

---

# FY 2023-2024 MID-YEAR PRESENTATION

---

City Council Study Session  
March 12, 2024



# OVERVIEW

- FY 2023-24 General Fund Adopted Budget
- FY 2023-24 Proposed Mid-Year Adjustments
- Capital Improvement Program (CIP) Update
- Status of General Fund Reserves
- FY 2024-25 Budget Calendar

# FISCAL YEAR 2023-24 GENERAL FUND BUDGET OVERVIEW



# CURRENT YEAR FY 2023-24 HIGHLIGHTS

- City Council approved the All Funds FY 2023-24 budget of \$234.0 million on June 2023, with a General Fund Budget of \$180.3 million;
- Structurally balanced budget with no use of General Fund Reserves or ARPA Funds;
- Dedicated 52% of the General Fund to public safety;
- Fully funded year 4 of the Information Technology Strategic Plan (ITSP);
- Continue to maintain a strong credit rating; and
- Prefunded CalPERS Unfunded Accrued Liability (UAL), saving the General Fund approximately \$900,000



# FY 2023-2024 GENERAL FUND EXPENDITURES (IN MILLIONS)

Category	Adopted FY 23/24	Projected FY 23/24	Over / (Under)
Salaries & Benefits	123.9	121.2	(2.7)
Operating	46.5	50.7	4.2
<b>Subtotal</b>	<b>170.4</b>	<b>171.9</b>	<b>1.5</b>
<b>Transfers Out:</b>			
Capital Improvement	6.8	6.8	-
IT Replacement	3.1	3.1	-
<b>Total Expenditures</b>	<b>180.3</b>	<b>181.8</b>	<b>1.5</b>
<b>Total Revenues</b>	<b>180.3</b>	<b>181.9</b>	<b>1.6</b>

# FY 2023-24 GENERAL FUND REVENUES (IN MILLIONS)

Category	Adopted FY 23/24	Projected FY 23/24	Difference
Property Taxes	54.5	55.3	0.8
Sales Tax	82.5	81.9	(0.6)
TOT (hotel tax)	9.5	9.9	0.4
Cannabis Tax	3.0	2.6	(0.4)
Other Revenues	30.8	32.2	1.4
<b>Subtotal</b>	<b>180.3</b>	<b>181.9</b>	<b>1.6</b>
Use of Reserves/ARPA	-	-	-
<b>Total Funding Sources</b>	<b>180.3</b>	<b>181.9</b>	<b>1.6</b>

# CITY COUNCIL GOALS AND PRIORITIES



# THREE YEAR STRATEGIC PLAN GOALS

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





# Strengthen Public Safety



# PUBLIC SAFETY

- Convert 0.75 part-time to 1.00 full-time Property & Evidence Specialist will assist the Bureau in meeting the increased demands and workload including maintaining the property warehouse, booking and purging property and evidence.
- Convert two part-time positions comprised of 0.48 Sr. Community Services Leader and 0.25 Office Specialist II to 1.00 full-time Permit Processing Specialist to assist in processing animal licensing and provide administrative support to the Animal Services Bureau.
- Conduct an organizational assessment of staffing and reporting structure for Public Safety Dispatch Center (9-1-1).
- Consider evaluating a hiring incentive for public safety dispatch and lateral Police Officer transfers.

Description	Net FTE	Current Year Prorated Impact	Annual Impact
Convert 0.75 part-time to 1.0 full-time Property & Evidence Specialist	0.25	7,224	28,897
Convert 0.48 part-time Sr. Community Services Leader and 0.25 part-time Office Specialist II to 1.0 full-time Permit Processing Specialist	0.27	5,963	28,850
<b>TOTAL</b>	<b>0.52</b>	<b>13,187</b>	<b>57,747</b>



# Achieve Long-Term Fiscal Sustainability



# ACHIEVE LONG-TERM FISCAL SUSTAINABILITY

- Realign the Finance Department Supervisors to Finance Officers to implement succession planning, address compaction issues and internal alignment.
- The officer classification is a more aligned with other full-service cities.

# ACHIEVEMENTS

- Ended last fiscal year with a \$6 million surplus and \$4 million surplus the year prior;
- Strategically utilized ARPA to offset the fiscal impact of the pandemic, including small business grants, rental assistance, project Room Key;
- Provided an ongoing revenue stream for the Equipment Replacement Fund;
- Dedicated 1.5 percent to the I.T. Replacement Fund to address replacement of aging technological software and equipment;
- Exceeded the City Council Reserve Fund Balance Policy of \$55 million;
- Utilized the low interest rate environment to secure a master lease agreement for the purchase of four ambulances, two fire apparatuses, police mobile command unit, and police armored vehicle for an average rate of 2.2 percent; and,
- Secured \$14.5 million in multiple grant funds (State Senator Dave Min, Assemblywoman Cottie Petrie-Norris, and County Supervisor Katrina Foley).



# Diversify, Stabilize and Increase Housing to Reflect Community Needs



# DEVELOPMENT SERVICES

- Request 1.0 Planning and Sustainable Development Manager to lead and administer the numerous long range planning programs including implementation of Measure K and the Housing Element in order to achieve State Housing Element certification.
- Request 1.0 full-time Building Technician: The additional staff will assist in providing and processing information through new automated permit system (TESSA) for property owners, developers, contractors, architects, and others.

Description	Current Year		
	Net FTE	Prorated Impact	Annual Impact
Request 1.0 full time Planning & Sustainable Development Manager	1.00	42,817	171,267
Request 1.0 full time Building Technician	1.00	26,739	106,956
<b>TOTAL</b>	<b>2.00</b>	<b>69,556</b>	<b>278,223</b>



# Recruit and Retain High Quality Staff





# RECRUIT AND RETAIN HIGH QUALITY STAFF

- Potential implementation of a college/graduate internship program to create a pipeline for future government employees (net neutral).
- Negotiations in process for CMFMA to be followed by CMDMA, Confidential Management Unit, Executive Team and the City Council.



# Improve Quality of Life

## Parks and Community Services Department and CIP Update



# PARKS AND COMMUNITY SERVICES

- Convert 0.25 part-time Community Services Leader to 1.0 full-time Recreation Specialist
- Recreation Specialist Position will assist with support in park restoration projects and public education programs. The large amount of grant funded projects for Fairview Park will require additional assistance to complete while continuing to provide regular park programming.

Description	Net FTE	Current Year Prorated Impact	Annual Impact
Convert 0.25 part-time Community Services Leader to 1.00 full-time Recreation Specialist	0.75	20,152	80,606

# CIP PROJECTS OVERVIEW



By definition a **multi-year program**



Projects typically not completed in one year



Projects undergo several **distinct phases** over multiple years:

- Project identification/ idea is developed
- Design phase
- Bidding phase
- Contract selection and award
- Construction phase
- Project completion



# FY 2022-23

# Rollovers

- The number of active CIP projects vary throughout the year
- At the start of FY 2022-23 Fiscal Year, there were 102 active projects
- At the end of FY 2022-23 Fiscal Year, the total number of CIP projects were 91
- Total value of 91 projects for carryover - \$53.8 million



# MAJOR PROJECTS UNDERWAY/SCHEDULED

Major projects underway include:

- Fire Station No. 2 Reconstruction
- Fire Station 4 Training Tower
- Adams Avenue Rehabilitation
- Newport Boulevard Rehabilitation (Bristol Street to 19th Street)
- Westside Restoration Project
- Mesa Del Mar Circulation Improvements
- Fairview Road (Newport to Fair) Active Transportation Improvements
- TeWinkle Skate Park Expansion
- Police Department Range Remodel
- Adams Avenue at Pinecreek Drive Intersection Improvements
- TeWinkle Lakes Improvements
- City Hall Training Room
- Shalimar Park Improvements
- Ketchum-Libolt Park Expansion
- Brentwood Park Improvements
- Costa Mesa Country Club
- Costa Mesa Tennis Center

FY 2022-23

# Highlights of CIP Rollovers

In millions

Project	Amount
Lions Park Café	\$1.1
Fire Station #4 Training Tower	5.0
Ketchum-Libolt Park Expansion	1.3
Bus Shelters	0.3
Housing Element and Visioning Plan	2.4
Police Range	1.1
Fire Station #2 Reconstruction	2.1
Golf Course and Tennis Center	1.2
Adams Ave Improvement & Active Transportation	3.5
Sunflower Avenue Rehabilitation	2.6
Shalimar Park Expansion	1.0
<b>Total</b>	<b>\$21.6</b>

# General Fund Balances





# FUND BALANCE IN GENERAL FUND

## (IN THOUSANDS)

Fund Balance Category	FY 20/21 Audited	FY 21/22 Audited	FY 22/23 Audited	FY 23/24 Projected
<b>Committed</b>				
Declared Disaster	\$14,125	\$14,125	\$14,125	\$14,125
Self Insurance	2,000	2,000	2,000	2,000
Economic Reserves	9,000	9,000	9,000	9,000
<b>Assigned</b>				
Compensated Absences	5,920	5,584	6,209	6,209
Police Retirement 1% Supplemental Plan	2,275	1,885	1,737	1,737
Workers' Compensation	-	1,000	2,000	2,000
Facilities Reserve	-	2,000	2,000	2,000
Strategic Plan Projects	-	2,000	2,000	2,000
<b>Restricted</b>				
Pension and OPEB	1,778	3,061	3,178	3,178
<b>Non-Spendable</b>	965	604	460	460
<b>Unassigned</b>	17,429	16,517	16,328	16,328
<b>TOTAL</b>	<b>\$53,492</b>	<b>\$57,776</b>	<b>\$59,037</b>	<b>\$59,037</b>

# FY 2024-25 Budget Calendar

FY 2024-25 Proposed CIP Budget Study Session	City Council	April 2024
FY 2024-25 Proposed CIP Budget Review	Finance and Pension Advisory Committee	April/May, 2024
FY 2024-25 Proposed Operating Budget	Finance and Pension Advisory Committee	May 8, 2024
FY 2024-25 Proposed CIP Budget Review	Parks, Arts and Community Services Commission	May 9, 2024
FY 2024-25 Proposed CIP Budget Review	Planning Commission	May 13, 2024
FY 2024-25 Proposed Budget Study Session	City Council	May 14, 2024
FY 2024-25 Proposed Operating and CIP Budget Public Hearing	City Council	June 04, 2024
FY 2024-25 Proposed Operating & CIP Budget Special Meeting/ Study Session #2 (if necessary)	City Council	June 11, 2024
FY 2024-25 Proposed Budget Adoption (if necessary)	City Council	June 18, 2024