

May 16, 2019

The Honorable Mayor and Members of the City Council:

I am pleased to submit the Proposed Annual Operating Budget for the Fiscal Year 2019-20. This budget document was developed to serve as the financial plan for the City's programs and policies. It reflects the resources necessary to meet the goals, programs, and service priorities that the City Council is committed to providing its citizens.

The Fiscal Year 2019-20 Proposed Annual Operating Budget has been developed after a considerable review process. Departmental budget submittals were prepared and reviewed by line item in connection with projected revenues. Detailed performance objectives and accountability measures were developed consistent with the City's Quality of Life Master Plan. Five-year revenue and expenditure projections were developed to identify the future impacts of proposed staffing and program changes, as well as the impact of proposed capital improvement projects. The resulting budget is realistic and balanced, and continues to provide quality services to the community while effectively utilizing available resources.

CITY OF TEMECULA PROFILE

The City of Temecula is a dynamic community comprised of approximately 113,826 citizens. The City maintains 41 parks on 330 developed acres throughout the community, which provide recreation opportunities for both the citizens of Temecula, as well as surrounding communities. Police and Fire protection services are provided through contracts with Riverside County. The Temecula Valley Unified School District provides 32 schools with 27,991 students at the kindergarten through 12th grade levels within the City. The City of Temecula prides itself on its community focus and quality of life.

Temecula's residents enjoy one of the finest lifestyles Southern California has to offer. Environmental and residential factors create a beautiful setting that attracts young, well-educated families to upscale homes that are relatively inexpensive by Southern California standards. Geography contributes to the City's population and retail growth from San Diego and Orange Counties.



Temecula's leadership has approached economic growth from a qualitative standpoint, providing the City with a favorable share of the region's higher paying and high technology career opportunities. The City's average income levels are higher than the surrounding region, the educational performance of its young people is above the State average, and Temecula has been recognized as one of Nation's safest cities.



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ECONOMIC INDICATORS

The City of Temecula has experienced solid economic growth over the past year, as illustrated by the indicators discussed below.

- Estimated Population: 113,826, up 0.5% from 2018 (Source: *State Department of Finance*)
- Median Age: 35.3 years old, up .2 from 2018 (Source: *Claritas360 Report – 12-19-18*)
- Number of Households: 36,001, up 1.5% from 2018 (Source: *Claritas360 Report – 12-19-18*)
- Average Household Income: \$116,464, up 6.2% from 2018 (Source: *Claritas360 Report – 12-19-18*)
- March Median Home Price: \$475,000, down 3% from March 2018 (Source: *Southwest Riverside County Association of Realtors*)
- Number of Jobs: 55,700, up 1.0% from 2018 (Source: *EDD*)
- March Unemployment Rate: Temecula: 3.6% (no change from March 2018), Riverside County: 4.7%, CA: 4.6%, Nation: 3.8% (Source: *EDD & BLS*)

Steady expansion of the City's economic base has led to growth in City revenues, which allows the City to continue to provide the high level of services citizens enjoy, as noted in a recent Citizen Opinion Survey stating that 93% of Temecula residents indicated they were satisfied with the City's municipal services.

IMPACTS OF STATE/COUNTY LEGISLATION

A number of legislative changes are being considered, which could have profound fiscal impacts on the City, including:

- **Sheriff's Contract Rate Modification:** The City was recently notified by the County Executive Office of a recommended change in the calculation methodology of the Riverside County Sheriff's contract rate. The Board of Supervisors is considering the inclusion of several public safety services not currently included in the contract rate, including: aviation services, patrol captains, crime analysts, portions of dispatch, etc. The increase to the City's Police budget would be \$2.3 million if this change is implemented. The County Board of Supervisors is expected to consider this proposal later this year.
- **Assembly Bill 213 – Annexation Financing:** If passed, this bill will restore funding to 140 cities, including Temecula, that lost Vehicle License Fee revenue related to the annexation of inhabited territory, as a result of the passage of Senate Bill 89 in 2011. The City of Temecula could potentially recoup the \$428,745 in lost Vehicle License Fee revenue.
- **Proposition 64: Control, Regulate and Tax Adult Use of Marijuana Act (AUMA)** In November 2016, California voters approved Proposition 64 by a margin of 56% to 44% to legalize recreational use of cannabis for persons 21 years of age and over. Under Proposition 64, local governments have the ability to regulate, license or prohibit commercial cannabis. The City of Temecula currently prohibits all commercial cannabis and has joined the County of Riverside's Cannabis Regulatory Task Force. Code Enforcement, Police, and the City Attorney's Office coordinate to shut down any marijuana retailers operating within the City.

➤ **2017 State of California Housing Package**

In 2017, the State adopted a comprehensive housing package of 15 bills designed to increase the supply of housing in California, including the number of affordable homes. Currently there are approximately 200 housing related bills going through the legislative process. Generally, the bills stated aim is to address the state's housing shortfall by directly financing affordable housing production; facilitate private-market housing production by streamlining local review processes; increasing local accountability for accommodating a fair share of new housing development; harnessing private funding to pay for affordable housing; and preserving the affordability of existing subsidized housing.

While the City is eligible for some of the direct sources of funding to facilitate the production of housing, including funding from SB 2, the Building Jobs and Homes Act. Community Development, it is anticipated that the City will be subject to a number of unfunded mandates as a result of the passage of any number of the current proposed housing related bills.

➤ **State Water Resources Control Board 13383 Order**

On April 7, 2015, the State Water Resources Control Board (State Water Board) adopted statewide Trash Provisions to address the pervasive impacts trash has on the beneficial uses of surface waters. The Trash Provisions establish a statewide water quality objective for trash and a prohibition of trash discharge, or deposition where it may be discharged, to surface waters of the State. As a result of this Order, the City must install, operate and maintain full capture systems for the storm drain network that capture runoff. It is estimated that a total of 500 catch basin inlet filters will be installed over a 10-year period, beginning in 2019.

2019-20 GOALS AND OBJECTIVES

The City Council adopted the Temecula 2030 Quality of Life Master Plan (QLMP) in October 2011. The QLMP defines the strategic priorities of Temecula's residents, leaders, and partners for the City's next twenty years. It reflects the vision for the City's future, and commits the City to a performance based process to accomplish those goals. This plan was developed by engaging residents, businesses, local institutions and regional partners in an inclusive process.

The QLMP outlines six Core Values:

• Healthy and Livable City	• A Sustainable City
• Economic Prosperity	• Transportation Mobility and Connectivity
• A Safe and Prepared Community	• Accountable and Responsive City Government

In an effort to incorporate the QLMP into the City's budget process, City of Temecula Executive Staff met at the outset of the budget process to update the Citywide Five-Year Goals based on the Core Values of the Quality of Life Master Plan. These goals were then used by each Department to develop Short Term Objectives for completion in the upcoming fiscal year, and are reflected in the Department Information section of the budget document.

OBJECTIVES AND PERFORMANCE MEASURES

The budget document includes the short term operational objectives for completion in Fiscal Year 2019-20 and the performance measures for evaluating the completion of those objectives. These objectives were developed in a collaborative process with City staff in order to identify how each department can contribute to the overall long term goals of the City. The objectives were then used by the departments in order to identify and justify their Annual Operating Budget submittals.

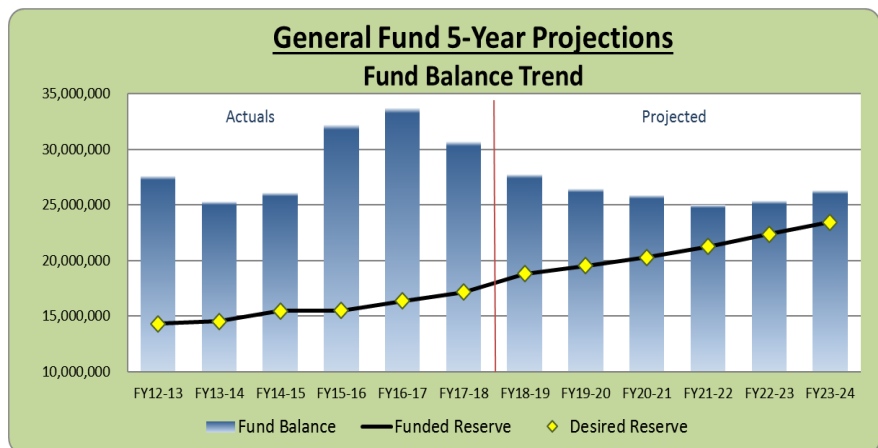
The short term objectives are detailed by Department in the Departmental Information section of this budget document. Each Department section also includes the objectives and performance measures cross referenced by the City's Long-Term Goals and QLMP Core Value, along with significant accomplishments, and a detail of the expenditure requests and personnel allocations which will be used to meet the objectives.

LONG-RANGE FINANCIAL FORECAST

With the recent passage of Measure S in November 2016 (one-cent Transactions and Use Tax) combined with ongoing fiscal restraint, the City is in a strong fiscal position over the coming five-year period, with all funds balanced, reserves fully-funded and available fund balance in both the General Fund and the Measure S Fund.

As illustrated below, the General Fund Ending Balance over the ensuing five-year period is sufficient to meet the operational needs of the City as well as fully fund the Reserve for Economic Uncertainty (20% of Operating Expenditures) and the Secondary Reserve (5% of Operating Expenditures). In addition, a total of \$8 million was deposited into an Internal Revenue Code Section 115 Irrevocable Pension Trust in Fiscal Year 2017-18, in order to address future pension liabilities of the City. This Trust will serve as a tertiary reserve, in addition to the aforementioned General Fund Reserves.

Total Reserves, including the Trust proceeds totals \$29.0 million for Fiscal Year 2019-20.



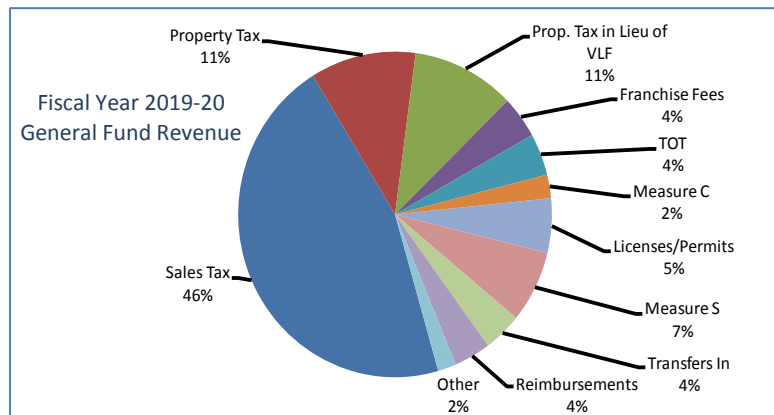
GENERAL FUND ANALYSIS

Fiscal Year 2019-20 Ending Fund Balance is projected to be \$26,476,568. Total Reserves, at 25% of Expenditures, totals \$19,537,138, with another \$460,305 assigned to cover the costs future Capital Projects and the Pechanga-funded police officer for Fiscal Year 2020-21, leaving an Unassigned (available) Fund Balance of \$6,479,125.

General Fund Revenue Highlights

General Fund Revenue is projected to increase by 0.8% over the prior year with a total of \$80,127,628, of which \$5,735,418 was transferred in from the Measure S Fund to primarily cover the costs associated with additional Public Safety personnel. The change in the major revenue sources are noted below:

- **Sales Tax (\$37,981,346)** is projected to increase by 0.4% compared to the prior fiscal year due to anticipated leveling in both the Business/Industry and Autos/ Transportation sectors of the local economy.
- **Property Tax (\$8,706,389)** is projected to increase 4.1%, as assessed valuations continue to climb and property values are restored to pre-recessionary levels.
- **Franchise Fees (\$3,351,304)** are projected to increase 0.4% due to slight increases in electricity rates.
- **Transient Occupancy Tax (\$3,338,860)** is projected to increase by 3%, due to the opening of two new hotels during the prior year, combined with increased mid-week occupancies expected as a result of the recent expansion of the Pechanga Resort and Casino's convention center.
- **Licenses, Permits & Service Charges (\$4,335,071)** are projected to decrease by 18.2% due to less Development activity projected compared to the prior year, as the Roripaugh Ranch development created increased permit activity in FY2018-19.
- **Intergovernmental Revenues (\$8,503,309)** are projected to increase by 4.1% due to the increases expected in Property Tax In Lieu of Vehicle License Fees which is driven by increasing property values within the City.
- **Operating Transfers In (\$3,151,887)** represents funds deposited into Special Revenue Funds that are transferred into the General Fund to cover eligible expenditures. The Gas Tax Fund is anticipated to transfer \$2,956,887 to be spent on street and road maintenance. The Supplemental Law Enforcement Services Fund is anticipated to transfer \$195,000 to supplement the Police Department budget.
- **Operating Transfers In - Measure S (\$5,735,418)** will continue to fund 11 new Police Officers and staffing for Fire Station No. 95.



General Fund Expenditure Highlights

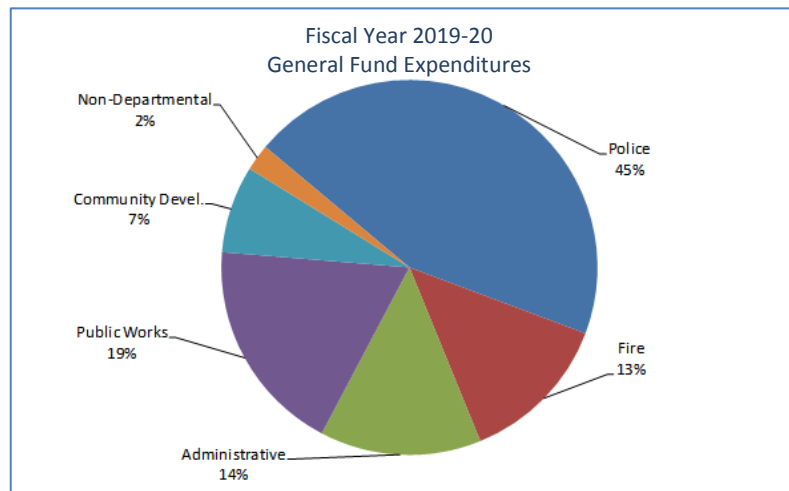
The largest expenditure of the General Fund is Public Safety, which has grown from 56% of total expenditures in the prior fiscal year, to 58% in Fiscal Year 2019-20. In accordance with the Measure S ballot language and City Council appropriation guidelines, the City has invested heavily in Public Safety over the past two years and continues to hold Public Safety as its highest priority. A total of \$5.8 million, or 19%, of Measure S revenue is dedicated to Public Safety expenditures for FY2019-20 including the funding of the following:

- Eleven Sworn Police Officers (\$3.7 million)
- Fire Station No. 95 Staffing (\$1.7 million)
- The funding for the future replacement Fire Ladder Truck and fire safety vehicles (\$170,390)
- The operations and maintenance of the Citywide Surveillance Camera system (\$160,000)

In addition to the ongoing Measure S-funded Public Safety expenditures, the Police Department will maintain 112 sworn officers and the Fire Department will provide four firefighter personnel per engine at all five Fire Stations.

General Fund Operating Expenditures totals \$78,148,553, which represents a 3.8% increase over the prior fiscal year. The majority of the increase is reflected in the two Public Safety departments, as noted below:

- **Police (\$34,860,437)** is increasing by 5.6% over the prior year, due to a projected 5% increase in the contract rates charged by the County to account for increased CalPERS pension costs and potential labor increases resulting from ongoing union negotiations.
- **Fire (\$10,260,935)** is increasing by 7.2% due to the anticipated increase in the contract rates charged by CalFire and Riverside County. The Total Fire Contract of \$18 million is offset by the Structural Fire Tax Credit of \$8.7 million.
- **Non-Safety Departments (\$33,027,181)** is increasing by 1.0% primarily due to the addition of 1.75 Full-Time Equivalent authorized positions in the Public Works Department and the City Manager's Office. Additionally, in accordance with the City's labor agreements, a 3% cost of living adjustment (COLA) is included for all employees, effective July 1, 2019.
- **Non-Departmental (\$1,783,013)** reflects a 6.6% decrease due to the slight decrease in the deposit into the Retiree Medical Contribution. The deposit exceeds the required amount in order to increase the City's funded-status of this trust fund and reduce future years' required contributions.



Operating Transfers Out & One-Time Payments

This category of expenditures reflects funds that are transferred to other funds, such as the CIP and Debt Service Funds. A total of \$642,077 is being transferred to fund two Capital Projects: \$200,000 for the I-15 Congestion Relief project, to leverage funds received from CalTrans in order to help mitigate traffic on I-15 Freeway; and \$442,077 is being transferred to fund a new sidewalk on DLR Drive. A total of



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\$2,075,512 will be transferred to the Debt Service Fund for the annual Civic Center Lease payment, and \$555,807 for the Debt Service on the Margarita Recreation Center renovation.

Fund Balance & Reserves

As noted above, the Ending Fund Balance, as of June 30, 2020 is projected to be \$26,476,568, with the Reserve for Economic Uncertainty fully funded at \$15,629,711, which represents 20% of General Fund Expenditures. Additionally, the Secondary Reserve, set at 5% of General Fund Expenditures, is fully-funded at \$3,907,428. After Fund Balance assignments for future year expenditures, the remaining available fund balance totals \$6,479,125.

MEASURE S FUND

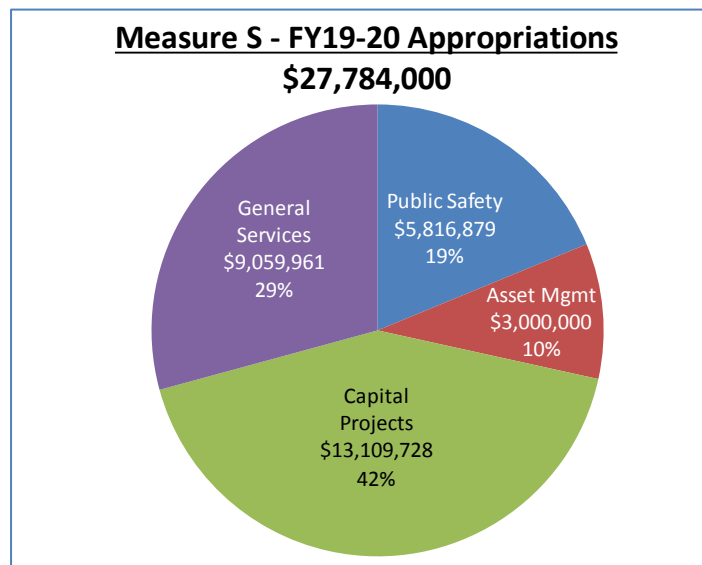
With the approval of a one-cent transactions and use tax measure in November 2016, a new fund was established to account for this new revenue source and enhance budgetary accountability of Measure S expenditures. Fiscal Year 2019-20 Measure S revenue is conservatively projected to increase 2% over the prior year, to a total of \$27,784,000.

In accordance with the Council's approved spending guidelines, Measure S revenue is to be appropriated in the following order:

1. Public Safety
2. Asset Management
3. Capital Improvement Projects
4. General Services

Public Safety (19%)

The Proposed Budget includes \$5,816,879 of Measure S funding dedicated to Public Safety, for the continued funding of 11 Sworn Police Officers and Fire staffing for Fire Station No. 95 which opened January 1, 2018. Additionally, Measure S will fund the future replacement of public safety vehicles and the operating costs of the Citywide Surveillance Camera system.



Asset Management/Investment (10%)

As noted in Council's appropriation guidelines for Measure S, ensuring adequate reserves are set-aside for the future replacement of City-owned assets is critical to the long-term viability of the City's operations. As such, the Proposed Budget includes contributions towards several Replacement Reserve Funds, including:



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- Vehicle Replacement Reserve - \$500,000
- Technology Replacement Reserve - \$500,000
- Facilities Replacement Reserve - \$500,000
- Street Maintenance Reserve - \$1,500,000

As the City finalizes the Replacement Schedule for each category of assets noted above, the benefitting departments will also deposit funds into the reserve accounts to create adequate funding levels to purchase replacement assets in future Operating Budgets.

Capital Improvement Program (42%)

The Proposed Budget includes \$13,109,728 of Measure S revenue allocated to fund 54 separate CIP projects. The influx on Measure S funding has allowed the City to leverage other funding sources, such as Development Impact Fees and various Grant funds, to complete projects in a more timely manner.

Major Projects for FY2019-20 include:

- Bike Lane and Trail Program at Temecula Creek South Side Trail - \$571,000 to augment Development Impact Fee funds and AB2766 funds to install new gates, pave and stripe an existing maintenance road for a Class 1 Trail that parallels Temecula Creek.
- Citywide Drainage Master Plan - \$720,000 to fund a new project to develop a study of the City's drainage courses and provide a higher level of flood protection.
- Citywide Financial System Upgrade - \$613,184 to augment Technology Replacement funds necessary to upgrade the City's nearly 20-year old Financial System.
- Citywide Streetlight Acquisition and LED Conversion - \$800,000 to add funding allocated in the prior year for the purchase of the Southern California Edison owned streetlights within the City limits and retrofit to a more efficient Light Emitting Diode (LED) lighting system.
- Citywide Surveillance Cameras - \$720,347 to augment Development Impact Fees and funding allocated in the prior year to fund a new Surveillance Camera network covering City-owned facilities and traffic signals.
- Community Recreation Center (CRC) Renovation - \$500,000 to provide initial funding for the design of a rehabilitation, improvement and reconfiguration of the CRC facility.
- Eagle Soar Splash Pad Control System Renovation - \$300,000 to provide funding for the updating of the splash pad control system to meet current Health & Safety requirements.
- French Valley Parkway/I-15 Over-Crossing and Interchange Improvements-Phase II - \$1,971,845 – to provide funding for the right-of-way acquisition associated with this highly anticipated project.
- Margarita Recreation Center - \$720,000 to augment funding allocated in the prior year to fully-fund the construction of a new recreation center in Margarita Community Park.
- Park Restroom Expansion, Renovations and ADA Improvements - \$780,000 to augment funding allocated in a prior year for the renovation and installation of new restroom facilities at various parks throughout the City.



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- Santa Gertrudis Creek Pedestrian/Bicycle Trail Extension and Interconnect - \$957,709 to augment grant funding allocated in a prior year for the design and construction of the extension of the existing trail from Ynez Road to the Murrieta Creek Multi-Purpose Trail.

General Services (29%)

The Temecula Community Services District (TCSD) has historically been funded with voter-approved Measure C funding and program-related revenue. Measure S funding is used to augment Measure C, in order to maintain the award-winning programs, activities and events TCSD provides to the citizenry.

- TCSD Operations contribution - \$7,989,182
- Library contribution - \$921,203
- Service Level B – Residential Streetlights - \$71,037
- Enhanced Custodial Services - \$78,539

The Ending Fund Balance within the Measure S Fund is projected to be \$1,670,169, which will carry-forward to the ensuing fiscal year.

MAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for activities paid for by taxes or other designated revenue sources that have specific limitations on use according to law. The City has eleven Special Revenue Funds. The major Special Revenue funds are highlighted below.

Fund 100 - Gas Tax: Gas Tax revenue is projected to be \$2,956,887, which reflects an increase of 23% due to higher volumes of gasoline sales over the prior year. These funds are transferred to the General Fund to support street and road maintenance.

Fund 102 – Road Maintenance Rehabilitation Account (RMRA): Per the Road Repair and Accountability Act of 2017 (SB1-Beall), increased gas tax and vehicle registration fees were imposed to fund street and road projects and other transportation uses Statewide. RMRA revenue is projected to be \$1,875,831 for FY2019-20, to be allocated to the Pavement Rehabilitation Capital Improvement Project.

Fund 103 – Street Maintenance Fund: This fund was established in FY2018-19 to accumulate resources for the future replacement of streets and roads throughout the City. Funding of \$1.5 million from Measure S is programmed for Fiscal Year 2019-20.

Fund 120 – Development Impact Fees: DIF revenue is projected to be \$6,204,021, which reflects an increase of 34%. DIF revenue varies from year-to-year as it is based on anticipated development projects. The majority of DIF Revenues are transferred to the CIP to fund capital projects.

Fund 125 – Public, Education & Government (PEG): PEG Fund revenues are received from local cable operators for the sole purpose of supporting the access facilities within the City. PEG Revenues are projected to be \$214,723, which will be spent on various technology equipment used to support the broadcast of City Council meetings and events.



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Fund 140 – Community Development Block Grant (CDBG): CDBG revenue is projected to be \$559,111, which reflects the reimbursement for operations and Capital projects expected to be completed during the fiscal year.

Fund 170 – Measure A: Measure A revenue is projected to be \$3,251,000, which reflects a 0.2% increase over the prior year. This revenue is restricted for use on local streets and roads, and is programmed to support street and road maintenance.

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the funding of goods and services provided by one department to other benefitting departments on a cost-reimbursement basis. Additionally, the City maintains several Replacement Funds designed to accumulate resources for the future replacement of City equipment, technology and facilities.

Fund 300 – Insurance: Projected expenses total \$1,026,259, which covers the cost of administering the City's liability and property insurance programs. The projected Fund Balance is \$621,999, which exceeds the desired balance of \$450,000.

Fund 305 – Workers' Compensation: Projected expenses total \$255,779, which covers the cost of administering the City's self-insured Workers' Compensation program. The projected Fund Balance is \$1,759,398, which exceeds the desired balance of \$1.5 million.

Fund 310 – Vehicles and Equipment: Projected expenses total \$380,000 to replace several vehicles and heavy equipment that have reached the end of their useful life. The projected Fund Balance is \$3,783,659.

Fund 320 – Information Technology: Projected expenses total \$4,112,021, which provides for the management of the City's computer and telephone systems. The projected Fund Balance is \$488,092.

Fund 325 – Technology Replacement: Projected expenses total \$1,138,534 for the replacement of technology-related equipment that has surpassed its useful life, including an upgrade to the City's financial software system. The projected Fund Balance is \$1,635,145.

Fund 330 – Support Services: Projected expenses total \$413,551, which provides for the management of the City's central receptionist, printing and mail activities. The projected Fund Balance is \$4,170.

Fund 335 – Support Services Replacement: Projected expenses total \$50,000, which provides for the replacement of the City's duplicating machines. The projected Fund Balance is \$435,814.

Fund 340 – Facilities: Projected expenses total \$1,359,094, which provide for the operations and maintenance of the City's buildings and parking structure. The projected Fund Balance is \$508,564.

Fund 350 – Facility Replacement: Projected expenses total \$201,714, which provide for the replacement of equipment, systems and fixtures within City-owned facilities. The projected Fund Balance is \$388,335.

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY (SARDA)

Fund 380 – SARDA: Projected expenses total \$7,530,321, which reflects an increase of \$10,649 in accordance with the debt service schedule on the outstanding Redevelopment Agency Tax Allocation Bonds.

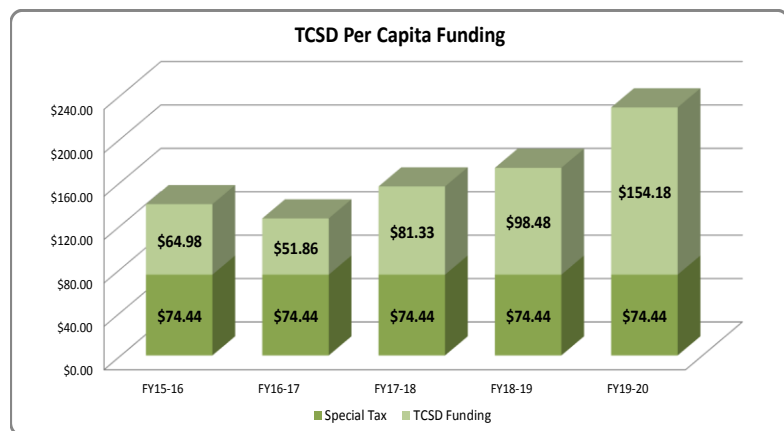
TEMECULA COMMUNITY SERVICES DISTRICT (TCSD)

The Temecula Community Services District was established as an assessment district to provide a comprehensive neighborhood and community park system, as well as a complement of recreational and cultural programs and events.

Combined revenue for TCSD totals \$24,461,642, which reflects an increase of 11.3% due primarily to the contributions from the Measure S Fund to fill the funding gap in the TCSD Operations Fund, as well as an increase in Service Level D – Refuse/Recycling Fund, due to the “extra-ordinary” charge imposed by CR&R to compensate for market constraints on recycled products. Combined expenditures total \$24,807,774, which reflects an increase of 7.0% due to higher costs in the TCSD Operations Fund as a result of the 3% cost of living adjustment provided to all employees, the reclassification of three employees, and increased allocations from the Information Technology department due to a higher number of computer devices than in the prior year. Expenditures in Service Level D – Refuse/Recycling Fund also increase, due to the aforementioned “extra-ordinary” charge.

As noted in the adjacent chart, TCSD’s Special Tax (Measure C) funds approximately 33% of the District’s Parks and Recreation budget. The remaining 67% comes from Measure S and programmatic revenues.

Additionally, Measure S contributes to the funding of the Library Fund (\$921,203) and Service Level B – Residential Streetlight Fund (\$71,037).



CAPITAL IMPROVEMENT PROGRAM (CIP)

The City’s five-year Capital Improvement Program (CIP) is presented to the City Council under separate cover. This program provides a five-year plan for capital improvements that is updated annually to ensure compliance with the program. The impact of capital projects on maintenance and operating costs were taken into consideration in the development of the operating budget. Circulation, infrastructure, parks, affordable housing, and other various projects are identified in the CIP budget.

Overall, the Proposed Fiscal Years 2020-24 CIP includes 68 separate projects with total cost to complete estimated at \$435,270,888, as outlined in the table below. Revenue from various identified sources for the Five-Year Capital Improvement Program is projected to be \$334,305,104. This amount includes a pending \$50 million INFRA grant to fund the French Valley Parkway Phase II project. Staff is aggressively

pursuing this vital funding source. The City of Temecula's CIP is a project planning and delivery document which includes several projects with unidentified funding sources in the third, fourth, and fifth years of the five-year program, totaling \$102,797,737. The City is continually exploring and applying for federal, state and regional funding opportunities to enable the delivery of these currently unfunded projects. The five-year CIP is updated annually and newly secured revenues are programmed toward prioritized projects that may be shown as unfunded at this time.

Type of Project	Number of Projects	Cost of Projects
Circulation	22	\$345,956,136
Infrastructure/ Other	34	61,363,635
Parks and Recreation	11	15,097,397
SARDA/ Housing	1	12,853,720
TOTAL	68	\$435,270,888

2019-20 AUTHORIZED STAFFING

Total authorized Full Time Equivalent (FTE) positions total 176.45 authorized positions, which reflects an increase of 4.75 positions compared to the prior year. Two of the authorized positions (Office Specialist and Community Services Manager) are associated with the Margarita Recreation Center and will remain unfunded until the facility has been rehabilitated.

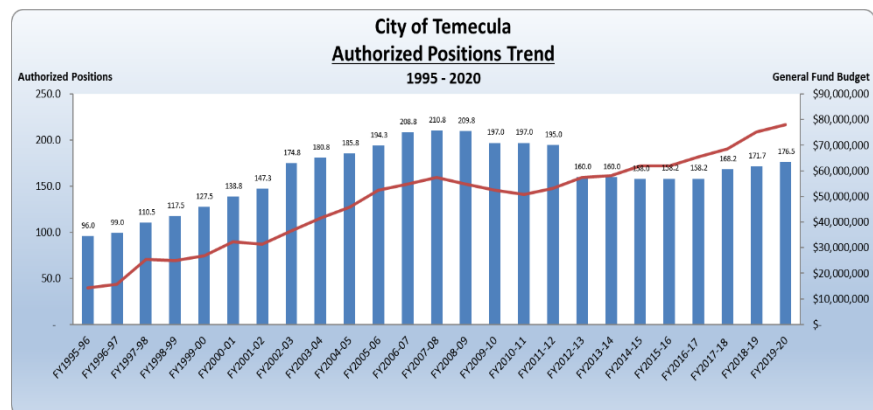
The following positions have been added to the list of Authorized Positions:

- Office Aide III (Part-time) – City Manager's Office
- Office Specialist II – Public Works-CIP Department
- IT Technician I (Media) – Information Technology Department
- Management Aide I – TCSD Human Services Department
- Park Ranger I – TCSD Park Rangers Department

Additionally, the FY2019-20 Operating Budget includes a 3% cost of living adjustment for all employees and the reclassification of 6 positions, per the provisions of the City's labor agreements.

Total Authorized Positions total 176.45, which remains below the peak in 2007-08 by 34.3 positions.

In addition to the Authorized Positions, the City employs a significant number of part-time, non-benefitted Project employees, primarily to assist with the multitude of programs offered by the Temecula Community Services District. For FY2019-20, an estimated 61.5 full-time equivalent (FTE) will be hired as seasonal and part-time support.





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Public Safety personnel is supplied through contracts with Riverside County and CalFire. A total of 112 Sworn Police Officers and 17 Community Service Officers are included in the Police Budget, and a total of 71 Fire personnel are reflected in the Fire Department Budget for FY2019-20.

2019-20 BUDGET POLICIES

Two new Budget Policies are recommended to be added in FY2019-20, including the following:

- **XIII: Signature Delegation Policy** – to provide the City Manager the ability to delegate his signature authority for certain contracts and agreements to Executive Staff members and the Purchasing Manager, in order to expedite the procurement process. Additionally, this policy delegates negotiating authority for personal injury and property damage settlements to the Risk Manager, up to \$8,000.
- **XV: Emergency Appropriation Policy** – to authorize the City Manager to appropriate budgetary funds for the emergency purchase of goods and services to address and respond to emergencies.

CONCLUSION

In conclusion, the City is in a strong fiscal position with the General Fund balanced and all reserves fully-funded not only in Fiscal Year 2019-20, but throughout the ensuing five-year period.

I would like to express my appreciation to the City Council for providing the direction and support crucial to achieving the City's goals. I would also like to recognize the contributions of the City staff for not only creating a successful operating budget, but also for their commitment to providing top quality services to all who live, work and play in Temecula. I would like to give special thanks to: Greg Butler, Assistant City Manager, Jennifer Hennessy, Director of Finance; Rudy Graciano, Fiscal Services Manager; Pascale Brown, Fiscal Services Manager; and Patricia Hawk, Budget Manager for their long hours and dedication to the City and this budget process.

Sincerely,

Aaron Adams
City Manager