







Thank you
CMPD -
The Residents



CMPD



ROCKS



**COSTA MESA
POLICE DEPARTMENT**

**NATIONAL
POLICE
WEEK**

Fairview Nature Park



Vernal Pools



White-Faced Ibises







American Kestrel



Restoration Event – Saturday, April 8th

9:00 – 11:00am

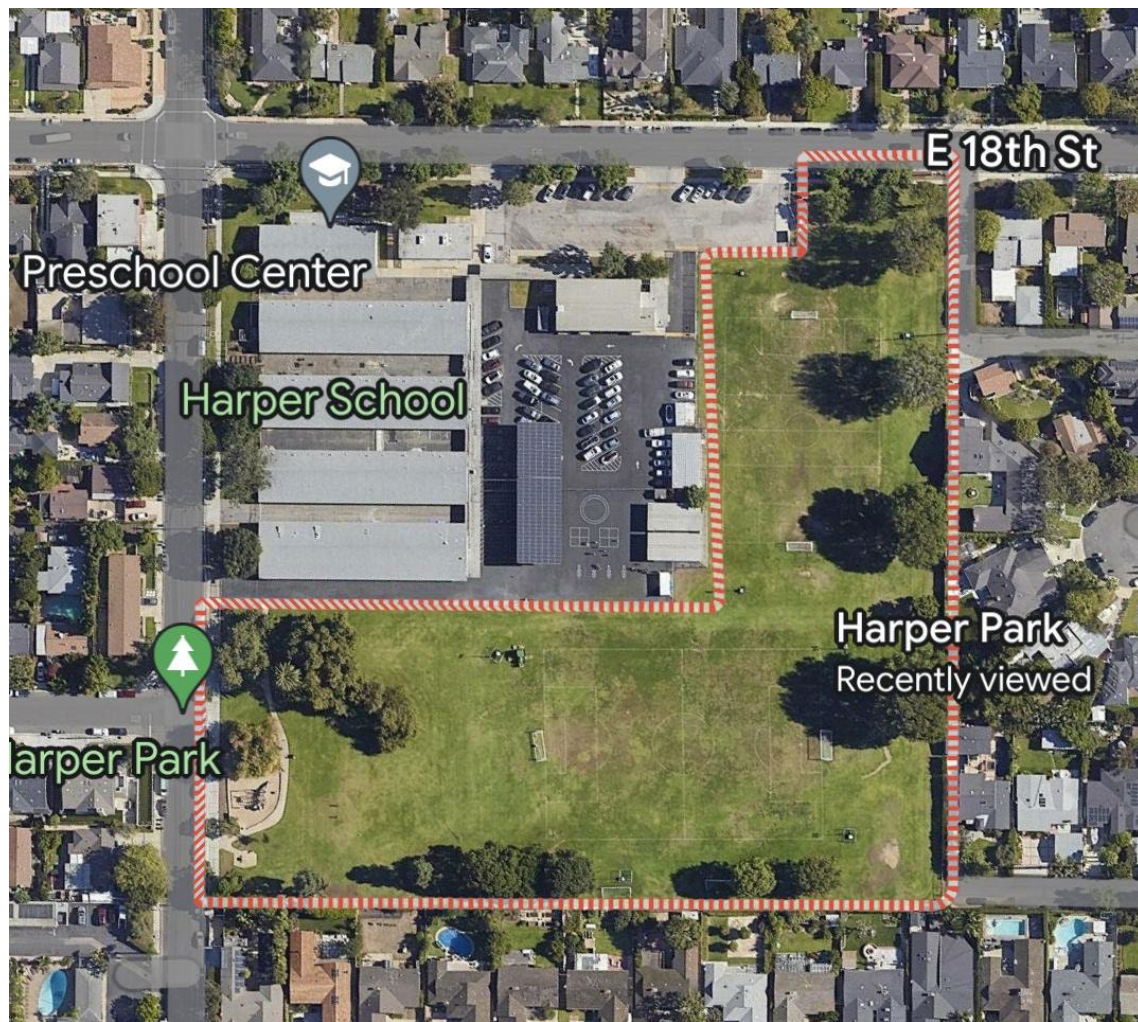


Fairview Nature Park

***Costa Mesa's Home to Biodiversity
Incredible Opportunities for local schools
and for the whole community to enjoy!***



Sweat Bee photo by Bettina Eastman



Preschool Center

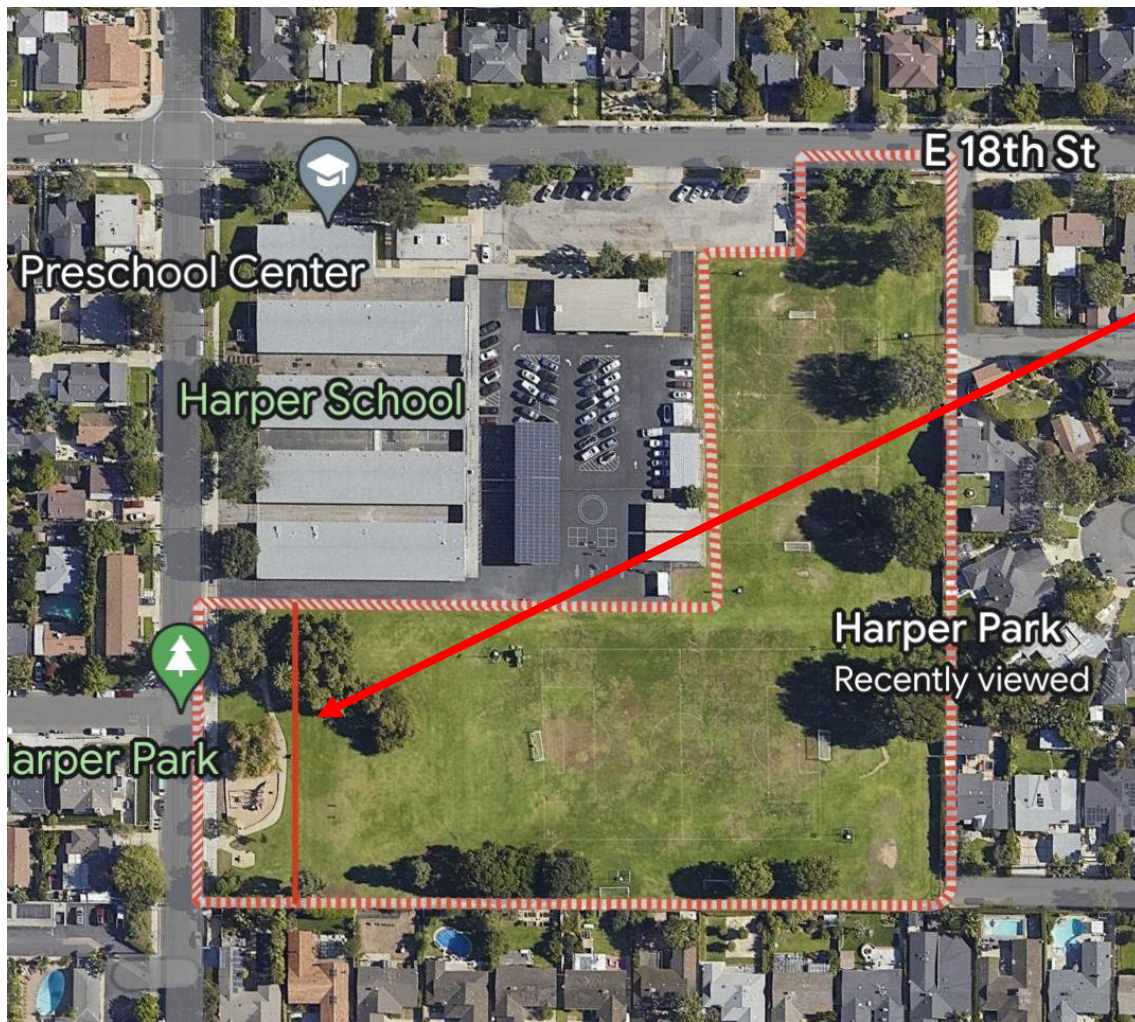
Harper School

Harper Park

E 18th St

Harper Park
Recently viewed





New fence
installed

Reduces area
available to
residents for
recreation by
more than 90%





L
E
5

NO Unauthorized Use
Of These Facilities

ALCOHOL OR DRUGS
BICYCLES
DOGS
GOLFING
MOTOR VEHICLES
SKATEBOARDS
TRESPASSING

CPC 602 (j) (k)
FOR USE PERMIT INFO. CALL 714-424-7530

CLOSED CAMPUS
ALL VISITORS MUST
CHECK IN AT OFFICE
NO TRESPASSING
CPC 602 (J) (K)

Newport-Mesa
Industrial District



FY 2023-24

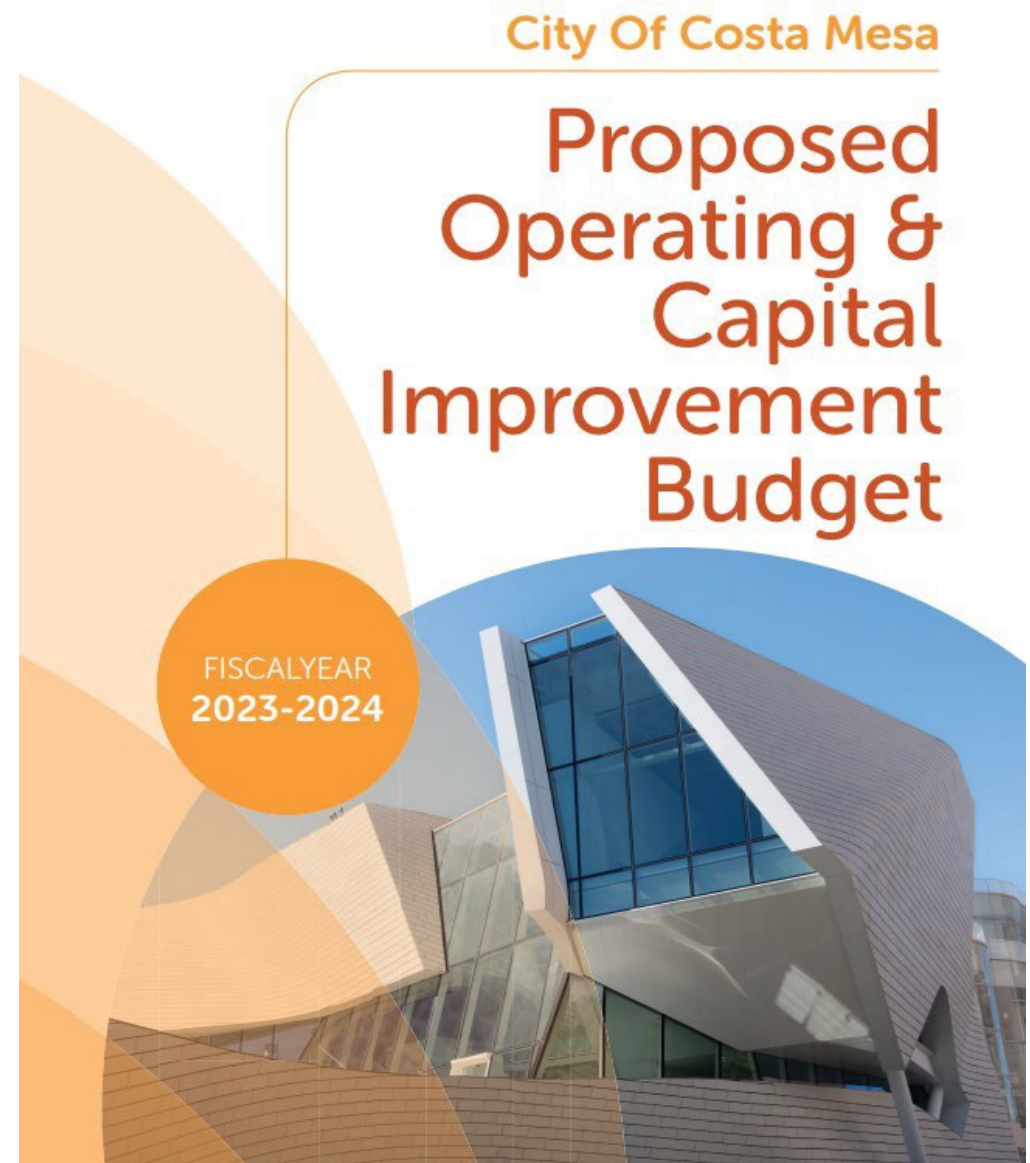
Proposed Operating and Capital Improvement Budget

June 6, 2023

City Council Public Hearing



“The Art of Collaboration”



FY 2023-24 PROPOSED BUDGET OVERVIEW

- FY 2023-24 All Funds Highlights
- General Fund Reserves Estimates
- FY 2023-24 GANN Appropriations Limit

GUIDING PRINCIPLES

FY 2023-24 Proposed Budget was inspired by the five Strategic Plan Goals:

- Strengthen the Public's Safety and Improve the Quality of Life
- Achieve Long-Term Fiscal Sustainability
- Recruit and Retain High Quality Staff
- Diversify, Stabilize, and Increase Housing to Reflect Community Needs
- Advance Environmental Sustainability and Climate Resiliency



FY 2023-24

**Proposed Operating and
Capital Improvement
Budget Recap**

The Art Of Collaboration

The theme of the Fiscal Year 2023-24 Proposed Budget is “The Art of Collaboration” through the following:

- Structurally balanced General Fund budget;
- Strengthening the City’s commitment to public safety by dedicating 52% of General Fund resources;
- Investing in the City’s parks, streets, active transportation network, facilities, and other infrastructure;
- Implementing seed money for the acquisition of park space in the Park Land Acquisition Fund; and
- Setting aside \$1.0 million for anticipated debt service for the rehabilitation for the aging public safety infrastructure.

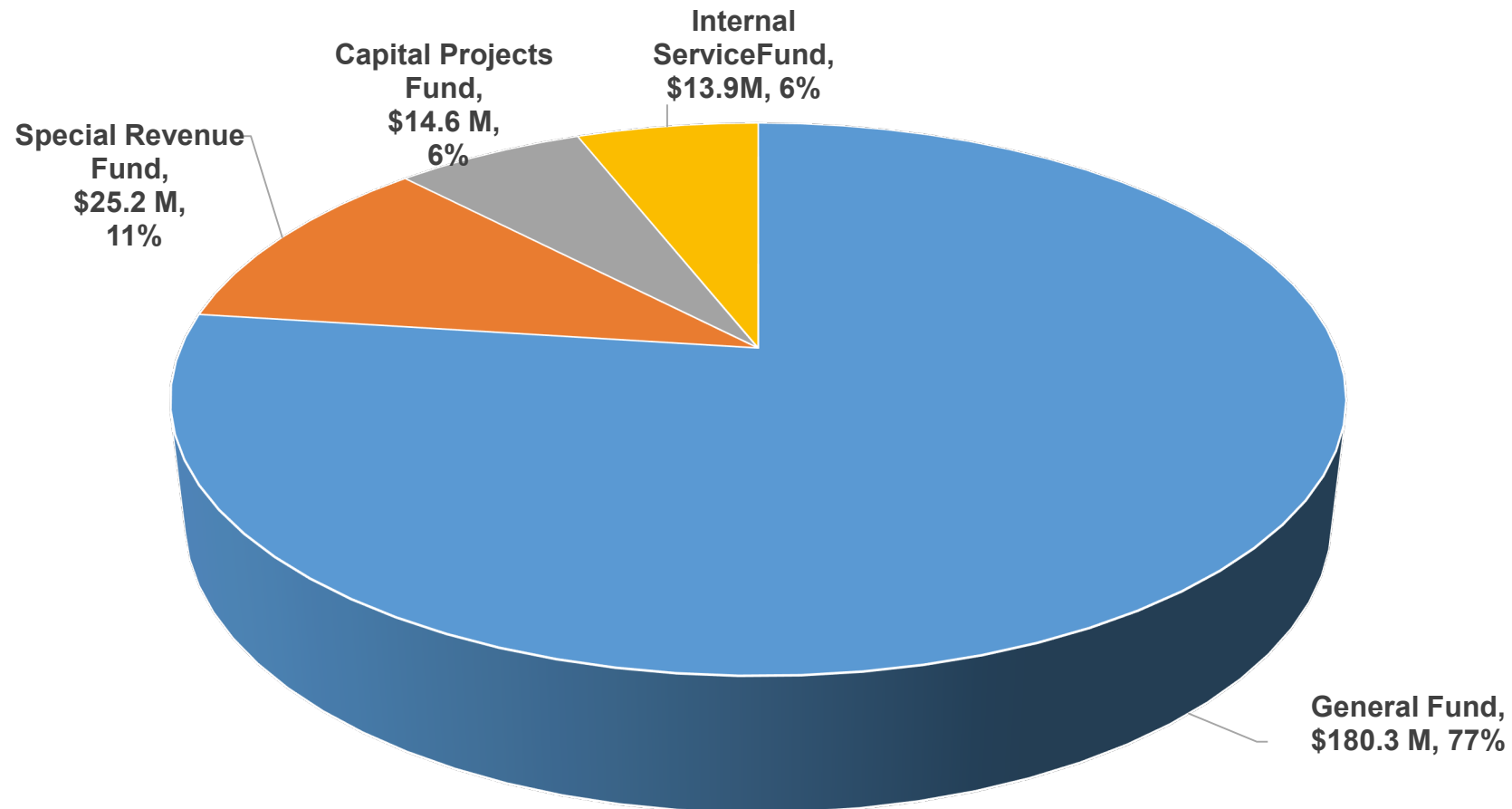


FY 2023-24

Proposed All Funds Overview

FISCAL YEAR 2023-24 ALL FUNDS

\$234 MILLION



FISCAL YEAR 2023-24 ALL FUNDS

\$234 MILLION

Category	FY 2022-23 Adopted	Initial FY 2023-24 Proposed	FY 2023-24 Proposed Recommended Changes	Revised FY 2023-24 Proposed	Proposed Vs Adopted Increase/(Decrease) Amount Percent	
Operating Budget	\$170,215,673	\$187,491,589	\$857,476	\$188,349,065	\$18,133,392	11%
Transfers Out	10,627,990	14,198,326	384,576	14,582,902	3,954,912	37%
Capital Budget	25,312,023	31,081,719		31,081,719	5,769,696	23%
Total	\$206,155,686	\$232,771,634	\$1,242,052	\$234,013,686	\$27,858,000	14%

FISCAL YEAR 2023-24 PROPOSED BUDGET ALL FUNDS RECAP

Highlights:

- Structurally balanced General Fund budget without the use of reserves or ARPA Funds;
- Designates \$94M, or 52%, in General Fund resources to public safety;
- Invests \$31.1M into the City's parks, streets, active transportation network, facilities, and other infrastructure; and
- Annualizes recently negotiated employee contracts that bring compensation to market (i.e. average) levels in order to retain and recruit high quality staff.

ALL FUNDS

FY 2023-24 ALL FUNDS ADJUSTED RECOMMENDATIONS

A total of \$857,476 as follows:

- Includes \$40,000 in ARPA for Meals on Wheels, Families Forward, and Labor of Love programs; and
- Commits \$300,000 in Rental Assistance from ARPA funds for undocumented and other high risk populations; and
- Transfers \$384,576 from the Capital Improvement Fund to the Park Land Acquisition Fund to begin setting aside funding for park acquisition, design, and construction on the Westside and other park poor areas; and
- Fully funds Year 3 of the Arts and Culture Master Plan with an additional \$132,900 for a total of \$353,996 to fund Year 3 of the Plan.

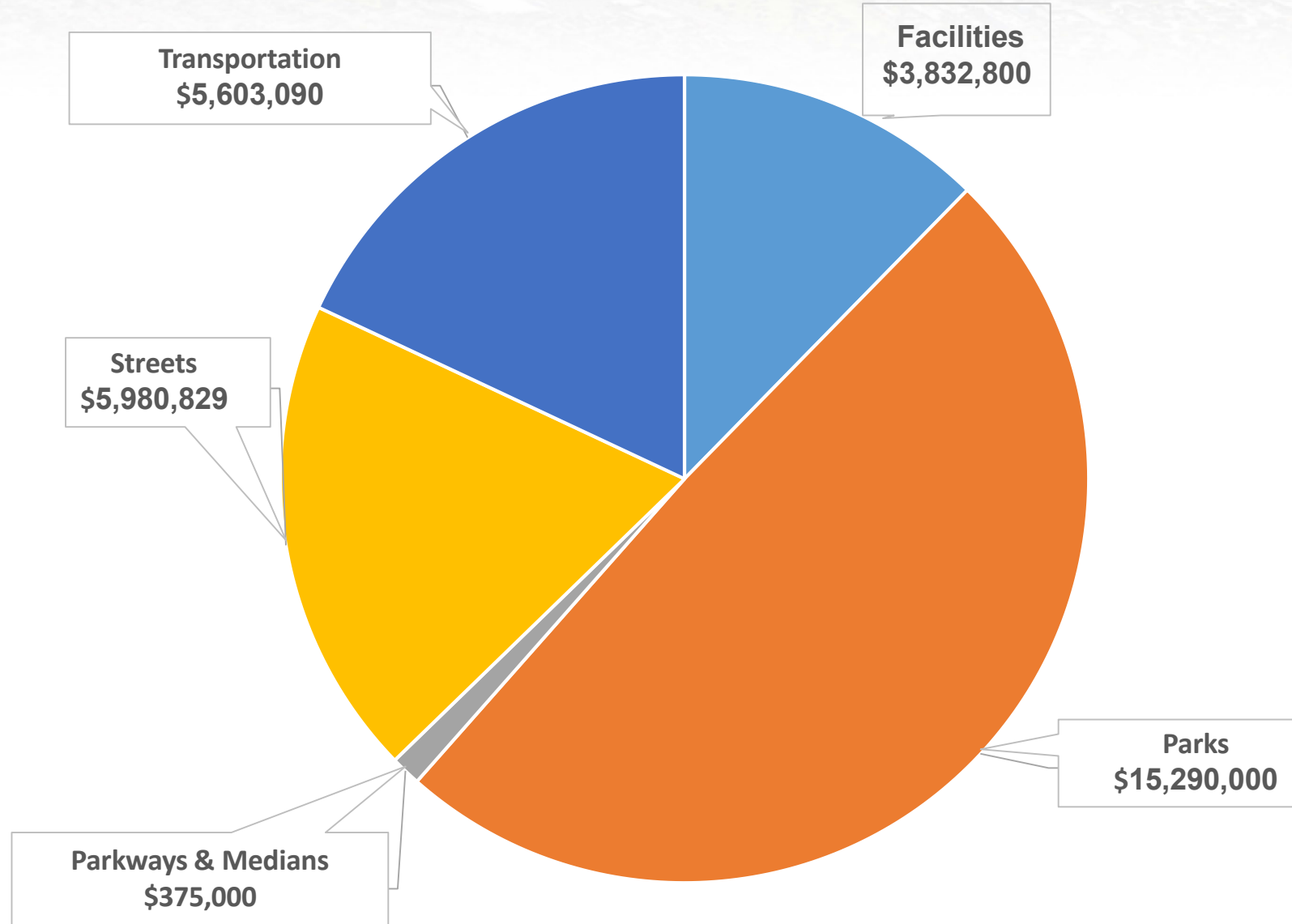
- Allocates ½ percent of the seven percent Cannabis Retail and Delivery Tax (Measure Q) funding for year three of the Arts and Culture Master Plan, and
- Due to insufficient revenues received, City staff will be requesting a one year bridge to use current year (FY 2022-23) savings to cover the shortfall.
- Requesting to implement a new policy to fund the differential amount from available General Fund Cannabis revenues into the Arts and Culture Master Plan Fund when a shortfall exists from the insufficient Cannabis Measure Q revenues in the outyears.

Includes ongoing revenue of \$2.8 million to support the replacement and maintenance of City fleet for \$5.8 million. Below are the highlights, purchase, and replacement of:

- Two replacement Fire Pumper apparatus with the use of CDBG funding and the City's Master Lease;
- Replace aging Public Works fleet of a water truck, stake bed, sign truck, street stencil truck, and asphalt rollers to maintain our City streets via the City Master Lease equipment; and
- Includes \$1.0 million for 16 Police vehicles.

- Information Technology Replacement Fund
 - Investment for Year 4 of the Information Technology Strategic Plan (ITSP) for \$3.1M, including:
 - Adds one full-time Cyber Security Analyst (Network Administrator);
 - \$300K budgeted for the Finance ERP Purchasing Module;
 - \$1.5M for year one of the CAD RMS Public Safety System replacement; and,
 - \$250K for Document Imaging Database System to house the City's contracts, plans and other documents electronically;
- Self Insurance Internal Service Fund
 - \$250k in additional funding for ongoing administration costs.

CAPITAL IMPROVEMENT AREAS



ACHIEVING STRATEGIC PLAN GOALS



ALL FUNDS

IMPROVE THE QUALITY OF LIFE

Parks and Community Services

- Proposed CIP (\$31.1M):
 - Ketchum-Libolt Park expansion;
 - Shalimar Park expansion;
 - Lion's Park Cafe;
 - Skate Park expansion;
 - Fairview Park Restoration and Improvement;
 - Fairview Road at Belfast Avenue New Traffic Signal; and,
 - Costa Mesa Country Club Modernization and Grounds Improvements
- Capital Improvement Fund includes a Transfer Out of \$384,576 to the Park Land Acquisition Fund for the Westside part of the City.

Public Works

- Street Sweeping Contract Increase of \$720,000 funded by the Gas Tax Fund.

Energy and Sustainability:

- Funds one new Planning and Sustainable Development Manager (mid-year);
- Funds one new Management Analyst (Solid Waste Coordinator) from revenue generated by SB1383.
- Active Transportation \$4.1M in the CIP
 - Safe Routes to School (\$0.6M)
- TeWinkle Park lakes repairs (\$2M);
- Invests an additional \$150K for tree planting and maintenance;
- Initiates Climate Action Adaptation Plan study;
- Upgrades Jack Hammett Sports Complex lighting upgrade (LED);
- Upgrades TeWinkle sports fields lighting upgrades (LED).

- Effective January 1, 2022, AB 481 mandates all California law enforcement agencies must:
 - Write an AB 481 equipment policy
 - Compile an inventory list
 - Ensure both are available to public on local webpage
 - Notify local governing body 30-days prior to approval
 - Obtain formal approval by governing body through ordinance of both the policy and equipment list
 - Review/approve annually by local governing body (approval more often if changes are made)
- City of Costa Mesa Annual AB481 Report posted on the Costa Mesa Police Department website on May 5, 2023.

ALL FUNDS

FY 2023-24 SPECIAL EVENT RATES

- Costa Mesa offers community celebrations, festivals, and parades that provide opportunities for social activity, cultural experience, and engagement in public life.
- These events need the assistance of City personnel.
- Every year, City Council approves updated special event rates.
- Staff is requesting the approval of the Revised Special Event Rates.



FY 2023-24 Proposed General Fund Budget Highlights

GENERAL FUND

GENERAL FUND OVERVIEW

- Structurally balanced General Fund Budget without the use of ARPA or General Fund Reserves;
- Maximized City's economic recovery through strategic investments in Citywide infrastructure;
- Restructured to support organizational effectiveness and interdepartmental coordination, including added staff to expedite permitting and increasing staffing in key areas to enhance public safety and customer service;
- Provided full funding for Capital Fund (CAN) and IT Strategic Plan;
- Corrected previous deficit in the Equipment Replacement Fund to ensure more timely replacement of the City's aging Fleet;
- Included an additional \$1.0M in debt payment for the reconstruction of Fire Stations #2 and #4, and Police Westside Substation.

General Fund Overview

(FY 2022-23 Adopted vs. FY 2023-24 Proposed)

Category	Adopted FY 22/23	Amended* FY 22/23	Proposed FY 23/24	Adopted vs. Proposed Increase/(Decrease)	
				Amount	Percent
Estimated Revenues	\$163.6	\$175.0	\$179.4	\$15.8	9.66%
Transfers In	-	-	0.9	0.9	100%
Use of Fund Balance	-	-	-	-	0%
Total Sources of Funds	\$163.6	\$175.0	\$180.3	\$16.7	10.21%
Operating Budget	\$153.0	\$158.9	\$167.2	\$14.2	9.28%
Transfers Out	10.6	12.1	13.1	2.5	23.58%
Total Expenditures	\$163.6	\$171.0	\$180.3	\$16.7	10.21%
Total Estimated Surplus/(Deficit)*	-	\$4.0	-		

*This is an estimate – final audited numbers will not be available until December 2023



General Fund Overview

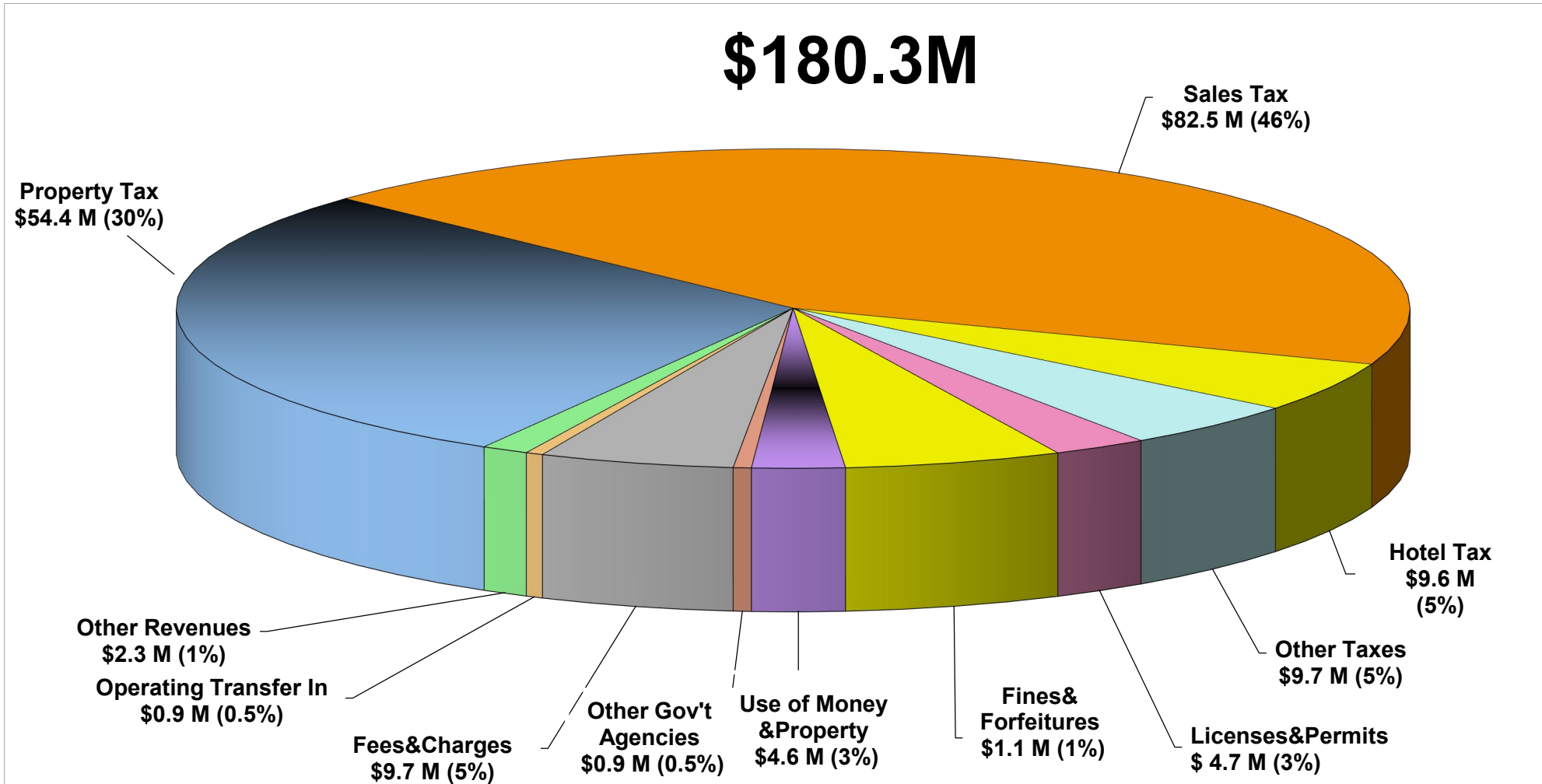
(FY 2022-23 Amended vs. FY 2023-24 Proposed)



Category	Adopted FY 22/23	Amended* FY 22/23	Proposed FY 23/24	Amended vs. Proposed	
				Increase/(Decrease) Amount	Percent
Estimated Revenues	\$163.6	\$175.0	\$179.4	\$4.4	2.69%
Transfers In	-	-	0.9	0.9	100%
Use of Fund Balance	-	-	-	-	
Total Sources of Funds	\$163.6	\$175.0	\$180.3	\$5.3	3.24%
Operating Budget	\$153.0	\$158.9	\$167.2	\$8.3	5.42%
Transfers Out	10.6	12.1	13.1	1.0	9.43%
Total Expenditures	\$163.6	\$171.0	\$180.3	\$9.3	5.68%
Total Surplus/(Deficit)*	-	\$4.0	-		

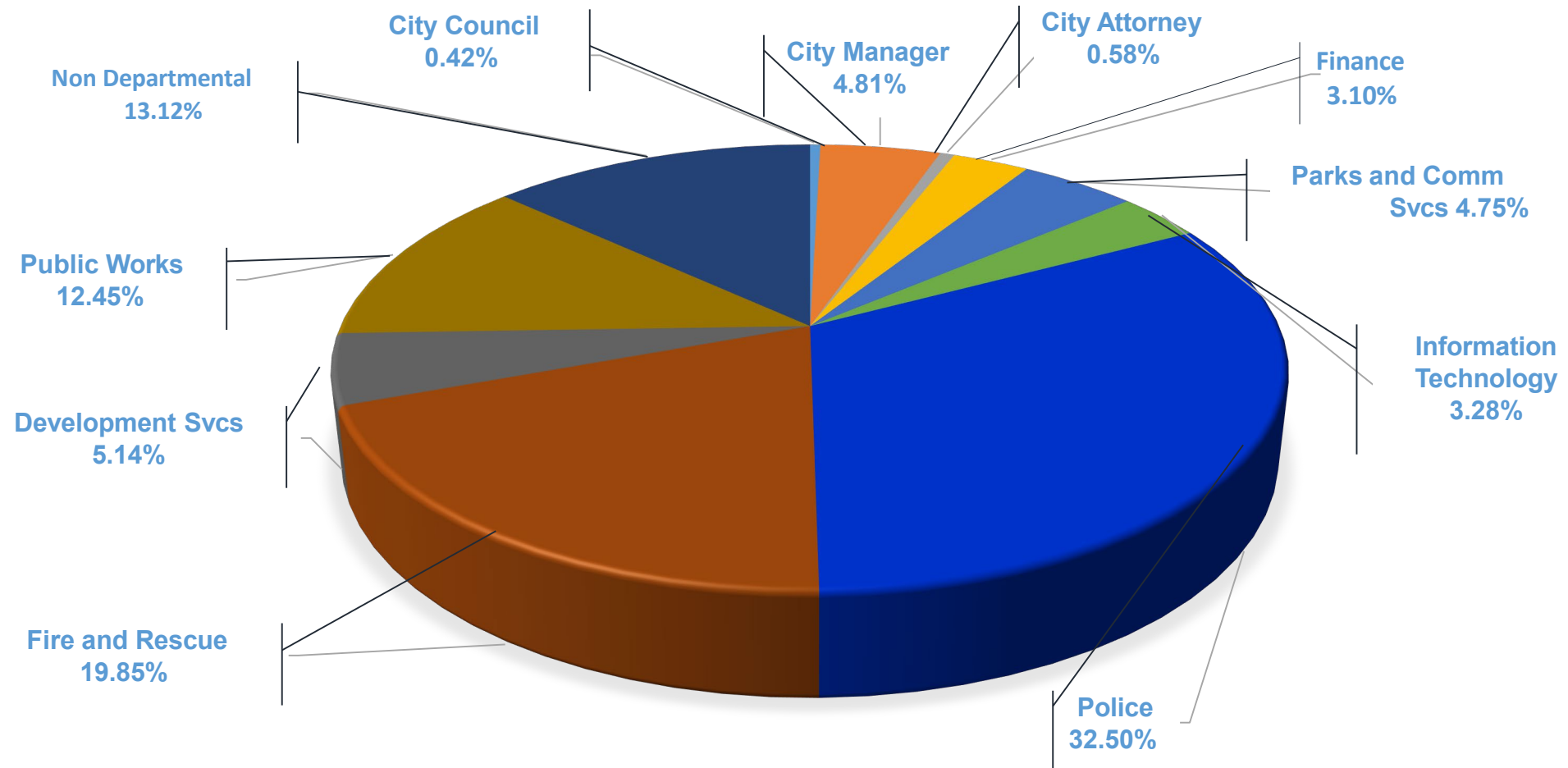
*This is an estimate – final audited numbers will not be available until December 2023

FY 2023-24 PROPOSED GENERAL FUND REVENUE



STRENGTHEN THE PUBLIC'S SAFETY

Public Safety Represents 52% of General Fund



GENERAL FUND

RECRUIT AND RETAIN HIGH-QUALITY STAFF Requested New Positions

Dept	FTE	Classification	Justification
Information Technology	1.00	Cybersecurity Analyst (funded by the IT Replacement Fund)	Updates and secures the City's technological infrastructure to protect and prevent from potential data compromise.
Finance	1.00	Business License Inspector	Ensures compliance for businesses within city limits. With the new land management system program, additional businesses will be discovered and will require outreach.
Public Works	1.00	Associate Engineer	Expedites the preparation and processing of permits to ensure timely issuance.
	1.00	Management Analyst (Solid Waste Coordinator)	Addresses upcoming State regulations and requirements, full revenue is generated from SB1383. Manages Citywide waste collection and recycle programs.
Police	1.00	Animal Services Supervisor*	To oversee the new Animal Services Program as result of the consolidation of the Animal Care Services and Animal Control Program.
Total	5.00		

* This position is a new request since the May 9, 2023 Proposed Budget Study Session

GENERAL FUND

RECRUIT AND RETAIN HIGH-QUALITY STAFF Part Time Conversions to Full Time

Dept	FTE	Classification	Justification
Parks & Community Services	1.12	Recreation Specialists: Convert four part-time positions	Assists with the retention of hard to fill positions, responsible for assisting the day-to-day supervision of Recreation programs.
Police	0.25	Property and Evidence Specialist: Convert part-time (0.75)	Addresses additional enforcement due to expected increase in non-compliant dispensaries.
	0.25	Convert a Community Services Specialist (0.75) to full time Crime Analyst	Provides support for crime mitigation analytics to respond more efficiently and appropriately to emergent public safety issues.
	0.50	Animal Control Officer: Covert part-time (0.50)	Allows for additional animal control enforcement due to increased call volume and community expectations for proactive enforcement of issues.
City Manager's Office	0.25	Video Production Specialist: Convert part time (0.75)	Enhances the City's communication and public engagement strategies for City initiatives and special events.
Public Works	0.25	Maintenance Worker (0.75) to full time Equipment Mechanic (funded by the Equipment Replacement Fund)	Assists with retention of hard to fill positions and address increase demands of workload due to aging fleet.
City Manager's Office/Housing Authority	0.25	Management Aide: Convert part time (0.75) *	Supports increasing homeless outreach services.
Total	2.87		

* This position is a new request since the May 9, 2023 Proposed Budget Study Session



“THE ART OF COLLABORATION”

FY 2023-24 APPROPRIATIONS LIMIT



FY 2023-24 Appropriations Limit Calculation

Article XIIB of the Constitution of the State of California provides a formula that places annual limits (or ceilings) on the appropriation of tax proceeds that can be made by the state, school districts, and local governments in California.

Article XIIB requires state and local governments to return any funds to taxpayers in excess of the amount (appropriation limit) for a given fiscal year.

- Multiplies the following data points:
 - California Per Capital Income Percentage Change of 4.44%;
 - City of Costa Mesa Population Growth of -0.42%
 - Orange County Population Growth of -0.46%;
 - Fiscal Year 2022-23 Appropriations Limit of \$286,881,520; and
 - Fiscal Year 2023-24 Appropriations Limit of \$298,356,781.

FY 2023-24 Appropriations Limit

- Established FY 2023-24 Appropriations Limit is: \$298.4 million.
- Estimated FY 2023-24 general tax proceeds revenues is \$156.4 million:
 - Property Tax: \$54.5 million
 - Sales Tax: \$82.5 million
 - Transient Occupancy Tax (TOT): \$9.6 million
 - Other Taxes (Franchise Fees): \$6.6 million
 - Cannabis Tax (Measure Q): \$3.1 million
 - Motor Vehicle In-Lieu Tax: \$0.1 million
- The above estimate is \$142 million or 47.6% below the Appropriations Limit.



“THE ART OF COLLABORATION”

Achieve Long-Term Fiscal Sustainability



FUND BALANCE IN THE GENERAL FUND

(IN THOUSANDS)

Fund Balance Category	FY 20/21 Audited	FY 21/22 Audited	FY 22/23 Projected	Difference
Committed				
Declared Disaster	\$14,125	\$14,125	\$14,125	-
Self Insurance	2,000	2,000	2,000	-
Economic Reserves	9,000	9,000	9,000	-
Assigned				
Compensated Absences	5,920	5,584	5,584	-
Police Retirement 1% Supplemental Plan	2,275	1,885	1,885	-
Workers' Compensation	-	1,000	2,000	1,000
Facilities Reserve	-	2,000	2,000	-
Strategic Plan Projects	-	2,000	2,000	-
Restricted				
Pension and OPEB	1,778	3,061	4,561	1,500
Non-Spendable	965	604	604	-
Unassigned	17,429	16,517	18,017	1,500
TOTAL	\$53,492	\$57,776	\$61,776	\$4,000

FY 2022-23 YEAR-END OUTLOOK

- FY 2022-23 General Fund estimates \$4.0 million in year end savings;
- Allocates \$1.5 million in year end savings towards the Section 115 Trust pension liability;
- Staff recommends depositing an additional \$1.0 million into the Workers' Compensation designated Fund Balance category to fully fund one Self Insurance Retention (SIR) claim;
- Request forthcoming to transfer \$700k to \$3.0 million to the Housing Authority Fund for the visioning and rezoning work for the Sixth Cycle General Plan Housing Element Program Implementation from available year-end savings, if any; and
- Request to cover the prior years' shortfall of an estimated \$282,000 in the Arts and Culture Master Plan.

FY 2023-24 Budget Calendar

FY 2023-24 Proposed CIP Budget Study Session	City Council	April 11, 2023
FY 2023-24 Proposed CIP Budget Study Session	Finance and Pension Advisory Committee	April 12, 2023
FY 2023-24 Proposed Budget Study Session	City Council	May 9, 2023
FY 2023-24 Proposed Budget and CIP Review	Finance and Pension Advisory Committee	May 10, 2023
FY 2023-24 Proposed CIP Budget Review	Parks and Community Services Commission	May 11, 2023
FY 2023-24 Proposed CIP Budget Review	Planning Commission	May 22, 2023
FY 2023-24 Proposed Operating & CIP Budget Public Hearing	City Council	June 6, 2023
FY 2023-24 Proposed Operating & CIP Budget Study Session #2, if needed	City Council	June 13, 2023
FY 2023-24 Proposed Budget Adoption, if needed	City Council	June 20, 2023



“THE ART OF COLLABORATION”

QUESTIONS



City of COSTA MESA

User and Regulatory Fee Schedule

City Council | June 6, 2023

MEETING AGENDA

- Background
- Recommendations
- Fiscal Impact
- Procedures for Adoption



Background

BACKGROUND

- Cities collect fees and charges for government services performed at the request of, or specifically for, a particular individual, business, or group... as opposed to services performed for the community as a whole
- Many cities maintain a listing of fees in a consolidated schedule, often referred to as a Master Fee Schedule

BACKGROUND

- In 2008, the City adopted a consolidated schedule of user and regulatory fees.
- However, over time the City has made periodic updates to fees, but the City's various fee schedules are no longer maintained in a consolidated format.
- Staff recommends resuming use of a Master Fee Schedule for improved transparency and ease of reference.

RECOMMENDATION – CONSOLIDATED FEE SCHEDULE

- A Master Fee Schedule provides:
 - More Effective Communication With the Public
 - More Consistent Ongoing Review of Fees (some fees have not been adjusted in more than a decade)
 - Transparency with a Single Repository for Current Fees
- The primary action outlined in the resolution is simply consolidating the City's various existing fees into one consolidated document

ANNUAL ADJUSTMENT OF FEES

- In 2018, the City Council authorized the annual adjustment of building fees to align to the change in a regional consumer price index (CPI).
 - Existing adjustment is based on “May to May” annual CPI change.
 - Staff recommends using “Prior Calendar Year Annual Change” instead of “May to May” change. This will allow staff additional time to process updates and provide enhanced information for developing budgetary forecasts.

ANNUAL ADJUSTMENT OF FEES

- Additionally, City Council may recommend to adjust other fees by the change in regional CPI.
 - Potential fees eligible for Annual Adjustment are marked as “Y” (Yes) in the fee schedule. This list was reviewed by FiPAC.
 - Typically, development related fees such as entitlement review, land development engineering, and construction review and permitting.
 - Fees NOT proposed for adjustment are marked as “N” (No) in the fee schedule.
 - Primarily Recreation and Facility Rental Fees
 - Fees limited by State Law

COMPREHENSIVE FEE STUDY

- It is best practice to perform a full cost of service study approximately every three to five years, therefore, staff anticipates to resume this practice starting in the upcoming fiscal year

FISCAL IMPACT

- Fiscal Impact will be determined based on City Council direction
 - Consolidation of Fee Schedule: \$0 (No fiscal impact)
 - Adjustment of Certain Fees by CPI but no greater than 5%: \$200,000
- The revenue is not intended to be used to fund new services, rather to offset the costs of providing existing services that are legally recoverable from fees.

RECOMMENDED ACTION

- Approve consolidated schedule of fees
- Determine whether to modify timing of inflationary adjustments to previous calendar years (i.e. December to December)
- Determine whether to apply inflationary adjustments to eligible fees considered by FiPAC



Questions or Feedback

Business Improvement Area Reauthorization and Levy Annual Assessment

June 6, 2023



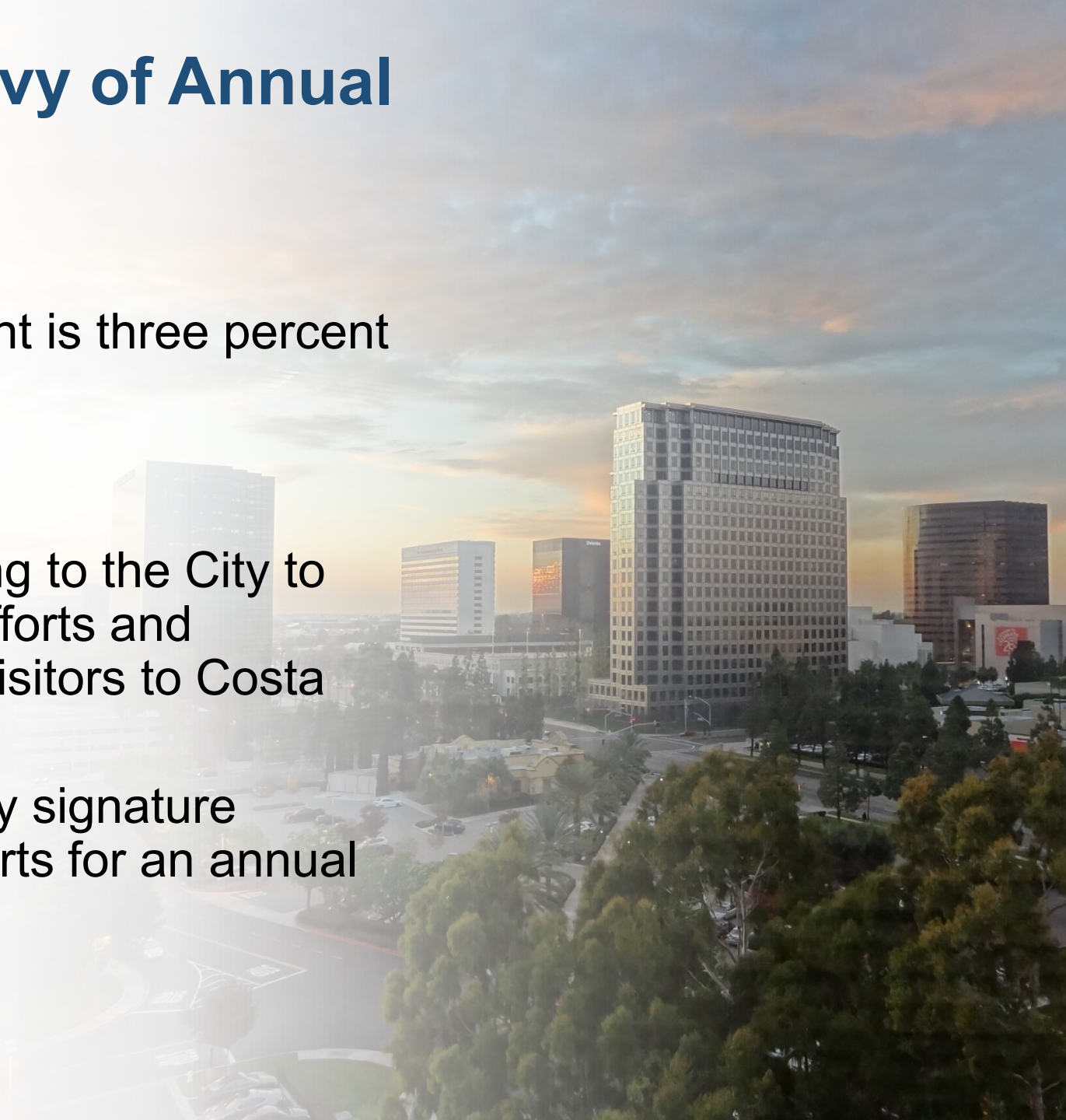
Background

- State law mandates (Streets and Highways Code § 36533) specific procedures to be followed in the establishment of a business improvement area and the levying of a voluntary annual assessment.
- **May 5, 2023:** City Council adopted Resolution No. 2023-19, declaring the intention to levy an annual assessment for FY 2023-2024 and set a Public Hearing on June 6, 2023, City Council meeting.
- City levies a three percent (3%) special assessment on the eleven (11) participating hotels.



BIA Reauthorization and Levy of Annual Assessment

- Participation in the BIA is voluntary.
- FY 2023-24, the proposed levy amount is three percent (3%)
 - TCM receives 99%
 - City receives 1%
- Since 2014, TCM has provided funding to the City to support community-wide marketing efforts and community events that attract many visitors to Costa Mesa.
- Reinstatement of TCM funding for City signature community events and marketing efforts for an annual total of \$164,000 for FY 2023-24.





Recommendations

Staff recommends the City Council:

1. Conduct a public hearing regarding the Business Improvement Area (BIA) reauthorization and levy of the annual assessment for Fiscal Year 2023-2024.
2. Adopt Resolution 2023-xx, confirming the annual report filed by Travel Costa Mesa and levying an annual assessment for Fiscal Year 2023-24 for the Business Improvement Area covering certain Costa Mesa hotels and motels.

