 2	Step 3	Step 4	Step 5
\$115,837.09	\$121,628.95	\$127,710.39	\$134,095.91	\$140,800.71

Legal Costs

In 2019, the City Attorney's Office has advised the City regarding truck traffic between Lehigh and Stevens Creek quarries and related operations, which the County prohibited in February. The City Attorney's Office has also tracked, reviewed, and assisted the City in responding to three reclamation plan amendments proposed by Lehigh, two of which remain active and one of which has been withdrawn, as well as pre-application materials for a reclamation plan amendment and use permit for Stevens Creek Quarry.

The City Attorney's Office's preliminary estimate for legal costs to continue to protect resident and City interests in these matters provides for attorneys, planners, and technical experts to review, advise regarding, and comment on applications and associated environmental review documents submitted by both Lehigh and Stevens Creek Quarry to the County. Lehigh currently has two applications for reclamation plan amendments pending before the County and Stevens Creek Quarry has submitted pre-application materials for a reclamation plan amendment and use permit. Staff are recommending an increase of \$413,550 in the City Attorney contract service budget for these matters.

Additionally, the appropriation request is also for the initial defense of the *Vallco Property Owner LLC v. City of Cupertino* lawsuit and the need to prepare the administrative record over the next quarter. Staff are recommending an increase of \$45,000 in the City Attorney contract service budget for this matter.

Apple Donation

In FY 2018-19, the City entered into a donation agreement with Apple for additional sheriff services. The initial term was for the remaining nine (9) months of FY 2018-19. The FY 2019-20 Adopted Budget included only nine (9) months of revenues. Staff are requesting an increase to

the estimated revenues by \$237,847 to ensure consistency with Apple's donation to the City for the additional sheriff charges incurred by the City during FY 2019-20.

Parks and Recreation Contingency

The Parks and Recreation Department separated the recording of activities to a few of their programs in FY 2018-19. As part of the FY 2019-20 Adopted Budget, contingency budgets were not allotted to these established programs. Staff is recommending an increase in appropriation of \$3,782 and \$899 for the Neighborhood Events and Youth & Teen Program, respectively.

Community Development Block Grants (CDBG)

The Community Development Department is requesting additional appropriations of \$11,565 to increase the CDBG budget. Per the staff report presented to City Council on April 2, 2019, CDBG funding amounts will be reduced or increased proportionately for FY 2019-20 based on the final Housing and Urban Development (HUD) allocation formula and City Council approve. This request is to execute purchase orders for two HUD programs for West Valley Community Services (Vista Village) and Live Oak Day Adult Day Services.

Ergonomic and Equipment Acquisition

The Community Development Department hired two new assistant planners in FY 2019-20 and will be requiring an additional \$3,000 for ergonomic evaluations and related equipment for the positions.

Hearing Officer

The Community Development Department is requesting \$1,200 for a contract amendment with DataTicket for a hearing officer. This function is needed to preside over administrative citation hearings, review evidence and make an unbiased judgment in the determination of dangerous dogs as a result of an attack or bite as part of service provided by the hearing officer.

2019 Building Code Books

The Community Development Department is requesting \$8,139 for the purchase and acquisition of new code books to remain up to date with the California Energy Commission's standards for new construction of and additions and alterations to, residential and non-residential buildings which take place every three (3) years. These new codes will go into effect January 2020.

Planning Applications

The Community Development Department is requesting an increase in appropriations of \$52,650 for hiring contractor to review applications submitted by Cupertino Village Hotel and Westport. Both applications are cost-recoverable pass through contracts.

Public Works Development Services – Part-time Staffing

The Development Services Division of Public Works is requesting \$51,171 for part-time staffing costs. The division has received a large increase in small cell permit applications. In FY19 seven applications were received, to date in FY20 30 applications have been received, an increase of

400%. The increase in small cell permits is just one area in the division that has had a notable increase, others include fiber optic application and encroachment permits. These are in addition, to day to day workloads. Existing staff has made its best effort to ensure that workload issues are not visible to our customers and this has resulted a significant increase in work hours over the last year. This position will assist in making workloads more manageable as the department evaluates staffing structures and needs as we head into FY21 Proposed Budget. Each application results in fees to the City of \$1,500, thus allowing the cost of this position to be partially offset by the fees collected.

Aquarium Filtration and Lighting System Upgrades

The Public Works Department is requesting \$53,965 to improve the condition of the aquarium at the Cupertino Library. Based on the results of a technical condition assessment of the aquarium, the aquarium requires an industry professional to make necessary system upgrades to the filtration and lighting systems. Staff estimate approximately \$2,000 in annual energy saving as a result of the anticipated enhanced performance.

Veteran's Memorial Light Replacement

The Public Works Department is requesting \$10,266 to replace the current light assemblies at the Veteran's Memorial. They have required constant repair and are failing due to water damage. The assemblies are obsolete and replacement of parts are not available. With an expected useful life of ten (10) years, replacement will achieve savings in both energy as well as labor costs.

Blackberry Farm Fencing

The Public Works Department is requesting \$17,400 for fencing and installation costs at Blackberry Farm Picnic Area. The west hillside of Blackberry Farm picnic area, near the horseshoe courts, has experienced a number of landslides in recent history. Adjacent residents hired a geotechnical engineering firm to evaluate the causes and options to enhance stability. One of the recommendations proposed by the engineer was to have a fence install along the toe of the slope to discourage park visitors from climbing and walking on the hillside. The City worked closely with the adjacent resident to have some of the other options implemented by the property owners, and the City committed to looking into the option of placing a fence along the slope. Staff are proposing to install split rail fence, similar to other fences installed within the Stevens Creek corridor to ensure aesthetic consistence.

Annual Sidewalk Inspection

The Public Works Department is requesting \$30,000 for a new multi-year sidewalk inspection program project. The intent of this project is to inspect, inventory, and identify repairs needed for Cupertino's sidewalk infrastructure. The project is anticipated for a four (4) period and will cover all areas of Cupertino, thereby reducing risk of injury due to trip hazards.

Staffing

As part of the FY 2019-20 Adopted Budget, Council approved 197.75 FTEs. As discussed above, the City Manager's Office is requesting for one Limited-Term Emergency Services Coordinator position to be made permanent. If approved, the City will incur a \$30,266 increase for the remainder of FY 2019-20 and on-going costs of \$176,153 per year thereafter.

Fund Balance

The FY 2018-19 Amended Budget as of the third quarter anticipated the General Fund would end FY 2018-19 with \$39.44 million in total fund balance, of which \$5.59 million would be unassigned fund balance. Updated projections as of the first quarter anticipate the City will end FY 2019-20 with \$63.21 million in General Fund fund balance; approximately \$16.6 million higher than the Adopted Budget due to increased expenditure and revenue savings for 2018-19 Fiscal Year End as described previously.

General Fund Classification of Fund Balance

CLASSIFICATION	Actuals	Year End	Adopted	1st Quarter
	2017-18	Projection 2018-19	Budget 2019-20	Year End Projection 2019-20
Non Spendable	0.46	0.45	0.46	0.46
Restricted	1.25	9.47	9.24	9.47
Committed	19.12	19.12	19.12	19.12
Assigned	9.96	1.98	5.01	5.01
Unassigned	21.70	27.51	12.80	29.15
TOTAL FUND BALANCE	52.51	58.54	46.63	63.21

To date, the City's outside auditors have not completed their review of the City's financials. Revenue, expenditure, and fund balance totals listed in this report are preliminary and subject to change after a full review by the City's auditors. City Staff does not anticipate many, if any, changes from the auditors.

Per the City's one Fund Balance Policy, unassigned fund balance over \$500,000 are to be used in the following order to replenish committed fund balances with any remaining balances to be placed in the Capital Reserve:

1. Economic Uncertainty
2. CalPERS
3. Sustainability Reserve
4. Unassigned

As of first quarter, all of the funding priority areas are fully funded. As a result, staff anticipate transferring approximately \$16 million of the \$29.15 million unassigned fund balance to the Capital Reserve at mid-year less any mid-year adjustments. Staff will also be recommending a transfer of \$4 million to the City's Section 115 Pension Trust.

Conclusion

The First Quarter Financial Report shows the City is well-positioned to move forward. City staff recommends adjustments of \$732,853 in new appropriations funded by respective fund balance. In total, if the recommendations are approved, appropriations would increase by \$732,853, revenues would increase by \$237,847, and estimated fund balance would decrease by \$495,006.

Prepared by: Zach Korach, Finance Manager

Reviewed by: Kristina Alfaro, Director of Administrative Services

Approved for Submission by: Deborah L. Feng, City Manager

Attachments:

A – Draft Resolution Approving Budget Adjustments

B – First Quarter Financial Report for Fiscal Year 2019-20

C – Detailed Description of Year End and Adjustments made through 9/30/19

D – First Quarter Budget Adjustment Journal

E – Draft Resolution Amending the Unrepresented Employees' Compensation

F – Unrepresented Comp - Clean

G – Unrepresented Comp - Redlined