

FY 2022-23 PROPOSED BUDGET OVERVIEW

Study Session
May 10, 2022



Paving A Brighter Future Together



FY 2022-23 PROPOSED BUDGET OVERVIEW

- FY 2022-23 Proposed Budget Highlights
- FY 2022-23 Revenue Highlights
- FY 2022-23 Expenditures Overview
- Status of General Fund Reserves
- Budget Calendar

GUIDING PRINCIPLES

FY 2022-23 Proposed Budget was inspired by the five Strategic Plan Goals:

- Recruit and retain high quality staff
- Achieve long-term fiscal sustainability
- Strengthen public safety and keep the community safe
- Advance environmental sustainability and climate resiliency
- Diversify, stabilize, and increase housing to reflect community needs

FY 2022-23

Proposed Operating and Capital Improvement Budget Overview





ALL FUNDS OVERVIEW

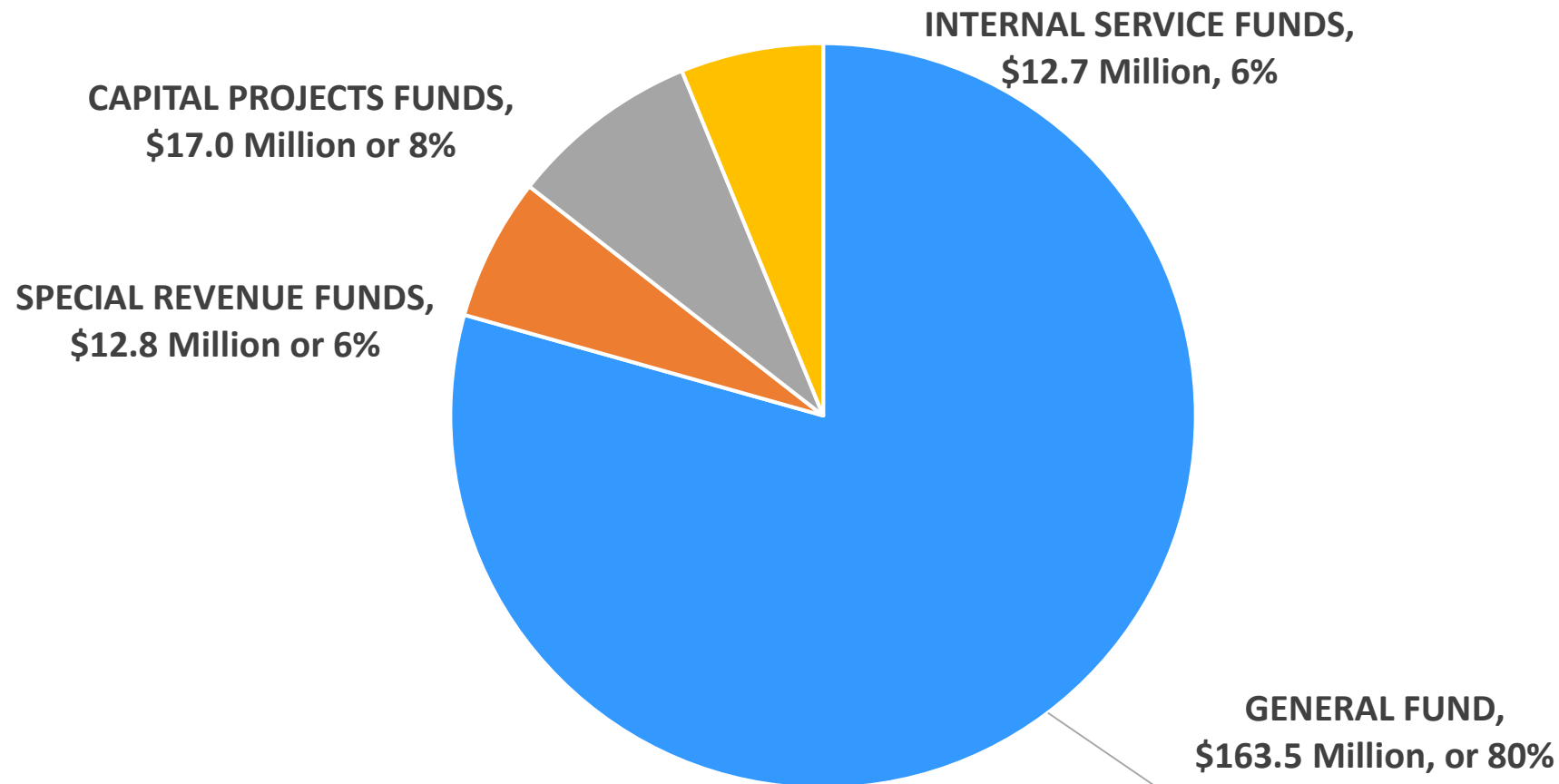


Paving a Brighter Future Together conveys

The theme of this Fiscal Year 2022-23 Proposed Budget is “Paving a Brighter Future Together” through the following:

- Fully balanced General Fund budget without the use of American Rescue Plan funds or Reserves;
- Strengthening the City’s commitment to public safety by dedicating 53% of the General Fund resources;
- Investing into the City’s parks, streets, active transportation network, facilities, and other infrastructure;
- Correcting the historical deficit in the City’s Equipment Replacement Fund ensuring our public safety, public services, and other teams’ have equipment to serve the community;
- Investing \$2.5 in our City’s technology to better serve our residents, businesses, and visitors.

FISCAL YEAR 2022/23 ALL FUNDS \$206.0 MILLION



FISCAL YEAR 2022-23 ALL FUNDS \$206.0 MILLION

Appropriations All Funds	Adopted FY 2021-22	Proposed FY 2022-23	Increase/Decrease Amount	Percent
Operating Budget	163,522,932	170,095,673	6,572,741	4.0%
Transfers Out	9,841,585	10,627,990	786,405	8.0%
Capital Budget	24,566,362	25,312,023	745,661	3.0%
Total	\$197,930,879	\$206,035,686	\$8,104,807	4.1%

FY 2022-23

**Proposed Capital
Improvement Program
Budget Recap**





CONTEXTUAL BACKGROUND

- The FY 2022/23 CIP Budget is both comprehensive and robust.
 - The Proposed FY 2022/23 CIP meets the 5% Capital Asset Needs (CAN) ordinance requirement of \$7M
- Projects were identified based on:
 - City Council Priorities as identified in Goals and Objectives
 - Commissions, committee and community feedback
 - Department requests
 - Infrastructure and facility needs



FUNDING SOURCES

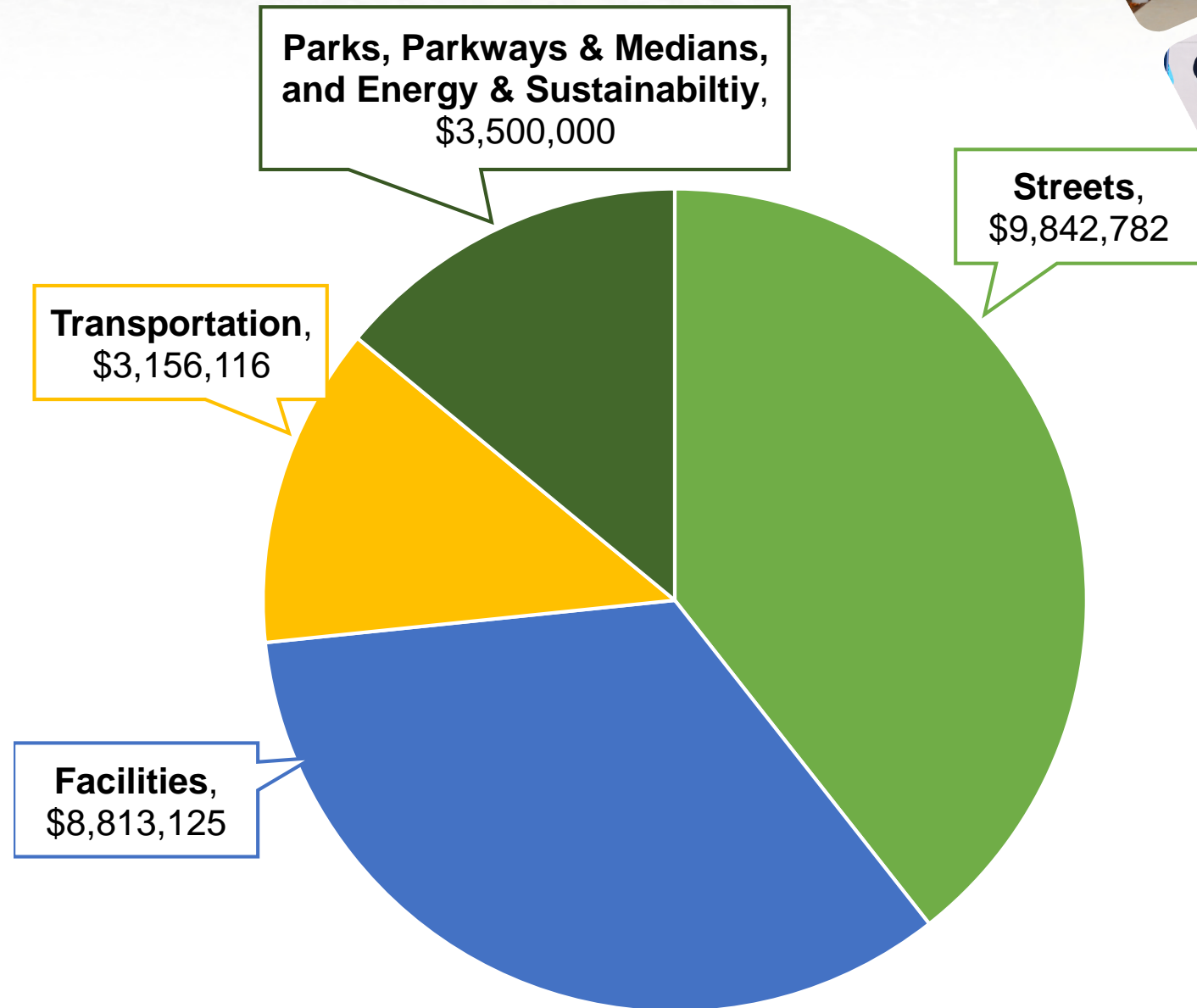
Primary funding sources for CIP include:

Capital Improvement Fund (GF)	\$11,332,000
Gas Tax (HUTA)	\$2,982,000
Gas Tax (RMRA)	\$2,570,782
Measure M2 Competitive and Fairshare	\$3,160,000
Traffic Impact Fees	\$1,200,000
Golf Course Improvement Fund	\$350,000
Drainage Fees	\$30,000
CDBG	\$600,000
AQMD	\$195,000
Grant Funds	\$2,892,241
TOTAL	\$25,312,023



IMPROVEMENT AREAS

- FY 2022/23 CIP projects are Citywide
- The projects address needs from all departments and span a variety of improvement areas



EQUIPMENT REPLACEMENT FUND

A Brighter Future with a Greener Fleet

Adds ongoing funding of \$2.8M to support the replacement and maintenance of the City's fleet for a total of \$5.5M. Below are highlights of proposed items:

- Replaces a 1985 Armored Vehicle for a new BearCat G2 Armored Vehicle for Police Field Operations (\$350,000) via the City's Master Lease;
- Replacement of ambulances and a Silverado Trail Boss for Fire and Rescue;
- The City is aggressively shifting its extensive fleet to hybrid and electric options as available;
- \$572K for nine new hybrid vehicles and \$180K for four electric vehicles;
- Also installing two EV charging stations at the corporation yard.

INFORMATION TECHNOLOGY REPLACEMENT FUND

Fully funds Year 3 of the Information Technology Strategic Plan (ITSP) for \$2.5 million, including:

- Adds 1.0 Senior Programmer Analyst;
- Adds 1.0 Programmer Analyst II;
- Funds the Budget and Human Resources Modules for the upcoming Enterprise Resources Planning (ERP);
- Enterprise GIS Master Plan;
- Print Management Services; and
- Police Department telephone system upgrade to Voice Over Internet Protocols (VOIP).

ARTS AND CULTURE MASTER PLAN

(Special Revenue Fund)

Allocates ½ percent of the 7% Cannabis Retail and Delivery Tax (Measure Q) funding for **Year Two** of the goals and objective of the Arts and Culture Master Plan for \$221,000:

- Continues funding for new full-time Art Specialist position;
- Art Crawl;
- Costa Mesa Free at Segerstrom Center Campus;
- Summer Camp for the Arts;
- Large scale temporary art;
- Asserts “City of the Arts” brand.

FIRST-TIME HOMEBUYER PROGRAM

(Special Revenue Fund)

Allocates ½ percent of the 7% Cannabis Retail and Delivery Tax (Measure Q) to fund first-time qualified lower income homebuyers for:

- City residents, and
- Newport Mesa Unified School District graduates.

FY 2022-23

Proposed General Fund Budget Overview

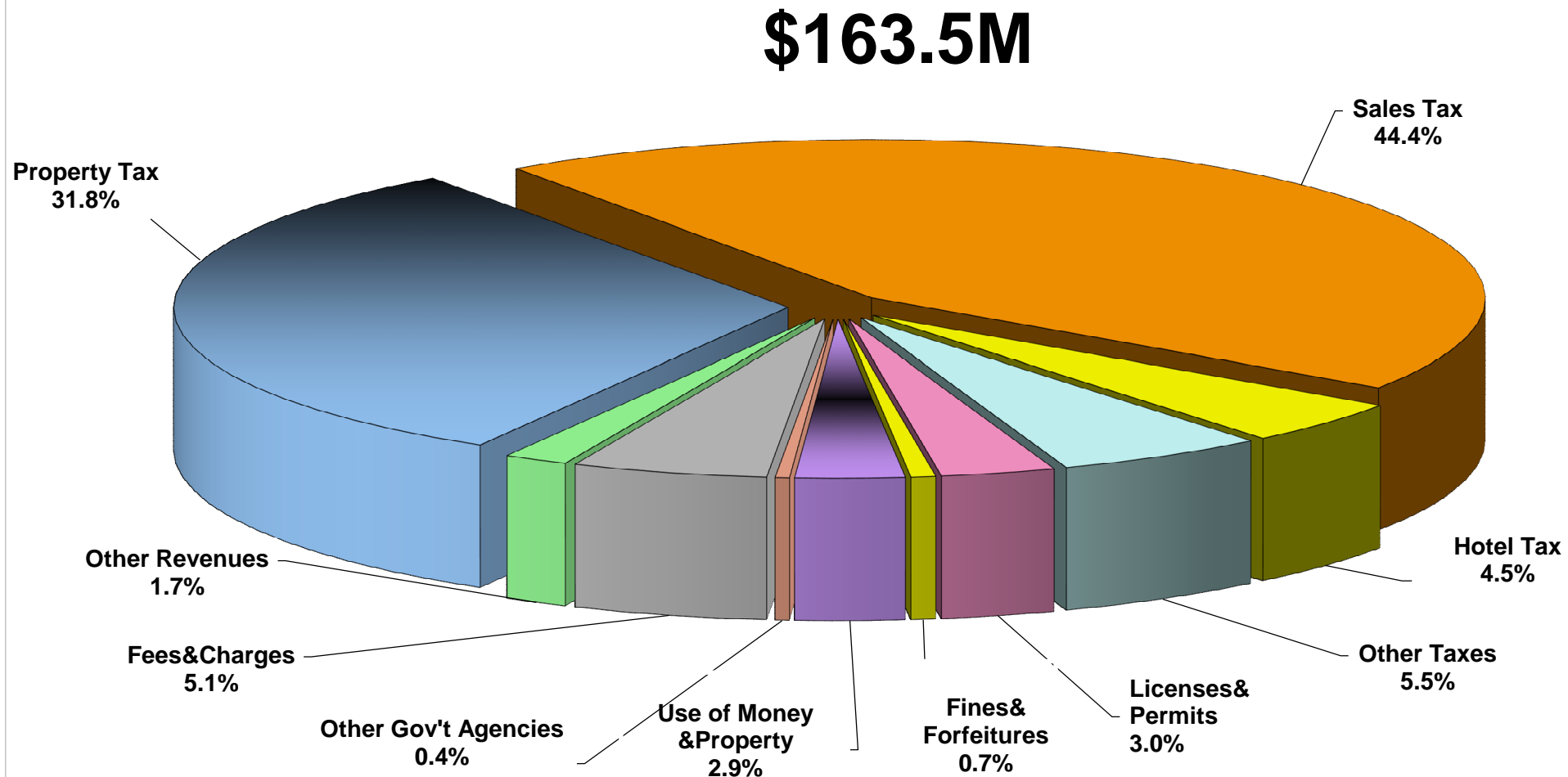


General Fund Overview



Category	Actual FY 18/19	Actual FY 19/20	Actual FY 20/21	Adopted FY 21/22	Projected FY 21/22	Adopted vs. Proposed		
						Proposed FY 22/23	Increase/(Decrease) Amount	Percent
Estimated Revenues	144.9	136.5	141.1	144.6	156.3	163.5	18.9	13.1%
Transfers In	-	1.2	9.2	6.6	-	-	(6.6)	-100%
Use of Fund Balance	-	-	-	3.2	-	-	(3.2)	-100%
Total Sources of Funds	144.9	137.7	150.3	154.4	156.3	163.5	9.1	5.9%
Operating Budget	127.5	132	123.5	145.4	144.5	152.9	7.5	5.2%
Transfers Out	20.0	5.4	26.7	9.0	9.0	10.6	1.6	17.8%
Total Expenditures	147.5	137.4	150.2	154.4	153.5	163.5	9.1	5.9%
Total Surplus/(Deficit)	(2.6)	0.3	0.1	-	2.8	-		

FISCAL YEAR 2022-23 PROPOSED GENERAL FUND REVENUE



GENERAL FUND REVENUE HIGHLIGHTS

General Fund revenue is \$163.5 million, reflecting an increase of \$9.1 million, or 5.9% from the FY 2021-22 Adopted Budget

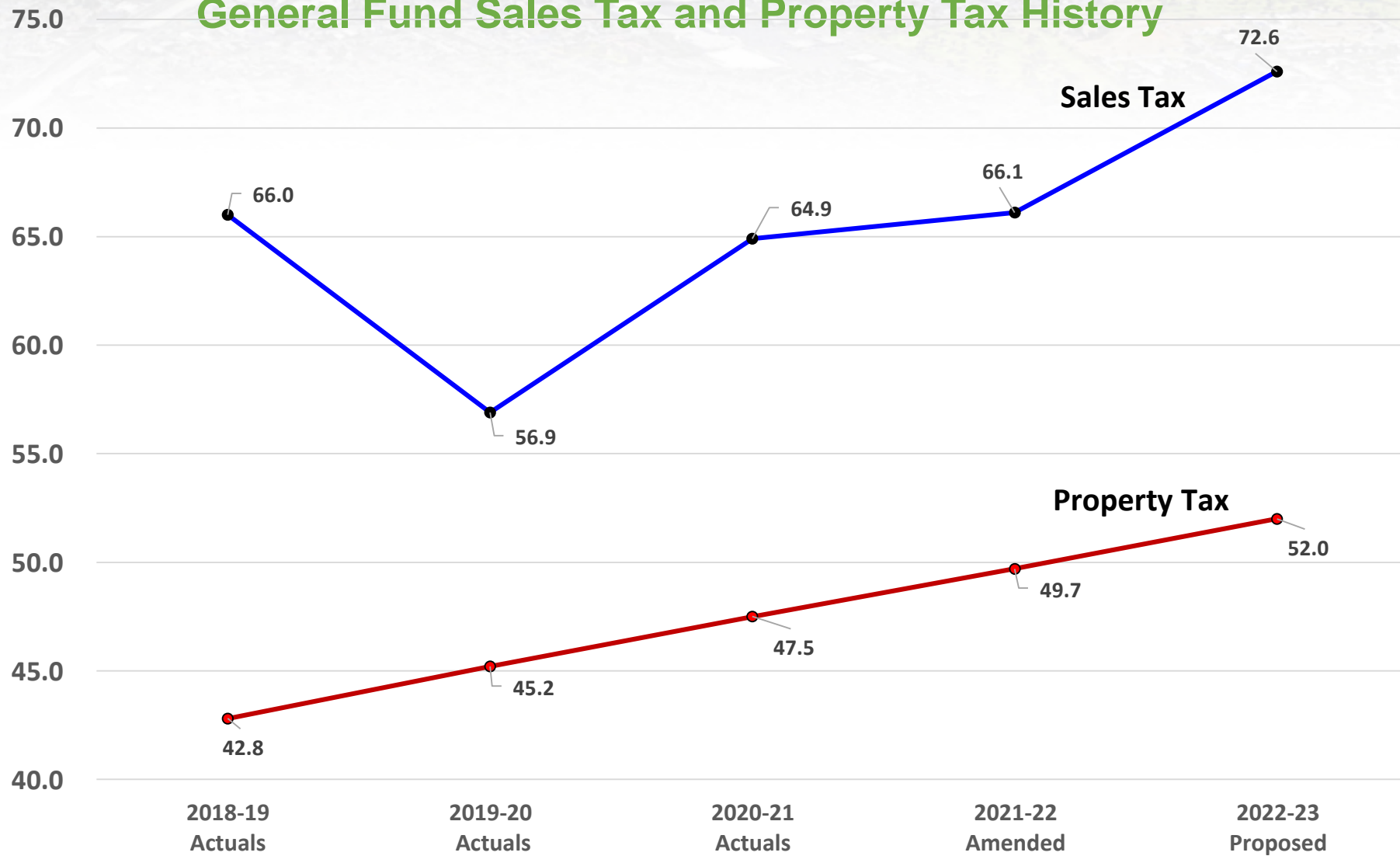
- Increase of Sales Tax from FY 2021-22 Adopted, estimated at \$72.6 million, an increase of 4.9%;
- Property Taxes are estimated at \$52.0 million, reflecting a 5% growth over the current fiscal year, due to a steady increase in assessed valuations and home sales;
- Fees and Charges are showing signs of recovery at \$8.4 million;
- Increase of Transient Occupancy Tax, estimated at \$7.4 million, a \$1.8 million increase from the current year's adopted budget of \$5.6 million; and
- Projected Measure Q Cannabis Tax receipts of \$2.5 million, an increase of \$500K

FY 2022-23

Proposed General Fund Revenue Overview



General Fund Sales Tax and Property Tax History





FY 2022-23

PROPOSED GENERAL FUND EXPENDITURES



FY 2022-23 PROPOSED GENERAL FUND OVERVIEW

- Fully balanced budget with no use of General Fund Reserves;
- No use of American Rescue Plan (ARPA) funds;
- Funds a net of 11.95 positions to achieve Strategic Plan goals, of which 6.5 were previously approved at mid-year in March of 2022;
- To further address critical public safety, environmental, planning, and technology needs, an additional 5.5 positions are proposed; only 0.65 FTE will be funded from the General Fund;
- Fixed costs increases, such as PERS and election costs;
- A total of \$5.4 million towards capital spending, and a \$2.8 million debt service payment for the Lions Park bonds, for a total of \$8.2 million to comply with the Capital Asset Needs (CAN) Ordinance;
- Continuation of the \$4.0M vacancy factor (negative appropriation) adopted in FY 2019-20 General Fund Budget.

PAVING A BRIGHTER FUTURE TOGETHER

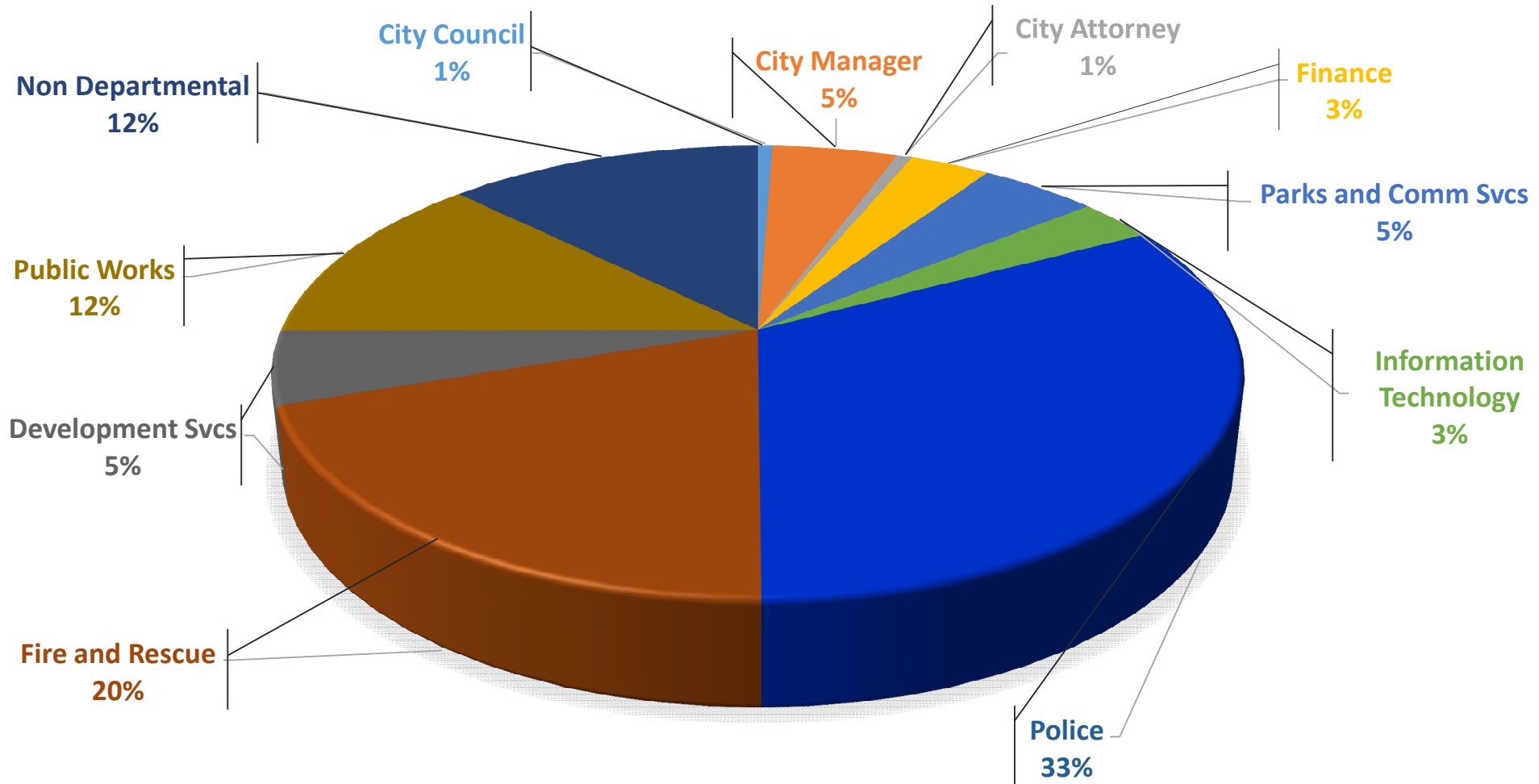
BY

STRENGTHEN PUBLIC SAFETY
&
KEEP THE
COMMUNITY SAFE



Strengthen the Public's Safety

Public Safety Represents 53% of General Fund



PUBLIC SAFETY

Police Department:

- Highest Level of Police sworn staffing since the Great Recession
- Increases sworn staffing levels to 140 positions, including:
 - An additional Police Officer position funded by the County Auto Theft Task Force;
 - Funds Police Sergeant added at mid-year.
- Other annualized staffing enhancements approved at mid-year:
 - Upgrade Emergency Services Administrator to Emergency Services Manager;
 - Upgrade Records Administrator to Property & Evidence Manager;
 - Reassign Police Lieutenant to Sworn activities;
 - Convert a part-time Crime Scene Specialist to full-time; and
 - Convert two part-time Records Technician to one full-time Community Services Specialist.

PUBLIC SAFETY

Police Department:

- Increases budget by \$134,500 for uniforms, janitorial, and contractual services
- Proposed CIP (\$1.5 million):
 - Emergency Communications Facility remodel;
 - Parking lot reconfiguration;
 - Range remodel; and
 - PD headquarters structural foundation repair.

PUBLIC SAFETY

Fire and Rescue Department

- Annualizes funding for the new Emergency Medical Services (EMS)
Fire Captain added at mid-year
- Includes funding for the new 9-1-1 Telecommunications Manager
added at mid-year shared with the Police Department
- New and Improved CIP: Repairs, upgrades, reconstruction at
multiple Fire Stations for \$5.3 million:
 - Fire Station 2 – Design and Construction
 - Fire Station 4 – Training Tower and Grounds Reconstruction
 - Fire Station 6 – Roof Replacement

PAVING A BRIGHTER FUTURE TOGETHER

*Advance
environmental
sustainability and
climate resiliency*



PROMOTING A VIBRANT COMMUNITY

Parks and Community Services

- Increased funding for the Recreation on Campus for Kids (R.O.C.K.S) program that focuses on educational activities, youth sports, recreation, and arts and crafts by \$250K;
- Proposed CIP (\$2.6 million):
 - Ketchum-Libolt Park expansion;
 - Shalimar Park expansion;
 - Two additional butterfly gardens;
 - Brentwood Park improvements;
 - Park repairs upgrades.

ADVANCE ENVIRONMENTAL SUSTAINABILITY AND CLIMATE RESILIENCY

PUBLIC WORKS

Energy and Sustainability:

- Adds new EV Charging Stations at the Corporate Yard for \$195k;
- Funds one new Associate Engineer paid for from non General Fund to address storm water quality
- Initiate a Climate Action and Adaptation Plan (CAAP) with community engagement;
- Commits funds for replacement of aged vehicles with greener options



PAVING A BRIGHTER FUTURE TOGETHER

Recruit and Retain
High Quality Staff

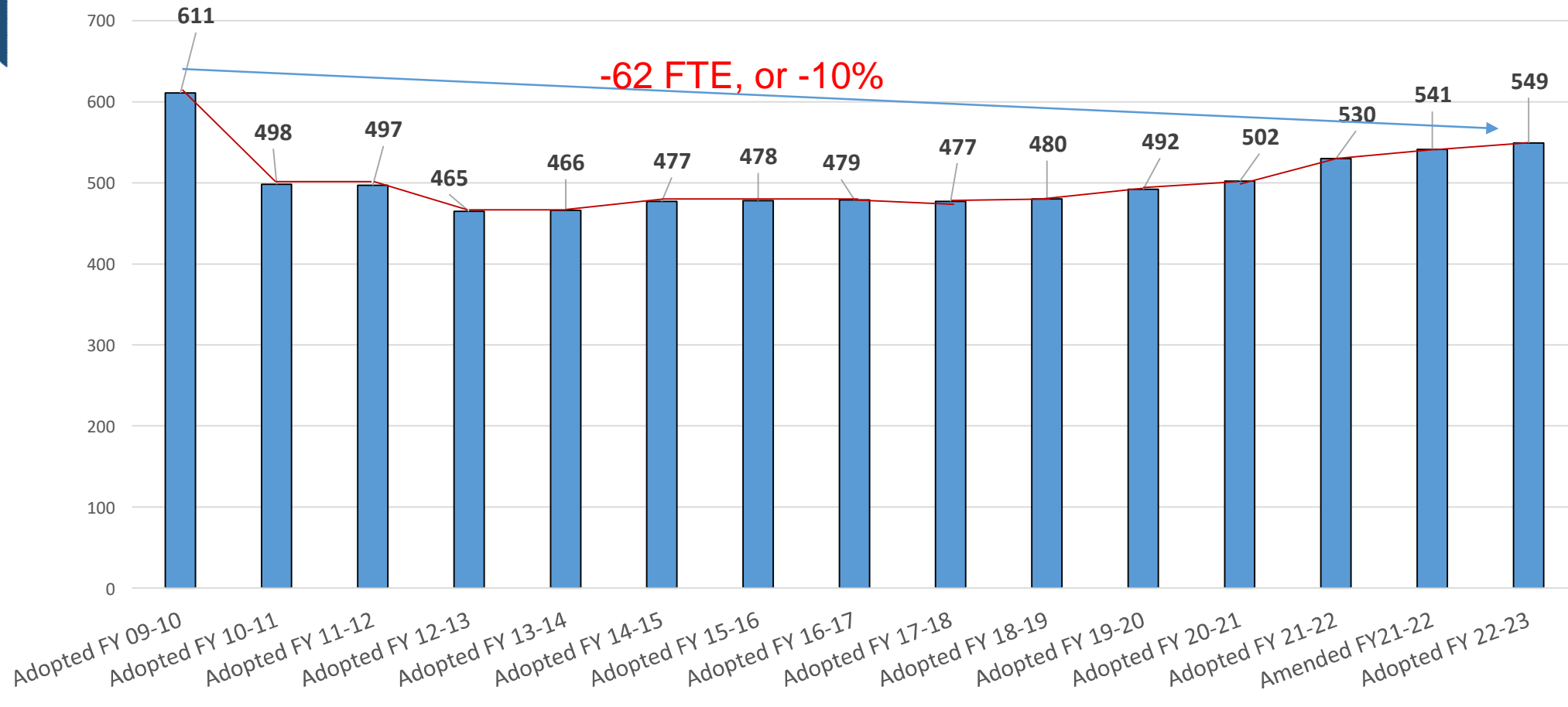


RECRUIT AND RETAIN HIGH QUALITY STAFF

- The proposed new positions include:
 - Police Officer (1) funded by the County Auto Theft Task Force,
 - Associate Engineer (1) funded by Special Revenue Funds,
 - Programmer Analyst (1) funded by the IT Replacement Fund,
 - Senior Programmer Analyst (1) funded by the IT Replacement Fund,
 - 0.5 FTE Office Specialist funded by the IT Replacement Fund; and
 - Conversion of part-time positions to full-time (one Office Specialist and two Storekeepers in the General Fund for a total increase of 0.65 FTE).

STAFFING LEVELS FROM FY 2009/10 TO FY 2022/23 PROPOSED

Table of Organization
(Full-time Employees)



PAVING A BRIGHTER FUTURE TOGETHER

Achieve Long-term Fiscal Sustainability



ACHIEVE LONG-TERM FISCAL SUSTAINABILITY

- Maximize the City's economic recovery through strategic investments in Citywide infrastructure, continually restoring staffing and service levels to pre pandemic levels;
- Restructuring to support organizational effectiveness and interdepartmental coordination;
- Development of digital service customer tools to enhance responsiveness and efficiencies;
- Provides full funding for Capital Fund and IT Replacement Fund;
- Implements ongoing funding for the Equipment Replacement Fund to replace the City's aging Fleet.

PAVING A BRIGHTER FUTURE TOGETHER

Non-Departmental Highlights

- Reduces General Fund year-over-year subsidy for the Homeless Outreach and Bridge Shelter Operations by \$500K with no reduction in services
- Includes annual debt service payments for Public Safety vehicles:
 - Fire Ladder Truck;
 - Fire Pumping Engine;
 - Mobile Command Unit; and
 - Proposed Police SWAT vehicle.
- Reduces Housing Authority subsidy by \$500K
- Reorganization of the Homeless Outreach and Bridge Shelter Operations from the Parks and Community Services Department;

General Fund Reserves Overview

Fund Balance Category	FY 2018/19 Audited	FY 2019/20 Audited	FY 2020/21 Audited	FY 2021/22 Estimate
Committed				
Declared Disasters	\$14,125	\$14,125	\$14,125	\$14,125
Self-Insurance	2,000	2,000	2,000	2,000
Economic Reserves	7,500	9,000	9,000	9,000
Assigned				
Compensated Absences	4,892	5,036	5,920	5,920
Police Retirement 1% Supplemental	2,297	2,365	2,275	2,275
Section 115 Trust	-	1,750	-	-
Restricted				
Pension and OPEB	-	-	1,778	1,778
Non-spendable	280	362	965	965
Unassigned	20,451	18,825	17,429	17,429
Total Fund Balance	\$51,545	\$53,463	\$53,492	\$53,492

FY 2022-23 Proposed Operating and Capital Improvement Budget Calendar

FY 2022-23 Proposed CIP Budget Study Session	City Council	April 26, 2022
FY 2022-23 Proposed CIP Budget Review	Planning Commission	May 9, 2022
FY 2022-23 Proposed Budget Study Session	City Council	May 10, 2022
FY 2022-23 Proposed Budget and CIP Review	Finance and Pension Advisory Committee	May 11, 2022
FY 2022-23 Proposed CIP Budget Review	Parks, Arts and Community Services Commission	May 26, 2022
FY 2022-23 Proposed Operating & CIP Budget Public Hearing	City Council	June 7, 2022
FY 2022-23 Proposed Operating & CIP Budget Special Meeting/Study Session #2, if necessary	City Council	June 14, 2022
FY 2022-23 Proposed Budget Adoption, if necessary	City Council	June 21, 2022



PROPOSED OPERATING & CAPITAL IMPROVEMENT BUDGET



CITY OF
THE
arts
FISCAL YEAR 2022-23

