



CITY OF COSTA MESA CITY MANAGER'S OFFICE

May 9, 2023

To the Honorable Mayor, Members of the City Council, and Citizens of Costa Mesa:

The Fiscal Year 2023-24 Proposed Budget includes collaboration efforts throughout all sectors, including public safety, parks, facilities, streets and housing for the City of Costa Mesa residents, businesses and visitors.

Guiding Principles

The guiding principles that inspired the recommendations for the FY 2023-24 Proposed Operating and Capital Improvement Budget were created when the City Council conducted a Strategic Planning workshop identifying key priorities, as well as the Mission Statement for Costa Mesa, as follows:

“The City of Costa Mesa serves our residents, businesses, and visitors by promoting a safe, inclusive, and vibrant community.”

The City Council adopted the FY 2021-2024 Three-Year Goals as outlined below:

- 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; and
- Advance Environmental Sustainability and Climate Resiliency.

The recommendations contained in the FY 2023-24 Proposed Budget are rooted in the Strategic Plan Goals created by the City Council for a safe, inclusive, and vibrant City.

The theme for the FY 2023-24 Proposed Budget, “**The Art of Collaboration,**” reflects the City Council's successful efforts in securing over \$14 million from the State and the County towards the enhancement of our City parks. This amount of funding allows us to achieve shared goals in addressing our most pressing needs and concerns. With support from State Senator Dave Min, Assemblywoman Cottie Petrie-Norris, and County Supervisor Katrina Foley, the City was able to allocate this historic funding to address neighborhood improvements.

The FY 2023-24 Proposed Budget underwent a thorough review and in-depth analysis of each budget request. Funding requests contained herein to ensure both short-and long-term fiscal sustainability while committing resources to achieve City Council's goals. Recommended budget adjustments contained in the Proposed Budget were prudently selected based on operational needs, the provision of essential core services to our

community and to more effectively implement the City Council's stated Goals and Priorities.

Overview of FY 2023-24 Proposed All Funds Budget

The FY 2023-24 Proposed Budget totals \$234 million in All Funds. This reflects an increase of \$27.9 million, or 14 percent, from the FY 2022-23 All Funds Adopted Budget of \$206.2 million.

Table 1

FY 2023-24 PROPOSED BUDGET – ALL FUNDS

Appropriations All Funds	Proposed FY 2023-24	Adopted FY 2022-23	Increase / Amount	Decrease Percent
Operating Budget	\$188,349,065	\$170,215,673	\$18,133,392	11%
Transfers Out	14,582,902	10,627,990	3,954,912	37%
Capital Budget	31,081,719	25,312,023	5,769,696	23%
Total	\$234,013,686	\$206,155,686	\$27,858,000	14%

The All Funds Budget for the City includes governmental, proprietary and internal service funds, including grants and other restricted funds designated for specific services and purposes provided by higher levels of government (i.e. Federal, State and County governments and agencies). Many of the City's special and restricted funds receive ongoing revenue streams, while some are one-time competitive grants and require careful monitoring and record-keeping.

In some instances, a fund can have available fund balances that have accumulated over time and are expended as the need arises and/or to complete specific projects within assigned timeframes. As such, the All Funds Budget contains many funds that are separate entities with specific accounting and reporting requirements as per government regulations and in some cases, statutes.

The City's General Fund is not restricted and can be used to provide a broad array of public services and is comprised of multiple revenue sources including taxes (such as property, sales and hotel taxes, among others), user fees, fines, facility rentals, and development related fees, to name a few.

Operating Budget

The proposed increase of \$18.1 million, or 11 percent, for a total of \$188.3 million in the Operating Budget's portion of the FY 2023-24 All Funds Budget is primarily attributed to address the City Council's goal to Recruit and Retain High Quality Staff, by annualizing the compensation to align with current market levels. Additionally, the Proposed Budget includes a \$2.4 million increase in CalPERS retirement plan; a \$1.0 million debt service allocation for the future rehabilitation of two aging fire stations; a \$500,000 allocation for the Police Department security enhancements in the Asset Forfeiture special revenue

fund; a \$500,000 increase to adjust the Fire Department's overtime account; a \$250,000 additional allocation within the Self-Insurance Fund; and overall contractual increases.

Park Land Acquisition Fund

City Council discussed and staff incorporated a new fund, the Park Land Acquisition Fund, to initiate the funding for park acquisition, design, and construction. The Proposed Budget includes a transfer from the Capital Improvement Fund of \$384,576 into the new fund for seed money towards a Westside park acquisition.

Arts and Culture Master Plan

On November 3, 2020, voters approved the "City of Costa Mesa Retail Cannabis Tax and Regulation" Measure, also known as Measure Q, which allows cannabis retail storefront and delivery uses. City Council voted to adopt a seven (7) percent tax on cannabis retail businesses. Of this seven (7) percent, half of a percent was approved to fund the Arts and Culture Master Plan. As the City is still onboarding retail storefront and non-storefront Cannabis businesses, there is insufficient funding in the Arts and Culture Master Plan Fund at this time to support the items contained in the approved Master Plan for year three.

The FY 2023-24 Proposed Budget includes fully funding year three of the Arts and Culture Master Plan for \$353,996 of which \$132,900 was appropriated by utilizing FY 2022-23 year-end savings. A total of \$469,075 in FY 2022-23 has been allocated to fully fund year three of the Plan and eliminate the shortfall in years one and two due to insufficient revenues (\$66,848 for year one, \$214,898 in year two, and \$187,329 for year three). However, this transfer adjustment provides for a one-year bridge needed to cover the prior year's shortfall and fund FY 2023-24. Therefore, City staff recommends a new policy to help support the arts in the outyears. This new policy request 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 1/2 percent allocation.

Transfers Out

Transfers Out from All Funds total \$14.6 million, an increase of \$4 million, or 37 percent. Of that total, \$13.1 million are Transfers Out from the General Fund into three funds: \$6.8 million into the Capital Improvement Fund, \$3.1 million into the Information Technology Replacement Fund, and \$3.2 million into the Equipment Replacement Fund; and a \$384,576 transfer from the Capital Improvement Fund into the newly created Park Land Acquisition Fund.

The remaining \$1.1 million Transfer Out of the \$14.6 million is from the American Rescue Plan Fund, consisting of a transfer into the General Fund for \$868,898 as revenue replacement and into the Housing Authority Fund \$231,839 to support homeless prevention and supportive services.

Capital Asset Needs (CAN)

On March 3, 2020, the City Council updated the City's Financial and Budget Policies providing that the City allocates a minimum of five percent of General Fund revenues to fund capital expenditures and reallocating one and a half percent previously dedicated to the Capital Facilities Account to the City's Information Technology needs. The Proposed FY 2023-24 General Fund Budget includes \$6.8 million to fund investments to the City's infrastructure and capital assets, and to fund existing debt for the \$30 million Lions Park Capital Projects Bonds; and includes \$3.1 million to fund the City's Five-Year IT Strategic Plan.

Federal American Rescue Plan Act (ARPA) Funds

The American Rescue Plan Act (ARPA) of 2021 passed by the United States Congress and signed into law by President Joe Biden on March 11, 2021, is a \$1.9 trillion economic stimulus bill providing for a wide variety of funding efforts to offset the economic losses resulting from the worldwide pandemic, COVID-19.

The Proposed Budget includes a transfer of \$868,898 from the ARPA Fund to the General Fund from the second tranche of \$13.2 million. This transfer amount will be deposited into the Capital Improvement Fund and IT Replacement Fund to ensure compliance with the CAN. These monies were received as a result of the City's revenue loss due to the COVID-19 worldwide pandemic.

The FY 2023-24 Proposed Budget includes the use of the ARPA funds to supplement Community Development Block Grant (CDBG) funding in the amount of \$40,000 for Labor of Love, Meals on Wheels, and Families Forward; and \$300,000 for rental assistance. After this proposed transfer, the Fund will have a remaining unallocated balance of \$6.9 million.

Furthermore, during the pandemic, the City utilized the Disaster Fund to track expenditures in order to claim reimbursements from other agencies. At this time, the Disaster Fund has a projected negative fund balance of \$664,960. Expenditures were captured in the Disaster Fund in anticipation of reimbursements from Federal and State agencies in addition to ARPA and CARES Act funds. However, submitted claims have not been reimbursed by FEMA. However, the County has reimbursed the City for submitted claims related to vaccination PODS, distribution of vaccine, testing at various locations and motel vouchers resulting in \$0.7 million in refunds. With the anticipated positive results ending in FY 2022-23, the negative fund balance can be supported by the General Fund. If federal agencies reimburse the City, the intent is to refund the General Fund all receipts.

Capital Budget

The All Funds Capital Budget of \$31.1 million reflects the City's annual Capital Improvement Program (CIP) Budget that contains an increase of \$5.8 million. The Capital Budget includes \$14.4 million in grant funding from Senator Min, State Assemblywoman Petrie-Norris and County Supervisor Foley to invest in the City's parks, streets, active

transportation network, facilities and other infrastructure. The CIP Budget was presented at the April 11, 2023 Study Session and contained in the Proposed Budget.

The \$31.1 million consists of \$15.3 million in park improvement projects, \$6 million in street improvement projects, \$5.6 million in transportation projects, \$3.8 million in facilities improvement projects, and \$375,000 in parkway and median improvement projects.

FY 2023-24 Proposed General Fund Budget Overview

The Proposed FY 2023-24 General Fund expenditure budget is a balanced budget and totals \$180.3 million. This reflects an increase of \$16.7 million, or 10 percent, from the FY 2022-23 Adopted Budget of \$163.6 million. Table 2 is a summary of the FY 2023-24 General Fund Proposed Revenue and Expenditure Budget.

Table 2

FY 2023-24 GENERAL FUND PROPOSED BUDGET

	Proposed FY 2023-24	Adopted FY 2022-23	Increase / Decrease (Proposed/Adopted) Amount/Percent	
Estimated Revenues	\$179,458,144	\$163,627,538	\$15,860,606	10%
Transfers In	868,898		868,898	100%
Total Resources	\$180,327,042	\$163,627,538	\$16,699,504	10%
Operating Budget	\$167,229,453	\$152,999,548	\$14,229,905	9%
Transfers Out	13,097,589	10,627,990	2,469,599	23%
Total Appropriations	\$180,327,042	\$163,627,538	\$16,699,504	10%

General Fund Revenue Highlights

The FY 2023-24 Proposed Budget for Total General Fund Resources totals \$180.3 million, an \$16.7 million, or 10 percent increase from the FY 2022-23 Adopted Budget. Recurring General Fund Revenue is recovering favorably for the second year with several categories already back to or above pre-pandemic levels such as Sales and Use Tax, Licenses and Permits, Use of Money and Property, and Fees and Charges. The funds typically are used to cover public safety, parks and community services, development services, and other activities and programs known to residents. The Fiscal Year commencing July 1, 2023 budget will be balanced without the use General Fund reserves or the American Rescue Plan Fund.

Sales and Use Tax: Sales tax is the largest revenue category in Costa Mesa, and is estimated at \$82.5 million, or a 13 percent increase, over the FY 2022-23 Amended Budget; and \$9.8 million over the FY 2022-23 Adopted Budget. Strong job numbers and low unemployment rates allowed consumption spending to remain solid in FY 2022-23.

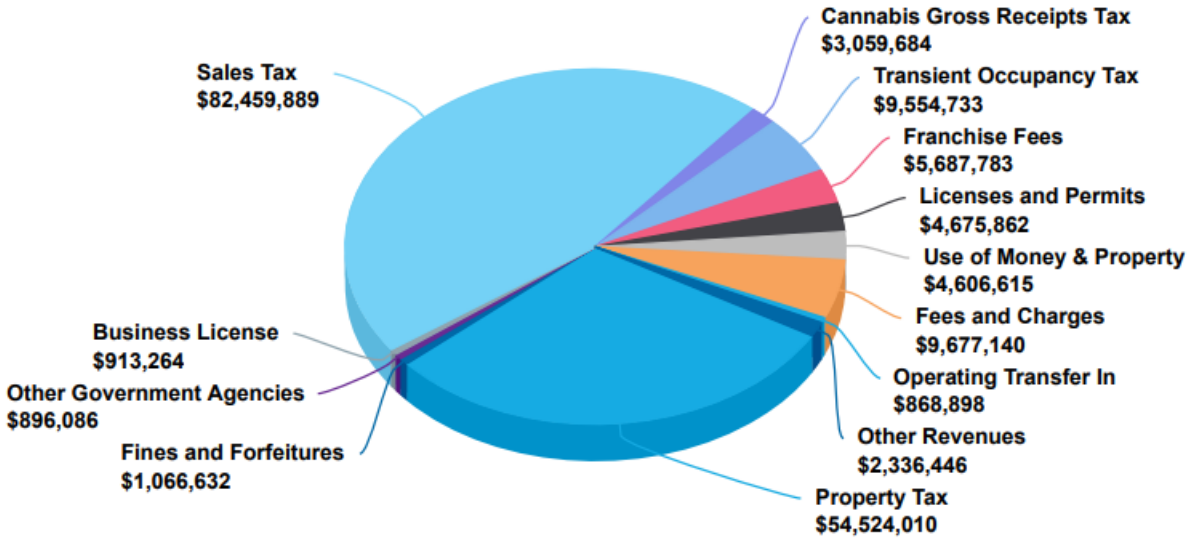
Property Tax: All combined Property Tax revenues are estimated at \$54.5 million, reflecting a three percent growth over the prior fiscal year. Despite a slight decline in home sales, the competitiveness in the housing market continues to intensify as home are selling faster and the sales to price ratio is improving.

Transient Occupancy Tax (TOT): Hotel tax revenues are projected to surpass pre-pandemic levels, with an estimated \$9.6 million anticipated next year versus the FY 2022-23 Adopted Budget of \$7.4 million. As a result of an increase in leisurely travel, revenue is on an upward trend. Due to the shift from consumers spending less on tangible items and more on experiences, spending on travel and leisure is expected to continue a steady rise.

Fees and Charges: Fees and Charges are showing signs of recovery at \$9.7 million, an increase of \$1.3 million, or 15 percent increase. Approximately \$600,000 is attributed to an increase in paramedic fee, and \$640,000 are revenues anticipated from plan checking fees.

Measure Q Retail Cannabis Business Tax: On November 3, 2020, voters approved the “City of Costa Mesa Retail Cannabis Tax and Regulation” Measure, also known as Measure Q, which allows cannabis retail storefront and delivery uses. City Council voted to adopt a seven (7) percent tax on cannabis retail businesses. The FY 2023-24 Proposed Budget includes an estimated \$2.9 million in cannabis taxes, as the City has already approved over 20 retail storefront and non-storefront businesses. Staff anticipates that with these businesses, the projected retail tax revenue will be realized in FY 2023-24. Also, as previously approved by the City Council, the Proposed Budget has two restricted special revenue funds that are financed by the cannabis retail tax: The Arts and Culture Master Plan Fund and First Time Homebuyers Fund.

Graph 1 - General Fund Revenue Estimates by Category



FY 2023-24 General Fund Budget Expenditure Highlights

The Proposed General Fund Budget for FY 2023-24 reflects total expenditures of \$180.3 million. Of this amount, \$167.3 million in operating costs represents an increase of \$14.2 million, or nine percent, from the current year adopted operating budget of \$153 million. The remaining \$13.1 million represents the Transfers Out to the Capital Improvement Fund, the Information Technology and Equipment Replacement Funds described earlier. The FY 2023-24 Proposed Budget for expenditures includes the following significant items:

- \$3.1 million for the City Council approved Five-Year Information Technology Strategic Plan (Year 4) and in compliance with the City’s municipal code;
- Transfer of \$3.2 million to the Equipment Replacement Fund to acquire the replacement of vehicles and equipment;
- A \$2.4 million increase in the annual required CalPERS contributions;
- An additional \$1.0 million in funding for medical, dental and vision benefits as per contractual MOU requirements;
- \$1.0 million as seed money for the anticipated annual bond debt payment for the replacement of Fire Station 2 built in 1966 (57 years old), and Station 4 built in 1967 (56 years old);
- \$250,000 increase in Internal Rent allocation to all departments for the Self-Insurance Fund;
- An increase of \$187,471 for software contractual increases and additional licenses in the Information Technology Department;
- The continuation of the \$4.0 million vacancy factor (negative appropriation); and
- No use of General Fund Reserves or ARPA funds to balance the General Fund.

Total Appropriations – General Fund by Department \$180,327,042

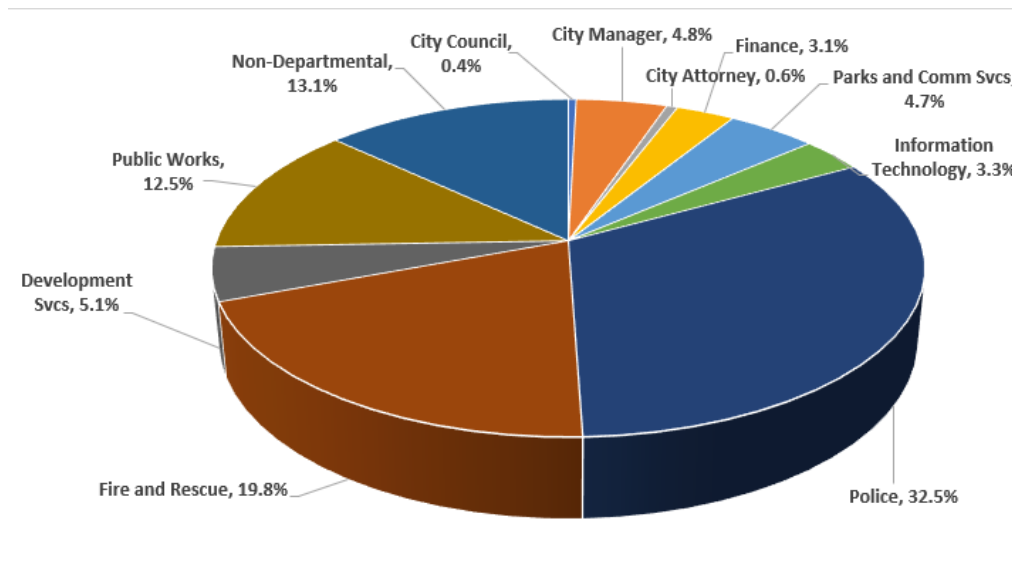


Table 3

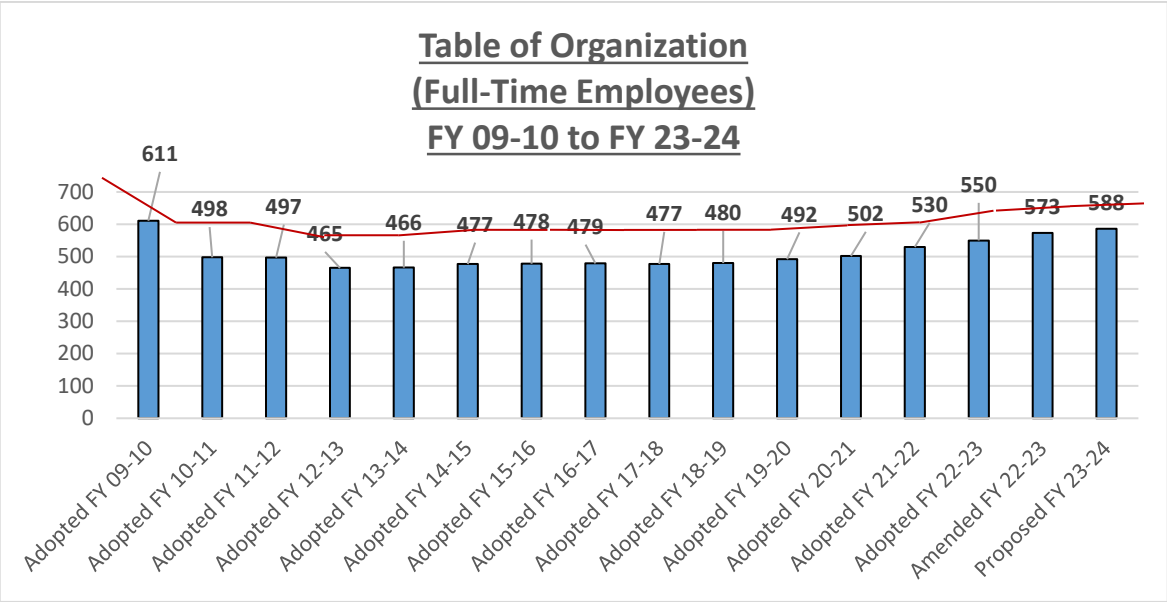
Breakdown of General Fund Appropriations by Department

Department	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Adopted	FY 2023-24 Proposed
City Council *	\$667,505	\$773,216	\$769,749	\$867,909	\$950,773	\$750,150
City Manager*	4,762,486	4,056,091	4,235,745	3,723,953	4,968,539	5,145,209
City Clerk	975,348	1,065,377	1,206,780	936,973	1,165,645	1,017,066
Human Resources	1,508,554	1,593,914	1,700,155	1,481,897	1,660,523	2,167,524
Risk Management	2,492,586	2,978,575	337,909	362,657	369,648	350,756
City Attorney	1,170,015	1,000,000	950,000	958,775	1,000,000	1,050,000
Finance	3,310,638	4,369,638	4,485,375	3,811,155	5,233,711	5,590,659
Parks and Comm Svcs	6,611,825	7,298,474	7,414,732	6,379,328	7,679,331	8,561,844
Information Technology	3,043,527	3,665,497	3,714,192	4,104,946	5,002,953	5,923,476
Police	46,271,525	49,482,346	48,334,032	53,504,411	53,591,408	58,614,373
Fire and Rescue	28,809,137	28,237,213	27,747,083	32,298,517	32,518,135	35,785,123
Development Svcs	6,250,876	6,950,075	6,325,666	7,522,770	8,509,974	9,256,476
Public Works	18,561,083	19,209,987	17,801,071	19,517,456	20,416,296	22,457,898
Non-Departmental	23,086,207	11,475,099	11,614,781	27,397,679	20,560,603	23,656,488
TOTAL	\$147,521,312	\$142,155,502	\$136,637,270	\$162,868,426	\$163,627,538	\$180,327,042

*City staff were transferred from the City Council Department to the City Manager’s Office.

Staffing Levels

The FY 2023-24 Proposed Budget includes 588 full-time employees which includes FY 2022-23 amendment staffing adjustments of a net 6.91 FTEs. The Proposed Budget incorporates an additional net of 7.87 full-time equivalents; however only 6.37 FTEs are funded from the General Fund. Even with the proposed changes, full time staffing levels remain under FY 2009-10 pre-recession levels.



The Table of Organization reflects 588 full-time employees that includes the following proposed staffing requests.

Table 4: Full Time Staffing Request

Description	FTE
Information Technology	
Cyber Security Analyst (funded by the IT Replacement Fund)	1.00
Finance	
Business License Inspector	1.00
Fire and Rescue	
Reclass Division Chief to Assistant Fire Chief (sworn)	0.00
Reclass Fire Marshal to Assistant Fire Chief (non-sworn)	0.00
Police	
Animal Control Supervisor	1.00
Public Works	
Associate Engineer	1.00
Solid Waste Coordinator (Management Analyst)	1.00
Total	5.00

The Proposed Budget includes the request to add five new positions. The Public Works Department includes a new Associate Engineer to expedite the preparation and processing of permits to ensure timely insurance and a new Management Analyst (Solid Waste Coordinator) to manage the Citywide waste collection and recycle programs and address upcoming State regulations and requirements. This position will be offset by the revenue generated from SB2383 Solid Waste Franchise Fees. The Finance department includes a Business License Inspector to ensure compliance for businesses within City limits. The new Land Management System has identified that there are businesses that need a business license and will require outreach. The Information Technology Department includes a new Cybersecurity Analyst, funded by the IT Replacement Fund, to update and secure the City’s technological infrastructure to protect and prevent from potential data compromise. Finally, the Police Department includes a new Animal Control Supervisor to oversee the new Animal Services Program as result of the consolidation of the Animal Care Services and Animal Control Programs.

There are also 2.87 positions included that will be converted from part-time to full-time within the Police Department, Parks and Community Services, City Manager’s Office and Public Works Department. The Police Department includes the conversion of a Property and Evidence Specialist to address additional enforcement due to expected increase in non-compliant dispensaries; an Animal Control Officer to allow for additional enforcement due to increase call volume and community expectations; a Crime Analyst (from Community Services Specialist) to provide support for mitigation analytics to respond more efficiently and appropriately to emergency public safety issues. Parks and Community Services includes a conversion of four Recreation Specialists to assist with the retention of hard to fill positions and day-to-day program supervision. The City Manager’s Office includes a Video Production Specialist to enhance the City’s communication and public engagement strategies for City initiatives and special events. The Public Works Department includes an Equipment Mechanic (from Maintenance Worker) funded by the

Equipment Replacement Fund to assist with retention of hard to fill position and address increase demands of workload due to aging fleet.

Table 5: Part Time Staffing Conversion Request

Description	FTE
City Manager’s Office	
Convert a Video Production Specialist (0.75) to full-time	0.25
Convert a Management Aide (0.75) to full-time	0.25
Parks and Community Services	
Convert four Recreation Specialists 4 part time positions to full-time	1.12
Police	
Convert a Property and Evidence Specialist (0.75) to full-time	0.25
Convert a Comm. Svcs. Spec. (0.75) to full-time Crime Analyst	0.25
Convert an Animal Control Officer (0.50) to full-time	0.50
Public Works	
Maintenance Worker (0.75) to full-time Equipment Mechanic (funded by the Equipment Replacement Fund)	0.25
Total	2.87

Strengthen the Public’s Safety

The FY 2023-24 Proposed Budget includes \$94.4 million designated as support to the City’s commitment to public safety comprised of the Police and Fire Departments. The public safety budgets make up more than 52 percent of the General Fund Proposed Budget at 32 percent and 20 percent, respectively. Of the 588 Citywide full-time personnel, approximately 39 percent are sworn which is the highest level since the Great Recession.

The Police Department budget now contains 142 full-time sworn personnel, reflecting one Deputy Police Chief position approved at mid-year. The Proposed Budget includes the conversion of three part-time positions to full-time, along with one new 1.0 FTE for a full-time Animal Control Supervisor to help support the transfer of the Animal Care Services Program from the Parks and Community Services Department to the Police Department. Police Department will now manage the entire Animal Control Services and Enforcement Program. The reorganization aligns with the City Council Goal – Strengthen the Public’s Safety and Improve the Quality of Life.

In addition, the Police Department’s maintenance and operations budget increased by a net of \$391,579, mostly for necessary contractual agreements and an increase in internal rent for Workers Compensation. As in prior years and to balance the General Fund, the Department includes a vacancy factor of approximately \$3.7 million in the to capture its routine vacancy rate.

The Fire and Rescue Department contains 85 full-time sworn personnel. Staff requests the reclassification of two positions: Fire Division Chief to Assistant Fire Chief (Sworn) and Fire Marshal to Assistant Fire Chief (Non-sworn). This reclassification results in an estimated cost of \$56,797 annually however does not increase the staffing levels for the department. Additionally, the Proposed Budget includes a \$500,000 increase in the department’s overtime costs to minimize the structural issue.

The FY 2023-24 Proposed Budget for the Equipment Replacement Fund includes funding to replace public safety aging vehicles and equipment including a 2003 American LaFrance Pumper with a replacement cost of \$1.2 million, a 2004 American LaFrance Combination Pumper for \$1.2 million with partial funding from the Community Development Block Grant funds plus \$0.3 million for the required equipment and fixtures for both Pumpers, 16 police vehicles with replacement costs totaling \$1.05 million.

Diversify, Stabilize and Increase Housing to Reflect Community Needs

To support affordable housing, \$700,000 is recommended to be allocated from the current fiscal year's savings towards consulting services associated with the community visioning and rezoning work to comply with State law and the City's Housing Element. The Proposed Budget includes continued funding for the City's homeless outreach and bridge shelter programs and operations of \$3.6 million and \$3.5 million in unappropriated State funding for the Fairview Development Center Landing Use Planning. One project forthcoming, not yet in the Proposed Budget, includes an additional 15 beds for the permanent Bridge Shelter for City Council approval. Currently, there is a second potential project Homekey Motel Conversion under development planned.

Advance Environmental Sustainability and Climate Resiliency

To achieve environmental sustainability and climate resiliency, the Proposed Budget includes funding a new full-time Management Analyst (Solid Waste Coordinator) which addresses the SB 1383 compliance requirements in addition to one new Planning and Sustainable Development Manager approved and added at mid-year. An investment of an additional \$150,000 is included in the General Fund for tree planting and maintenance. The Capital Improvement Budget consists of projects such as Active Transportation of \$4.1 million including Safe Routes to School Action Plan of \$600,000, TeWinkle Park lake repairs of \$2 million along with the Jack Hammett Sports Complex LED lighting upgrade, TeWinkle sports field LED lighting upgrade and the initiation of the Climate Action Adaption Plan study.

Transfers Out

The General Fund Transfers Out proposed budget of \$13.1 million, an increase of \$2.5 million, or 23 percent, provides full funding for the Capital Asset Needs (CAN) requirement of five percent of General Fund Revenues, the 1.5 percent towards the Information Technology Replacement Fund, and \$3.2 million into the Equipment Replacement Fund for the ongoing replacement and maintenance of the City's aging fleet.

GENERAL FUND RESERVES OVERVIEW

The City continues to demonstrate strong fiscal prudence and controls on spending. The combined commitment for emergency reserves including the declared disaster and economic reserves, is indicative of financial discipline. The General Fund reserves currently at \$57.8 million exceeds the City Council policy of \$55 million. If available, Staff recommends the deposit of \$1.5 million towards the City's pension liability, Section 115 Trust and \$1.0 million into the Workers' Compensation category to fulfill the \$2.0 million per claim.

Table 6

General Fund Balance Overview

Fund Balance Category	FY 2019/20 Audited	FY 2020/21 Audited	FY 2021/22 Audited	FY 2022/23 Estimated
Committed				
Declared Disasters	\$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
Assigned				
Compensated Absences	5,036	5,920	5,584	5,584
Police Retirement 1% Supplemental	2,365	2,275	1,885	1,885
Workers Compensation			1,000	2,000
Facilities Reserve			2,000	2,000
Strategic Plan Project			2,000	2,000
Section 115 Trust	1,750	-	-	1,500
Restricted				
Pension and OPEB	-	1,778	3,061	3,061
Non-spendable	362	965	604	604
Unassigned	18,825	17,429	16,517	16,517
Total Fund Balance	\$53,463	\$53,492	\$57,776	\$60,276

CONCLUSION

The overview of the Proposed General Fund expenditure and revenue projections for FY 2023-24 was fully vetted by staff, being prudent in any proposed budget increases.

The strong commitment to our City Council, residents and community partners for healthy, sustainable neighborhoods and balanced economic activity, both facilitate and aid us to continue the quality of services we provide.

The high degree of professionalism, commitment, and effort of City staff to our community, our neighbors, and our businesses has provided us the ability to meet our overall goals, objectives, and programs, of which we are proud to serve.

It is our hope and belief that the FY 2023-24 Proposed Budget theme “**The Art of Collaboration**” represents the City’s Strategic Plan Goals and core values.

I would like to thank the Finance Department and its Budget Team, as well as the Executive Team and their managers and departmental budget liaisons for their commitment in preparing the FY 2023-24 Proposed Operating and Capital Improvement Budget. With the City Council’s leadership, Costa Mesa will continue to collaborate with our residents and

community partners for healthy, sustainable neighborhoods and balanced economic activity, both facilitate and aid us to continue the quality of services we provide daily.

Respectfully submitted,

Lori Ann Farrell Harrison
City Manager
City of Costa Mesa