



Fiscal 2022-2023 Budget Study Session

Proposed Budget and Capital Improvement Program for Fiscal Year 2022-23

April 28, 2022



Fiscal 2022-2023 Budget Study Session

Budget Study Session Topics

- A. All funds proposed budget
- B. General Fund Overview
 - General Fund Revenues
 - General Fund Expenditures
 - General Fund Balance
 - Five Year Forecast
- C. Other Funds (Internal Service Funds and Special Revenue Funds)
- D. Citywide Staffing
- E. Capital Improvement Program
- F. Fee Schedule
- G. Next Steps



Fiscal 2022-2023 Budget Study Session

Proposed All Funds Budget

| Fund / Expenditure Type | Total (in 000's) | % of Operating Budget |
|-------------------------------------|---------------------|--------------------------|
| General Fund | \$46,249 | 57% |
| Special Revenue Funds | 28,325 | 35% |
| Internal Service Funds | <u>6,832</u> | <u>8%</u> |
| Total All Funds Budget | \$81,406 | 100% |
| Operating Expenditure Budget | | |
| Operating Expenditure Budget | \$69,974 | 86% |
| Capital Projects | 11,432 | 14% |
| Total All Funds Budget | \$81,406 | 100% |



Fiscal 2022-2023 Budget Study Session

General Fund



Fiscal 2022-2023 Budget Study Session

General Fund Summary

| General Fund (in 000's) | FY 2021-22 Adopted | FY 2022-23 Proposed | Increase / (Decrease) |
|---|-----------------------|------------------------|--------------------------|
| Revenues | \$38,797 | \$37,201 | (\$1,596) |
| Transfers In | 9,400 | 9,416 | 16 |
| Total Revenues and Transfers In | 48,197 | 46,617 | (\$1,580) |
| Expenditures | 43,379 | 45,324 | 1,945 |
| Transfers Out | <u>498</u> | <u>926</u> | <u>428</u> |
| Total Expenditures and Transfers Out | 43,877 | 46,250 | 2,373 |
| Net Change in Fund Balance | \$4,320 | \$367 | |

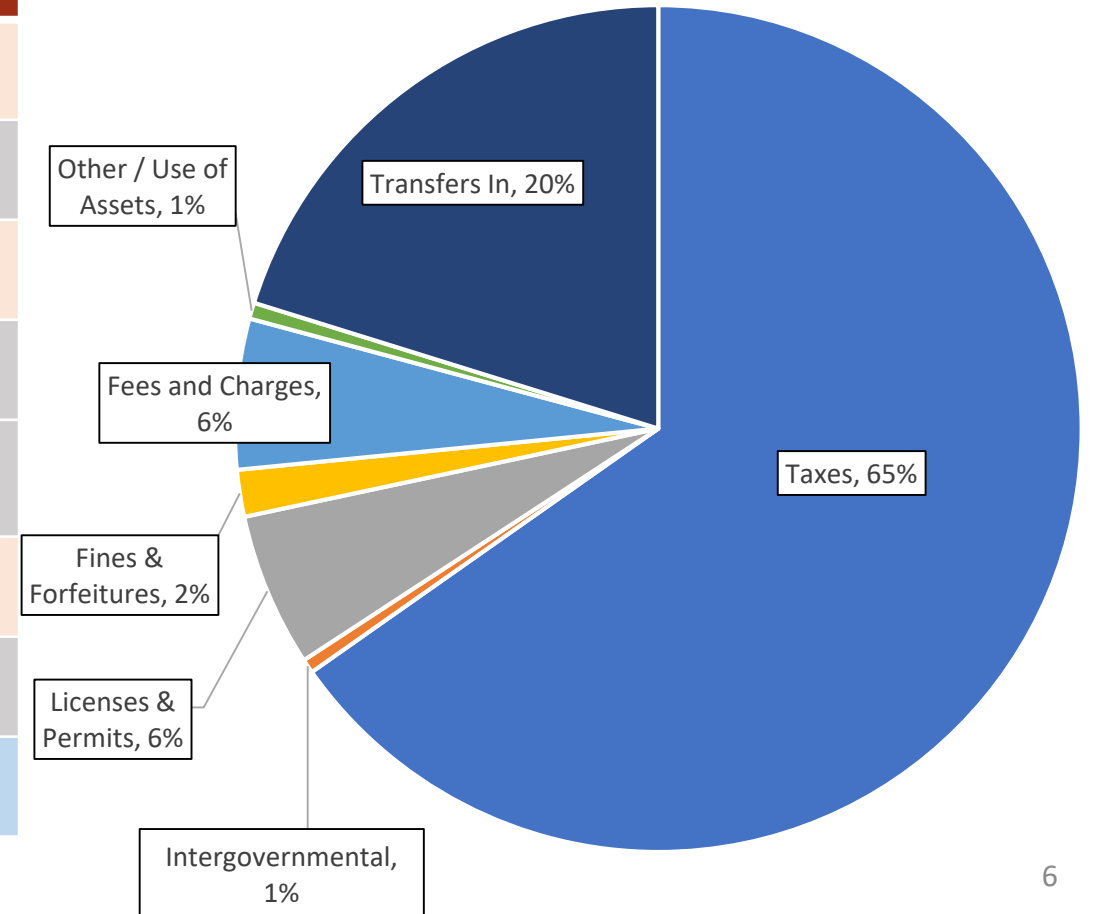


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General Fund Revenue - Composition

| Revenue Category (in 000's) | FY 2022-23 Proposed | % of Total Revenue |
|-----------------------------|---------------------|--------------------|
| Taxes | \$30,417 | 65% |
| Intergovernmental | 250 | 1% |
| Licenses & Permits | 2,736 | 6% |
| Fines & Forfeitures | 834 | 2% |
| Fees & Charges for Service | 2,677 | 6% |
| Other / Use of Assets | 287 | 1% |
| Transfers In | <u>9,416</u> | <u>20%</u> |
| Total | \$46,617 | 100% |

**General Fund Revenue Composition
Fiscal Year 2022-2023**





Fiscal 2022-2023 Budget Study Session

General Fund Revenue – Prior Year Comparison

| Category (in 000's) | FY 2021-22 Adopted | FY 2022-23 Proposed | \$ Change | % Change |
|----------------------------|-----------------------|------------------------|------------------|---------------|
| Taxes | \$27,650 | \$30,417 | \$2,767 | 10% |
| Intergovernmental | 3,902 | 250 | (3,652) | (93.6%) |
| Licenses & Permits | 2,544 | 2,736 | 192 | 7.6% |
| Fines & Forfeitures | 884 | 834 | (50) | (5.7%) |
| Use of Money & Property | 100 | 102 | 2 | 1.5% |
| Fees & Charges for Service | 2,862 | 2,677 | (185) | (6.5%) |
| Other | 855 | 185 | (670) | (78.3%) |
| Transfers In | <u>9,400</u> | <u>9,416</u> | <u>16</u> | <u>.2%</u> |
| Total | \$48,197 | \$46,617 | (\$1,580) | (3.3%) |



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General Fund Revenue Highlights

➤ Taxes – Increase of 10% or \$2.77 million

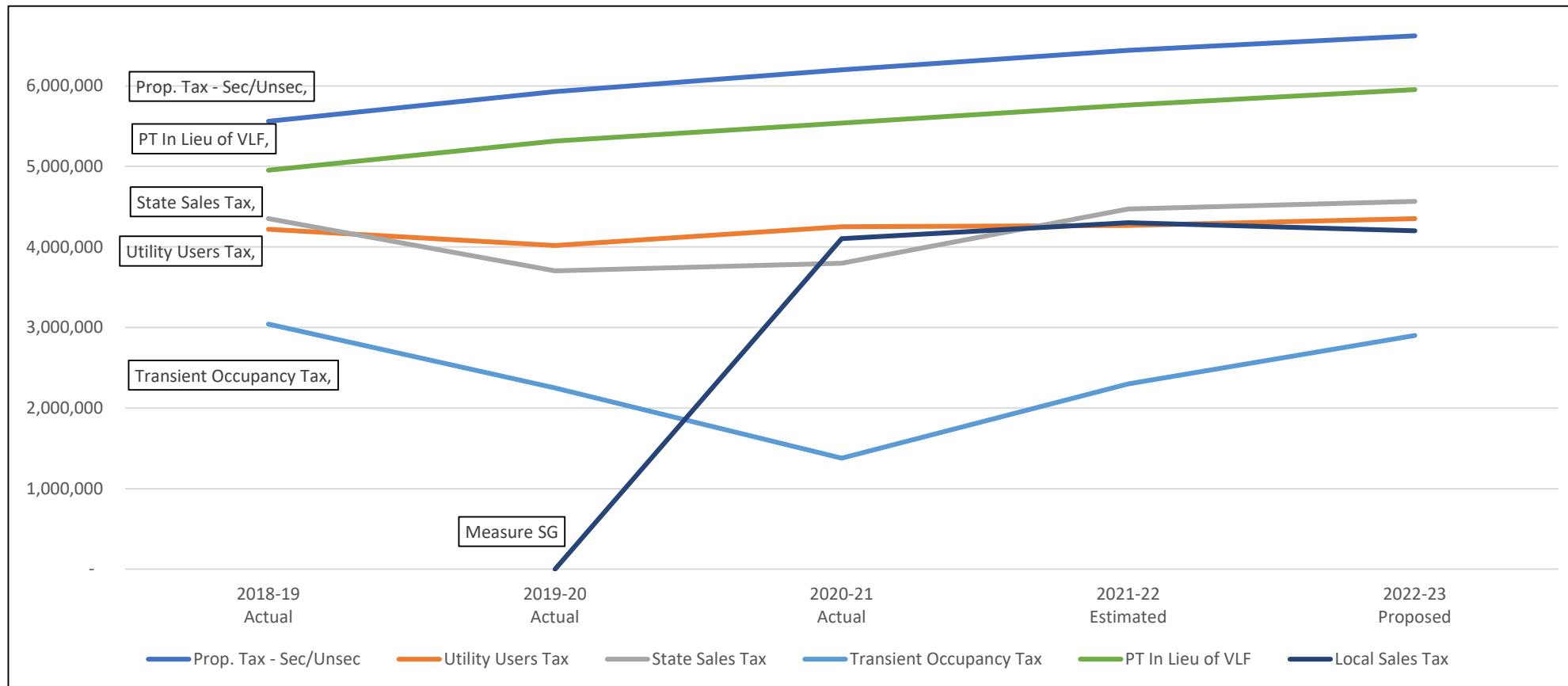
| GENERAL FUND - TAXES | 2021-22 Budgeted | 2022-23 Proposed | Δ in \$ | Δ in % | |
|-------------------------------|---------------------|---------------------|------------------|------------|--|
| Prop. Tax - Secured/Unsecured | 6,441,000 | 6,620,000 | 179,000 | 3% | 1% assessment. Steady, consistent growth. |
| Property Tax - All Other | 150,000 | 200,000 | 50,000 | 33% | Prior year, penalties and adjustments |
| Utility Users Tax | 4,100,000 | 4,350,000 | 250,000 | 6% | Assessed on gross utility revenue |
| State Sales Tax | 4,010,000 | 4,565,000 | 555,000 | 14% | Recovering from the Pandemic. |
| Franchise Tax | 1,188,000 | 1,188,000 | - | 0% | Assessed on utilities and tow operators. |
| Transient Occupancy Tax | 2,000,000 | 2,900,000 | 900,000 | 45% | 12% of room rents. Recovering; still below pre-Pandemic level. |
| Property Transfer Tax | 130,000 | 175,000 | 45,000 | 35% | Assessed on transfers of real property. |
| Sales Tax - PSAF | 230,000 | 267,000 | 37,000 | 16% | |
| Property Tax In Lieu of VLF | 5,760,000 | 5,952,000 | 192,000 | 3% | Property tax monies. Steady, consistent growth. |
| Local Sales Tax | 3,641,000 | 4,200,000 | 559,000 | 15% | .75% Sales Tax; Measure SG; Recovering from the Pandemic. |
| TOTAL - Taxes | 27,650,000 | 30,417,000 | 2,767,000 | 10% | |



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General Fund Revenue Highlights

Major Tax Revenue: 2018-19 through 2022-23





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General Fund Revenue Highlights

➤ Intergovernmental – Decrease of \$3.65 million or 96%

- One-time ARPA revenue full recognized in fiscal 2021-2022
- No new intergovernmental sources for fiscal 2022-2023

➤ Licenses and Permits – Increase of \$192.5k or 8% of

- Building Permits up 5% or \$55k – total of \$1.16 million
- Business License Tax up 5% or \$25k – total \$525k
- Overnight Parking Permits up 14% or \$60k – total of \$500k

➤ Fines and Forfeitures – Decrease of \$50k or 6%

- Vehicle Code Fines lower by \$30k or 30%



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General Fund Revenue Highlights

➤ Fees and Charges for Services – Decrease of \$185k or 6.5%

- \$350k pass-through plan check fees now recorded in grants fund
 - Therefore, net increase of \$165k in fees and charges
- Public Works revenue up by \$25k
- Public Safety revenue up by \$57k
- Community Services up by \$72k
- Community Development up by \$11k

➤ Other Revenue – Decrease of \$669k or 78%

- \$750k decrease due to off year of selling Prop A funds

➤ Transfers-In – Increase of \$16k or .2%

- \$9.4 million transfer-in from the retirement fund to pay for pension costs

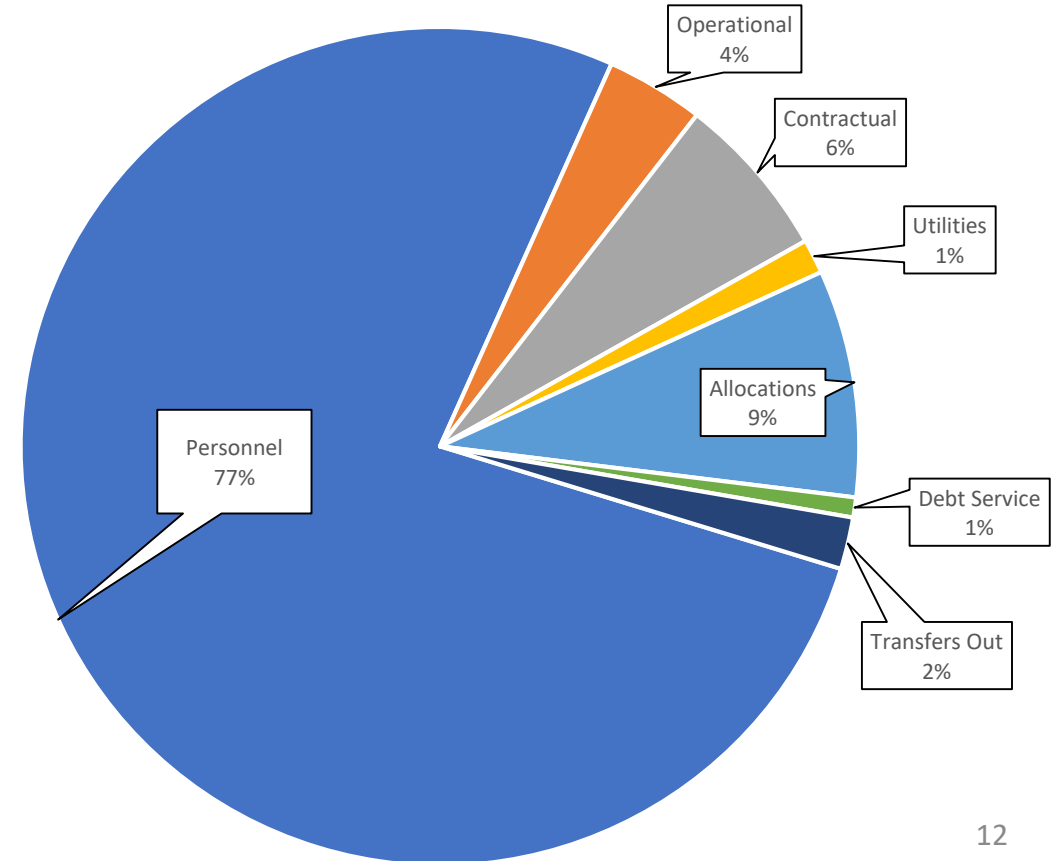


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General Fund Expenditures - Composition

| Category (in 000's) | FY 2022-23 Proposed | % of Total |
|------------------------|------------------------|---------------|
| Personnel | \$35,606 | 77% |
| Operational | 1,751 | 4% |
| Contractual | 2,939 | 6% |
| Utilities | 614 | 1% |
| IS Allocations | 4,057 | 9% |
| Debt Service | 357 | 1% |
| Transfers Out | 925 | 2% |
| Total | \$46,249 | 100% |

**General Fund - Expenditure Composition
Fiscal Year 2022-2023**





Fiscal 2022-2023 Budget Study Session

General Fund Expenditures – Prior Year Comparison

| Category (in 000's) | FY 2021-22 Adopted | FY 2022-23 Adopted | Increase / (Decrease) |
|------------------------|-----------------------|-----------------------|--------------------------|
| Personnel | \$34,662 | \$35,606 | \$944 |
| Operational | 1,803 | 1,751 | (52) |
| Contractual Services | 3,069 | 2,939 | (130) |
| Utilities | 577 | 614 | 37 |
| IS Allocations | 2,791 | 4,057 | 1,266 |
| Debt Service | 476 | 357 | (119) |
| Transfer Out | 498 | 925 | 427 |
| Total | \$43,876 | \$46,249 | \$2,373 |



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General Fund Expenditures – Prior Year Comparison

➤ Personnel– Increase of \$944k

- Full-time Salaries: ↑ \$695k
- Employee Overtime: ↑ \$290k
- CalPERS UAL: ↑ \$305k
- Workers Comp: ↓ \$237k
- Health Insurance: ↓ \$290k
- Limited Service Employees: ↓ \$71k

➤ Operational– Decrease of \$52k

- Reorganization of IT operations to an internal service fund: ↓\$ 156k

➤ Contractual Services– Decrease of \$130k

- Special Project Plan Checks: ↓ \$350k
- IT reorganization: ↓ \$111k
- Police Department: ↑ \$106k
- Animal Control: ↑ \$70k
- City Clerk: ↑ \$42k



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General Fund Expenditures – Prior Year Comparison

➤ Internal Service Fund Allocations– Increase of \$1.27MM

- Fleet Maintenance: ↑ \$192k
- Liability Insurance: ↑ \$276k
- Information Technology: ↑ \$808k

➤ Transfers Out – Increase of \$427k

- Increased funding from the General Fund for equipment and capital projects:
 - \$300k Paving of the Mission Playhouse parking lot
 - \$55k Automated Parking Permit Machines (3)
 - \$60k Various Police Equipment
 - \$161k Lease Payment for Motorola Radios



Fiscal 2022-2023 Budget Study Session

General Fund Expenditures – By Department

| Department | FY 21-22 Adopted | FY 22-23 Proposed | Increase / (Decrease) \$ | Increase / (Decrease) % |
|--------------------------------|------------------|-------------------|--------------------------|-------------------------|
| City Council | \$303 | \$291 | (\$12) | (4.0%) |
| Administration & City Attorney | 1,129 | 1,221 | 92 | 8.1% |
| City Clerk | 774 | 887 | 113 | 14.6% |
| Finance | 1,963 | 1,621 | (342) | (17.4%) |
| Human Resources | 754 | 847 | 93 | 12.3% |
| Non-Departmental | 911 | 980 | 69 | 7.6% |
| Police | 17,003 | 18,345 | 1,342 | 7.9% |
| Fire | 11,171 | 11,557 | 386 | 3.5% |
| Public Works | 4,675 | 5,106 | 431 | 9.2% |
| Community Development | 3,096 | 2,800 | (296) | (9.6%) |
| Community Services | 1,599 | 1,668 | 69 | 4.3% |
| Total | \$43,378 | \$45,323 | \$1,945 | 4.5% |



Fiscal 2022-2023 Budget Study Session

General Fund Expenditures – By Department

| Department | Change (In 000's) | |
|-----------------|----------------------|--|
| City Council | (\$12) | Decrease in health insurances (\$24k); Increase for council expenses-\$15k |
| Admin & C. Att. | \$92 | Increases in FT salary - \$35k; New IT allocation - \$30k; Prosecution Services - \$33k |
| City Clerk | \$113 | Increases in contractual services - \$42k and staff development - \$8k; new IT allocation - \$33k |
| Finance | (\$342) | Decrease from IT reorganization (\$345k) |
| HR | \$93 | Increases due to new IT allocation - \$22k; Liability insurance allocation - \$65k |
| Police | \$1,342 | Increases in FY salary - \$164k; Overtime pay - \$240k; WC allocation - \$199k; CalPERS UAL - \$233k; Contractual - \$106k; IT allocation - \$287k; Liability insurance allocation - \$98k |
| Fire | \$386 | Increases in FT salary - \$267k; overtime -\$75k; CalPERS UAL - \$251k; IT Allocation - \$109k; Decrease in WC insurance - \$425k |
| Community Dev. | (\$296) | Decrease due to Special Plan Check change (\$350k); Increase due to IT allocation - \$115k |
| Public Works | \$431 | Increases in FT salary - \$217k; IT allocation - \$86k; Liability Insurance allocation - \$93k |
| Community Svcs | \$69 | Increase due to new IT allocation - \$49k |



Fiscal 2022-2023 Budget Study Session

General Fund Expenditure Highlights

- All positions fully funded which include prior year increases
- \$300k budgeted for the repaving of the Mission Playhouse parking lot
- \$350k transfer to Mission Playhouse to help fund operations
- \$15k is budgeted to fund employee events throughout the year
- \$276k budgeted for:
 - Automated Parking Permit Machines - \$55k
 - Various Police equipment - \$60k
 - Lease Payment for PD Motorola radios - \$161



Fiscal 2022-2023 Budget Study Session

General Fund – Fund Balance Reserves

Fund Balance Policy

- Target of 17% unrestricted fund balance by June 30, 2029
 - (17% provides the General Fund 2 months of operating reserves)
- Current projections have the 17% goal achieved by June 30, 2024
- 2022-2023 budget projects an unrestricted fund balance of 14.4%

General Fund Reserve Levels (Percent of Expenditures)

| Category (in 000's) | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|---------------------------|------------------|------------------|----------------|-----------------|-----------------|
| Restricted | \$6,652 | \$6,392 | \$6,132 | \$5,968 | \$5,612 |
| Unrestricted | (8,487) | (8,142) | (577) | 5,957 | 6,681 |
| Total Fund Balance | (\$1,835) | (\$1,750) | \$5,554 | \$11,925 | \$12,292 |

Additional General Fund Reserve Needs

- Additional General Fund reserves need to be built to fund periodic major capital replacement (major facility maintenance, ERP system replacement, General Plan update, etc.)



Fiscal 2022-2023 Budget Study Session

General Fund – Five Year Forecast

| FUND BALANCE FIVE YEAR FORECAST | 2022-23 Proposed | 2023-24 Model | 2024-25 Model | 2025-26 Model | 2026-27 Model | 2027-28 Model |
|--|-----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Restricted, Nonspendable, Committed | 5,611,667 | 5,351,667 | 5,091,667 | 4,831,667 | 4,571,667 | 4,311,667 |
| Unrestricted | <u>6,680,764</u> | <u>8,720,808</u> | <u>10,475,886</u> | <u>12,955,480</u> | <u>14,954,237</u> | <u>17,665,383</u> |
| Ending Fund Balance | <u>12,292,431</u> | <u>14,072,475</u> | <u>15,567,553</u> | <u>17,787,147</u> | <u>19,525,904</u> | <u>21,977,050</u> |
| Unrestricted Fund Balance Percent of Expenditures | 14.4% | 18.2% | 21.1% | 25.2% | 28.8% | 33.0% |

| | | | | | | |
|--|-------------|-------------|--------------|--------------|--------------|--------------|
| Unrestricted Reserve Policy %Goal | 5.0% | 8.0% | 10.0% | 12.0% | 14.0% | 16.0% |
|--|-------------|-------------|--------------|--------------|--------------|--------------|

| | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Unrestricted Reserve Policy \$Goal | 2,312,462 | 3,839,229 | 4,974,601 | 6,169,099 | 7,266,052 | 8,566,628 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|



Fiscal 2022-2023 Budget Study Session

Other Funds

**(Internal Service Funds and
Special Revenue Funds)**



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Internal Service Funds

| Fund Name (in 000's) | FY 2021-22 Adopted | FY 2022-23 Proposed | Increase / (Decrease) |
|-----------------------------|-----------------------|------------------------|--------------------------|
| Fleet Services Fund | \$1,420 | \$1,500 | 79 |
| Risk Management Fund | 4,714 | 4,527 | (187) |
| Information Technology Fund | - | 872 | 872 |

- **Fleet Services Fund** - Internal Service fund responsible for the maintenance and replacement of City's fleet of vehicles. Allocated costs to user departments include depreciation expense, a non-cash expense. The allocation of depreciation expense will build funds to replace vehicles City vehicles.
- **Risk Management Fund** - Internal Service fund responsible for administration of City's workers' compensation (WC), general liability (GL), and other insurances. WC premiums decreased by over \$200k due to positive claim history. GL premiums slightly decreased by \$23k.
- **Information Technology Fund** - First year of implementation for the IT fund. IT operations for the entire City have been consolidated and administered by an in-house IT team. IT costs are allocated to user departments based on CPU units.



Fiscal 2022-2023 Budget Study Session

Special Revenue Funds

| Types of Funds | Fund Name | FY 2022-23 Proposed |
|--------------------|--|---------------------|
| Transportation | Gas Tax, Prop A, Prop C, Road Maint & Rehab, Measures M, Measure R | \$10,168 |
| Public Safety | Office of Traffic Safety, Supp. Law Enforcement | \$305 |
| Community Services | Mission Playhouse, CDBG, Community Services Activity | \$1,808 |
| Utilities | Sewer, Street Lighting, Stormwater, Waste Mgmt. | \$3,270 |
| Other | Development Impact, Other Grants, Retirement, AQMD | \$11,966 |



Fiscal 2022-2023 Budget Study Session

Special Revenue Fund Highlights

➤ Retirement Fund

- Generates property tax restricted for pension cost
- \$9.4 million budgeted to transfer to the General Fund to pay for pension costs
- \$9.16 million of new revenue and \$253k of reserves to fund the budgeted transfer
- Projected ending fund balance of \$358k

➤ Mission Playhouse

- Total revenues of \$1.13 million (\$780k generated, \$350k transfer from General Fund)
- Total expenditures of \$1.26 million; budget shortfall of \$130k
- Projected ending fund balance of negative \$119k
- One approved position has been frozen



Fiscal 2022-2023 Budget Study Session

Special Revenue Fund Highlights

- **Special Projects Fund:** Utilized for equipment and capital related purchases. Monies are transferred to the fund for the purchases. Budgeted purchases include:

General Fund \$276k:

- Police Equipment
- Radio Lease Payment

Fleet Maintenance Fund \$50k:

- Police Vehicle Equipment

Gas Tax Fund \$75k:

- Concrete Mixer and Hopper

Sewer Fund \$100k:

- Mini Excavator w/ Utility Trailer

AQMD \$169k:

- PD -Hybrid Vehicles: (2) Patrol; (1) Admin
- PW - Gator Electric Vehicle (2)

Asset Forfeiture \$110k:

- Radio Lease Payment

Community Services Fund \$30k:

- Tennis Court Resurface/Restripe



Fiscal 2022-2023 Budget Study Session

Staffing



Fiscal 2022-2023 Budget Study Session

Citywide Staffing

| Department | Authorized FY 2021-2022 | Authorized FY 2022-2023 |
|-----------------------|----------------------------|----------------------------|
| Administration | 4 | 4 |
| City Clerk | 4 | 4 |
| Finance | 8 | 10 |
| Community Development | 16 | 16 |
| Human Resources | 5 | 5 |
| Fire | 36 | 36 |
| Police | 72 | 71 |
| Community Services/MP | 14 | 14 |
| Public Works | <u>39</u> | <u>39</u> |
| Total | 198 | 199 |



Fiscal 2022-2023 Budget Study Session

Citywide Staffing

Staffing Changes

- No new positions are requested for the upcoming fiscal year.
- During the current fiscal year an IT Manager position was added and an IT Specialist moved from Police to Finance.

Position Funding

- All authorized positions are funded for the upcoming fiscal year except one
- The Management Analyst position at the Mission Playhouse is not funded

Equity Adjustments

- Equity adjustments are proposed for five full-time and four part-time positions
- Adjustments will establish salary schedules that are internally equitable and commensurate with actual duties
- Estimate for full-time adjustments is \$33k



Fiscal 2022-2023 Budget Study Session

Capital Improvement Plan (CIP)



Fiscal 2022-2023 Budget Study Session

CIP – Current Year Funding

| FY 2022-23 Capital Budget By Project by Category | | | | |
|--|--|---|----------------|-------------------|
| Project Number | Project Description | Fund Source | New or Ongoing | Amount |
| | <i>Street Improvements</i> | | | <i>8,550,670</i> |
| 1-08-33 | Las Tunas Streetscape Pedestrian Enhancements | Other Grants, Measure M | Ongoing | 1,172,000 |
| 1-08-35 | Annual Streets Program | Sewer, Gas Tax, Prop C, Solid Waste, Road Maintenance Rehab, Measure R, Measure M | Ongoing | 4,816,918 |
| 1-14-02 | Street Repair & Curb Ramp Project (CDBG) | CDBG | Ongoing | 157,052 |
| 1-16-01 | Intersection Safety Improvement (HS1P Cycle 7) | TDA Article 3 | Ongoing | 100,000 |
| 1-21-04 | San Gabriel Blvd/Marshall Realignment Project | Measure R | Ongoing | 925,000 |
| 1-21-05 | Mission/Las Tunas Intersection Improvement | Measure R | Ongoing | 970,000 |
| 1-22-02 | Las Tunas Drive TSSP | STPL | Ongoing | 209,700 |
| 1-23-02 | Citywide Sidewalk Installation/Replacement Program | Gas Tax | New | 200,000 |
| | <i>Traffic Signals</i> | | | <i>1,465,000</i> |
| 2-21-01 | Adaptive/Traffic Responsive Signal Control | Measure R | Ongoing | 1,465,000 |
| | <i>Sewer Improvements</i> | | | <i>74,527</i> |
| 4-18-01 | Sewer Master Plan Update | Sewer | Ongoing | -253,350 |
| 4-23-01 | Annual Sewer Rehab Program | Sewer | New | 327,877 |
| | <i>Parks</i> | | | <i>500,000</i> |
| 5-11-07 | Smith Park Pool Facility | Development Impact Fees | Ongoing | 500,000 |
| | <i>Other Improvements</i> | | | <i>842,199</i> |
| 7-09-31 | Bridge Repair Program | Prop C | Ongoing | 250,000 |
| 7-23-01 | Repave Mission Playhouse Parking Lot | General Fund | New | 300,000 |
| 7-23-02 | Affordable Housing Development Program | Other Grants | New | 292,199 |
| | Total Funding | | | 11,432,396 |



Fiscal 2022-2023 Budget Study Session

CIP – By Category and Fiscal Year

Schedule of Expenditures by Category by Fiscal Year

| CIP Category | Total Funded | 2022-23 | 2023-24 | 2024-25 | Project Total |
|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|
| Street | 12,861,157 | 8,550,670 | 12,218,600 | 6,484,000 | 40,114,427 |
| Traffic Signal | 1,571,299 | 1,465,000 | - | - | 3,036,299 |
| Storm Drain | - | - | - | - | - |
| Sewer System | 6,354,151 | 74,527 | - | - | 6,428,678 |
| Park System | 259,372 | 500,000 | - | - | 759,372 |
| Public Facilities | 275,000 | - | 150,000 | - | 425,000 |
| Other | 234,000 | 842,199 | 250,000 | - | 1,326,199 |
| Total | 21,554,979 | 11,432,396 | 12,618,600 | 6,484,000 | 52,089,975 |



Fiscal 2022-2023 Budget Study Session

Fee Schedule



Fiscal 2022-2023 Budget Study Session

Fee Schedule

At the April 19th City Council meeting, the Proposed Fee Schedule was discussed and debated by the City Council. Based on the meeting, the rate for appeals will be set at \$1,000 per appeal, and the new fee for the historic preservation designation and the Mills Act program will be brought before the Historic Preservation Commission for a fee recommendation. Based on the feedback, a fee will be proposed to the City Council.

The Fee Schedule will be adopted in conjunction with the Budget and CIP in June.



Fiscal 2022-2023 Budget Study Session

Next Steps



Fiscal 2022-2023 Budget Study Session

Next Steps

April 28, 2022 – Initial Budget Study Session

Month of May – Individual Councilmember Review of Proposed Budget
and Meetings with City staff

June 7, 2022 – Public Hearing and Adoption of Proposed Budget, CIP and
Schedule of Fees

June 21, 2022 – Adoption of Budget and CIP (if needed)

July 1, 2022 – New Fiscal Year Begins!



Fiscal 2022-2023 Budget Study Session

End

Proposed Budget and Capital Improvement Program for Fiscal Year 2022-23

April 28, 2022