



DRAFT ANNUAL OPERATING & CAPITAL IMPROVEMENT BUDGET

Fiscal Year 2022-2023

April 27, 2022

Overview of Draft Budget Review

- Budget Timeline and Requirements
- Budget Building Process
- Program Budgets
- General Fund Overview and Highlights
- Enhancement Requests
- Long-Term Financial Forecast
- One-Time Funds
- Wastewater Fund Overview
- Wastewater Enhancement Requests
- All Funds
- Internal Service Funds

Budget Timeline & Requirements

The City is required to adopt a balanced budget by June 30th of each year.

A balanced budget provides that revenues meet or exceed expenses. This can include planned drawdown of available reserves or allocation of fund balances.

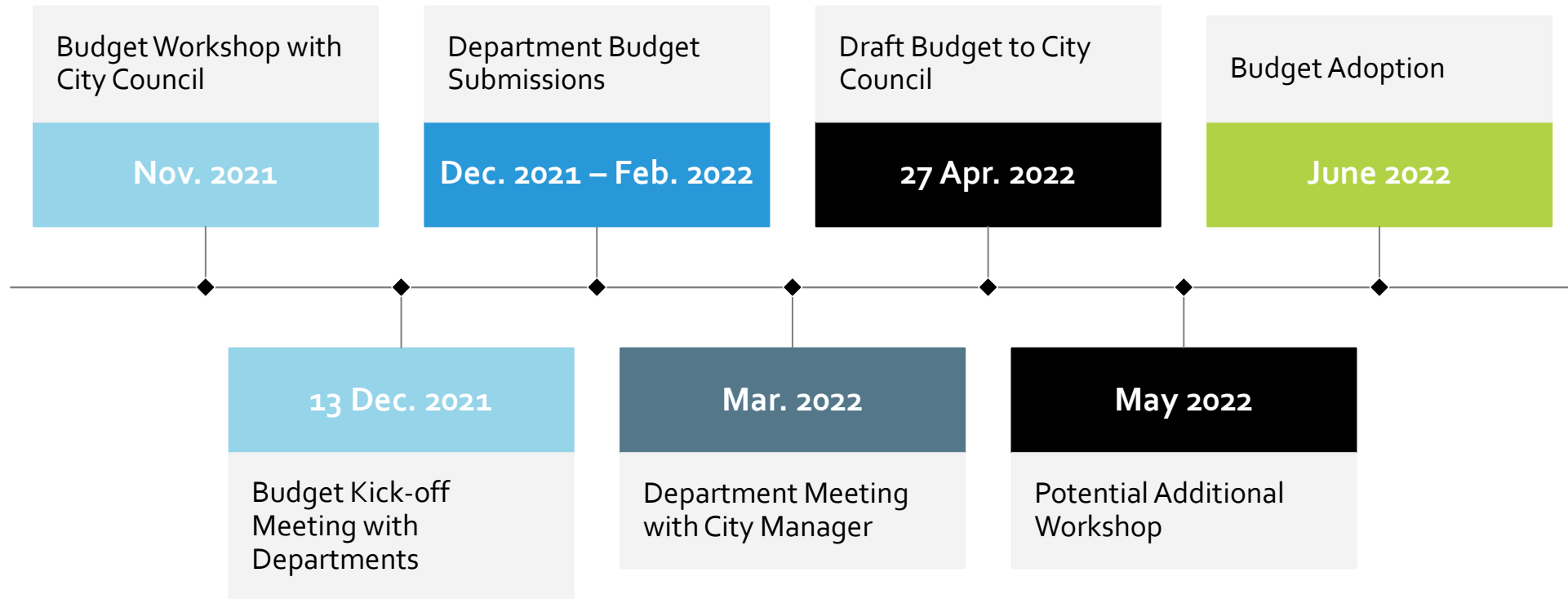
This is the first meeting to review the budget – the goal is to seek input as to whether additional information is needed by the City Council and/or whether modifications are required prior to adoption.

If the City Council is comfortable with the proposed budget with minor changes – it will be brought back for adoption with those changes by June 21, 2022.

If the City Council wants to review additional information or requires more substantive changes, it is likely an additional meeting will be required.



Budget Building PROCESS



GENERAL FUND



General Fund Revenues

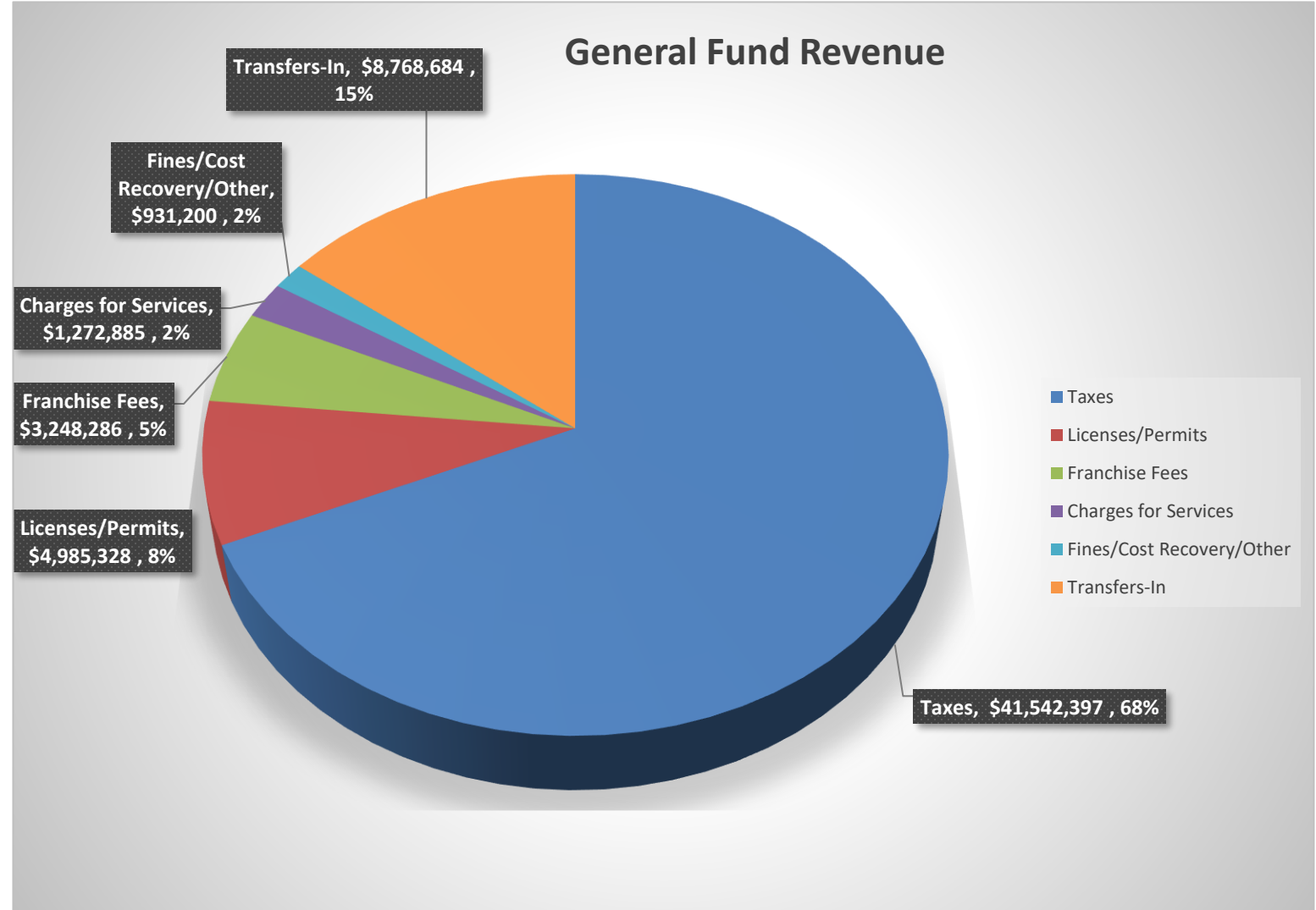
FY 2023 - total projected revenues = **\$60.7M**

➤ *an increase of \$3.9M from FY 2022 estimated revenue collections*

➤ WHY?

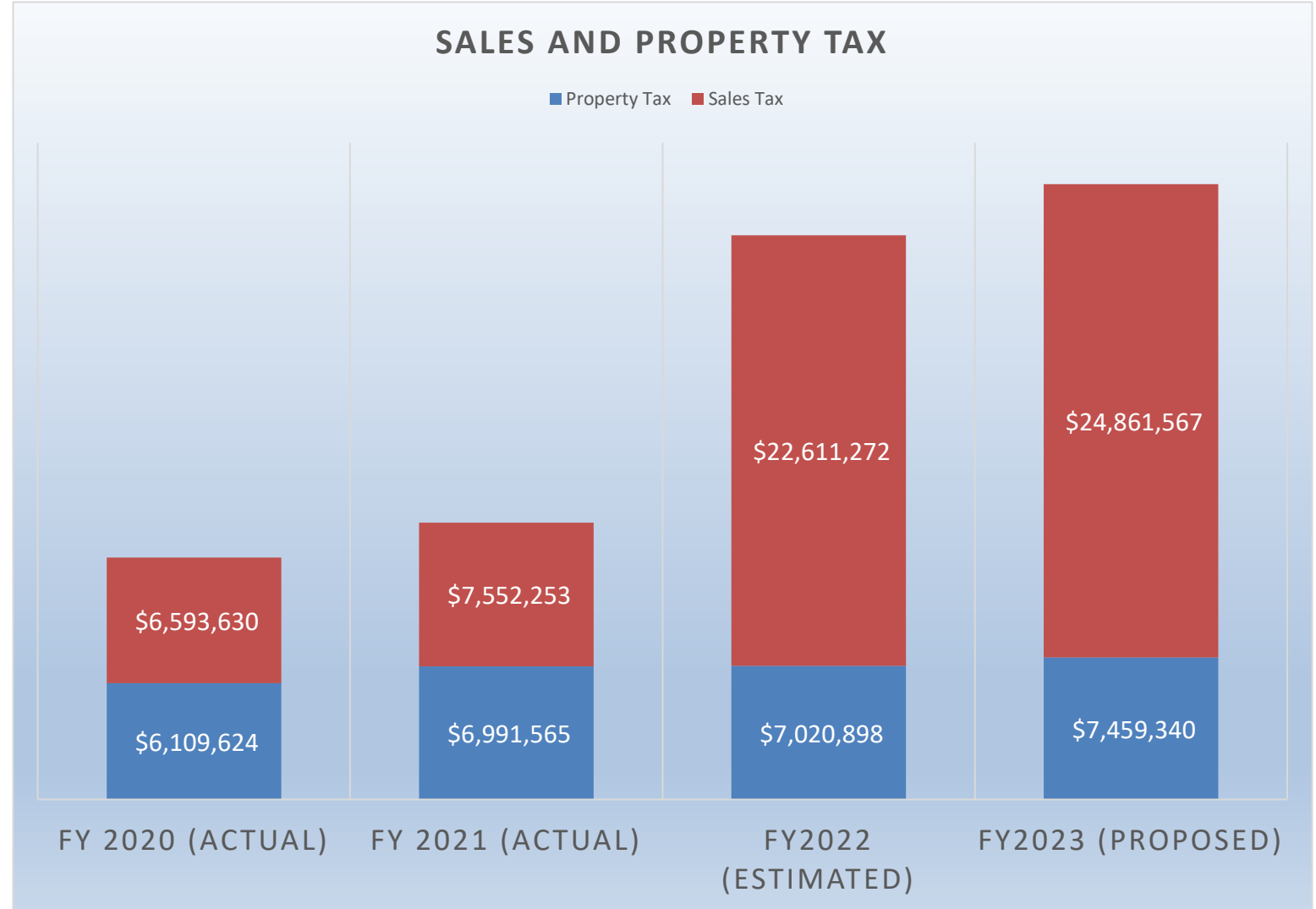
- Property Tax – Increase \$438K
- Sales Tax – Increase \$2.25M
- Motor Vehicle In-Lieu- Increase \$522K
- Transfers-In – Increase \$809K

General Fund Revenues (cont.)



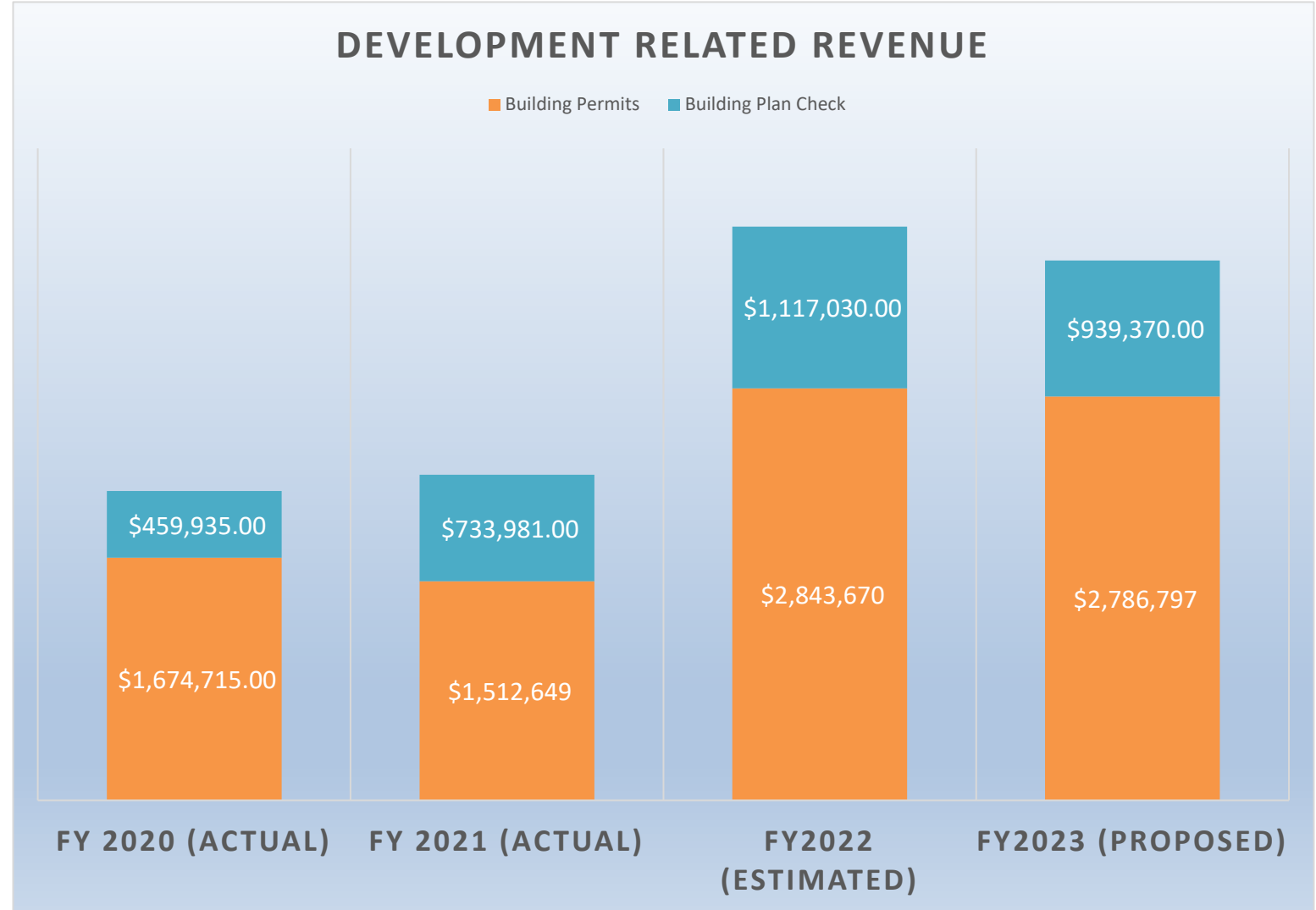
General Fund Revenues

Sales & Property Tax



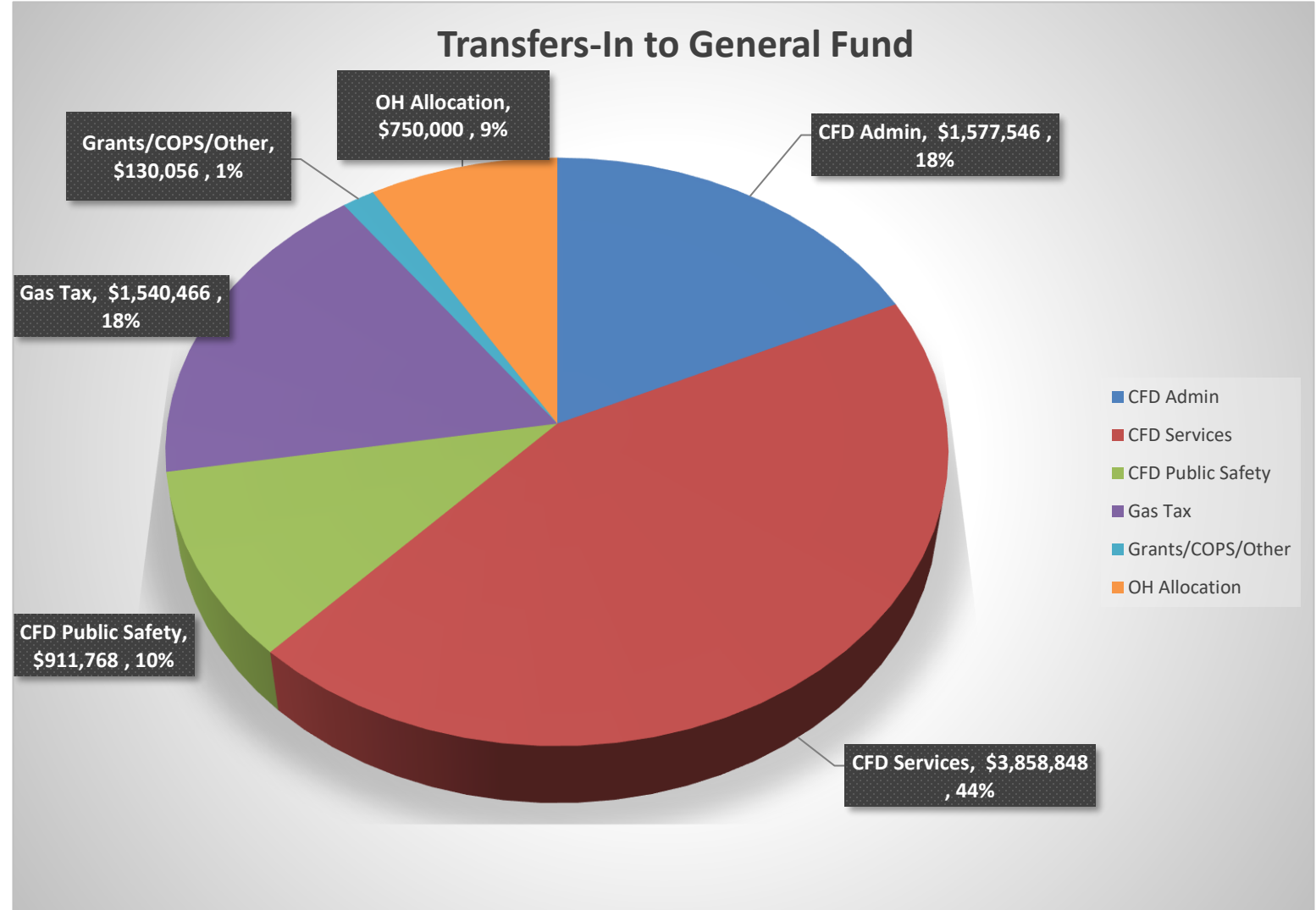
General Fund Revenues

Development Related Revenues

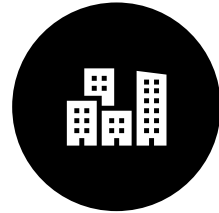


General Fund Revenue

Transfers-In



General Fund Expenditures by Program



Citywide survey rated by City Council on criticality level and presented at budget workshop.



Program costs including position FTEs have been identified and roll-up to respective department budgets.



Program sheets presented as handouts in this meeting.



This is the first year developing program budgets using GFOA and CSMFO best budgeting practices.

General Fund Expenditures

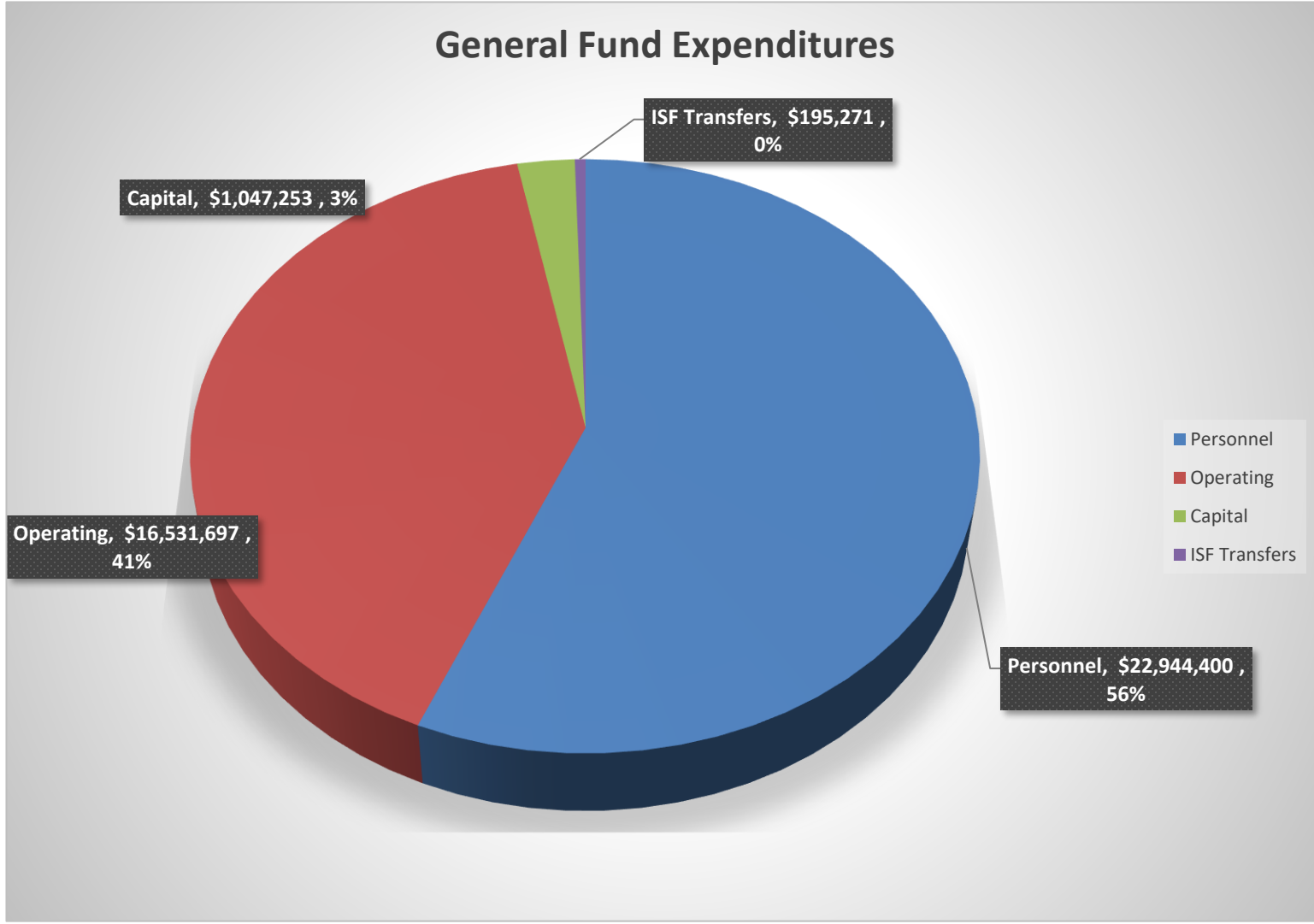
FY 2023 budgeted expenditures = **\$40.7M**

➤ *an increase of \$1.07M from FY 2022 budget*

➤ *WHY?*

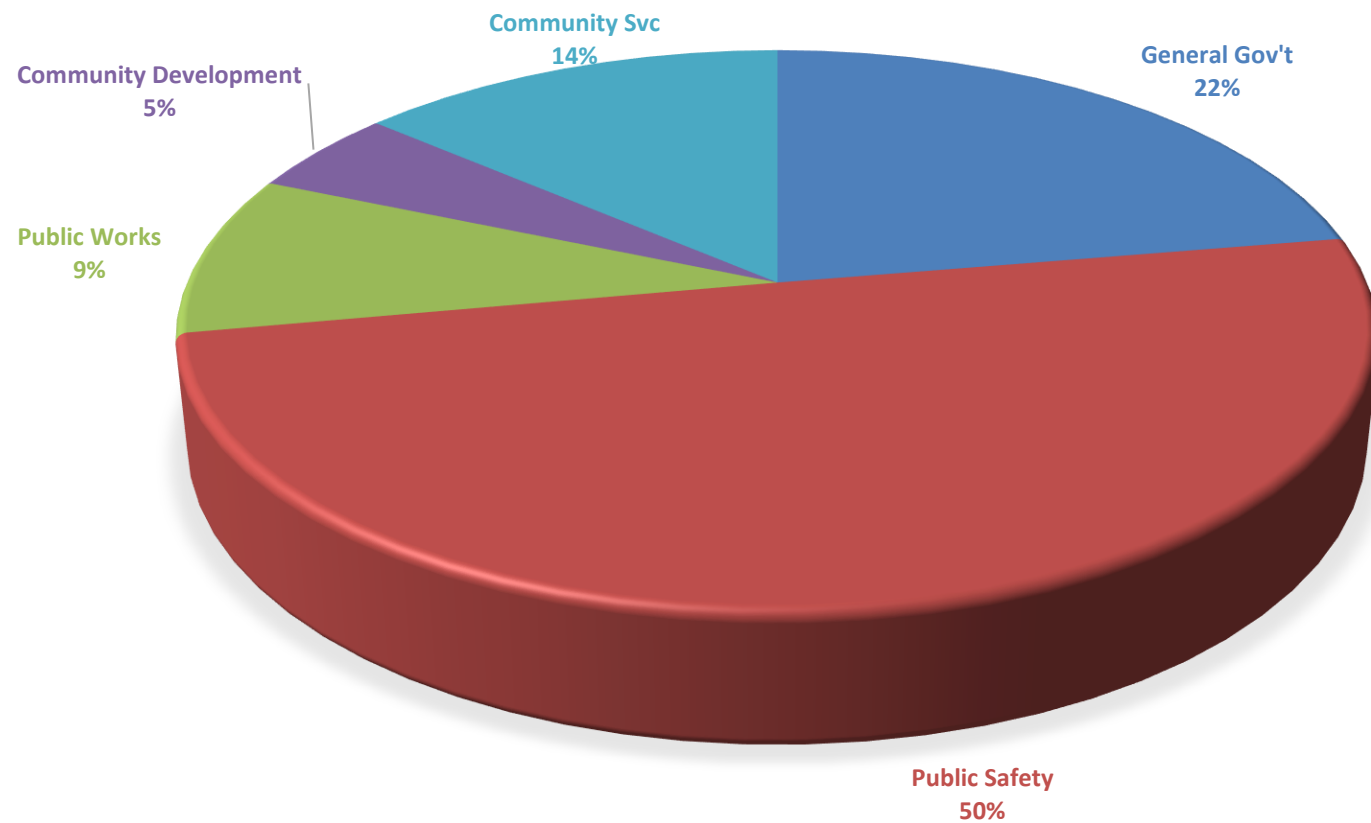
- Personnel (Current Positions Only) \$1.14M
- Operating \$334K
- Capital (\$146K)
- Transfers (\$254K)

General Fund Expenditures (cont.)



General Fund Expenditures (by Function)

GENERAL FUND BUDGET BY FUNCTION



General Fund Overview & Highlights

FY 2023 proposed budget

- Revenues = \$60.7M
- Expenses = \$40.7M*
- Unprogrammed balance of **\$20.0M**

*Note: Expenses do not include proposed enhancement requests

General Fund Enhancement Requests

General Fund enhancement requests = **\$5.2M**

- includes proposed *23 new full-time equivalent positions*

FY 22/23 Budget Enhancement List

Budget Enhancement Description	Ranking	Amount	On-Going
Police Officers – Four (4) new positions	High	\$ 833,258	\$ 671,440
CSOs - Three (3) Community Service Officers	High	\$ 488,751	\$ 373,800
Upgrade 2 sworn positions: 1 Corporal and 1 Sergeant	High	\$ 107,023	\$ 108,150
	TOTAL	\$ 1,429,032	\$ 1,153,390



FY 22/23 Budget Enhancement List

Budget Enhancement

Description

Ranking

Amount

On-Going

Two (2) Support Services Specialist
Positions

High

\$ 237,000 \$ 238,960

TOTAL

\$ 237,000 \$ 238,960

ENHANCEMENTS

POLICE SUPPORT SERVICES

FY 22/23 Budget Enhancement List

Budget Enhancement Description	Ranking	Amount	On-Going
Assistant Planner	High	\$ 128,000	\$ 128,750
Additional Grant writing funds	High	\$ 30,000	\$ -
	TOTAL	\$ 158,000	\$ 128,750

ENHANCEMENTS
**COMMUNITY DEVELOPMENT/
PLANNING**

FY 22/23 Budget Enhancement List

Budget Enhancement

<u>Description</u>	<u>Ranking</u>	<u>Amount</u>	<u>On-Going</u>
Assistant Fire Marshal	High	\$ 179,153	\$ 183,392
<i>(Part of the Fire Contract)</i>	TOTAL	\$ 179,153	\$ 183,392

ENHANCEMENTS
FIRE SAFETY

FY 22/23 Budget Enhancement List

Budget Enhancement Description	Ranking	Amount	On-Going
Permit Technician	High	\$ 98,500	\$ 101,455
Building Inspector	High	\$ 194,500	\$ 155,500
Stand-by Duty compensation for Building Inspector	High	\$ 27,000	\$ 27,000
Energov Training for Product Utilization	High	\$ 50,000	\$ -
	TOTAL	\$ 370,000	\$ 283,955

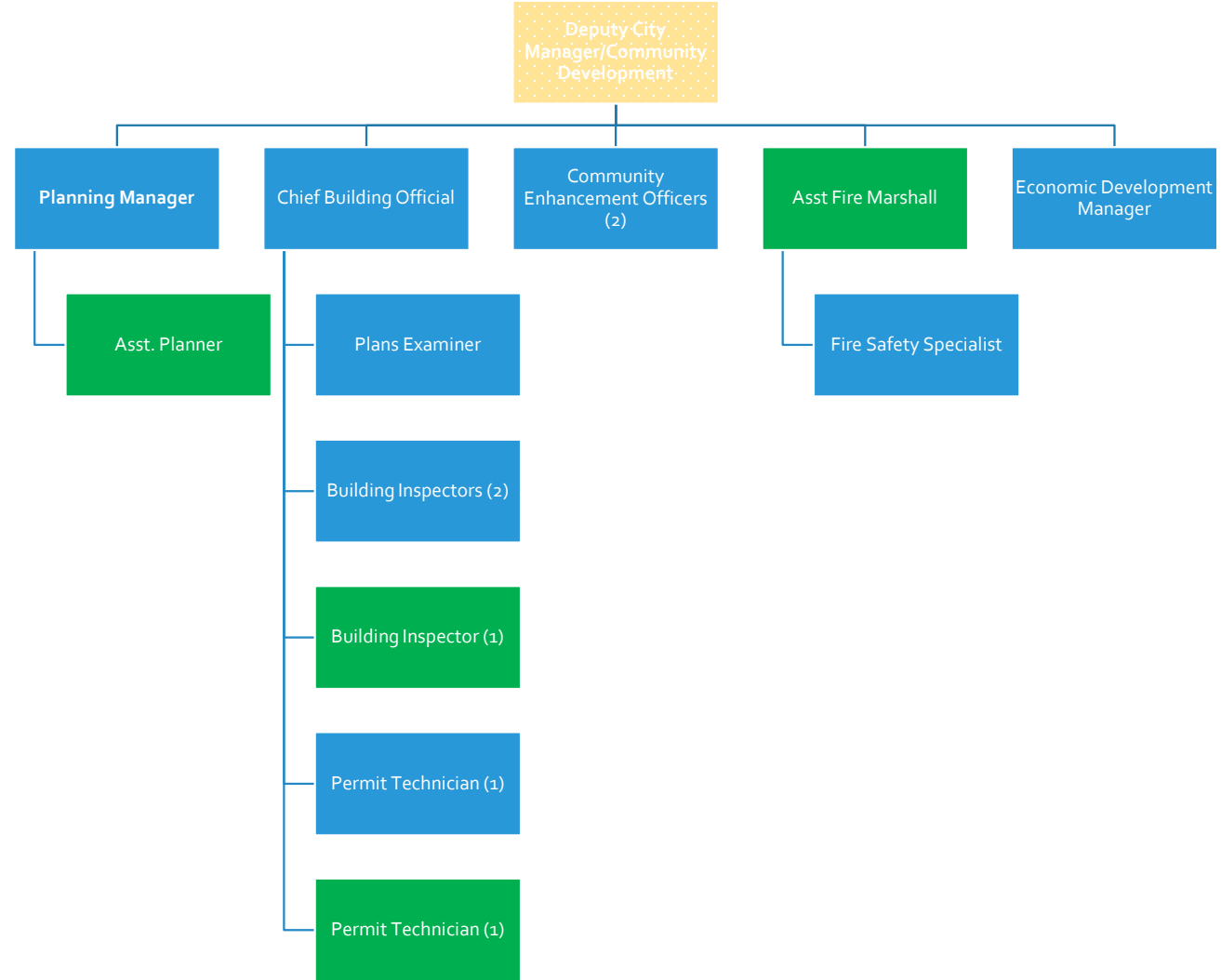
ENHANCEMENTS
BUILDING & SAFETY

FY 22/23 Budget Enhancement List

Budget Enhancement Description	Ranking	Amount	On-Going
Downtown Incentive Package	High	\$ 700,000	\$ -
Economic 3D Modeling	High	\$ 75,000	\$ -
Downtown Revitalization Plan	High	\$ 250,000	\$ -
Travel to Washington, DC and Sacramento	Medium	\$ 32,000	\$ -
Costar subscription	Medium	\$ 5,500	\$ 5,500
	TOTAL	\$ 1,062,500	\$ 5,500

ENHANCEMENTS

ECONOMIC DEVELOPMENT



Organization Chart

COMMUNITY DEVELOPMENT

FY 22/23 Budget Enhancement List

Budget Enhancement

Description

Ranking

Amount

On-Going

Senior Engineer (CIP)

High

\$ 194,075

\$ 190,550

GIS Analyst

High

\$ 163,000

\$ 147,290

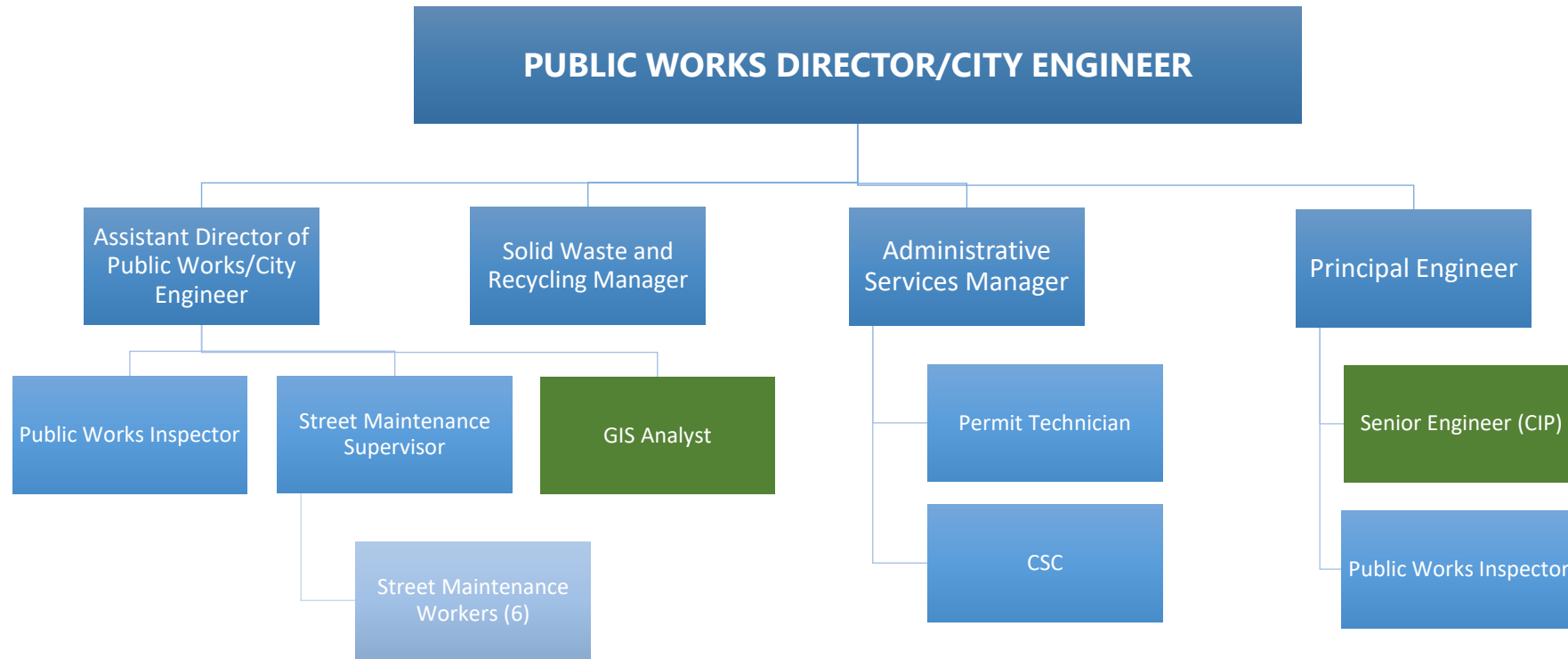
TOTAL

\$ 357,075

\$ 337,840

ENHANCEMENTS

PUBLIC WORKS



Organization Chart
PUBLIC WORKS

FY 22/23 Budget Enhancement List

Budget Enhancement Description	Ranking	Amount	On-Going
Increase part-time Rec Specialist positions and additional programs	Medium	\$ 174,050	\$ 176,200
Furniture for Senior Center/New tables & chairs for CRC	Medium	\$ 34,000	\$ -
	TOTAL	\$ 208,050	\$ 176,200

ENHANCEMENTS
PARKS AND RECREATION

FY 22/23 Budget Enhancement List

Budget Enhancement Description	Ranking	Amount	On-Going
Four (4) Building/Grounds Maintenance Workers	High	\$ 558,000	\$ 407,400
	TOTAL	\$ 558,000	\$ 407,400

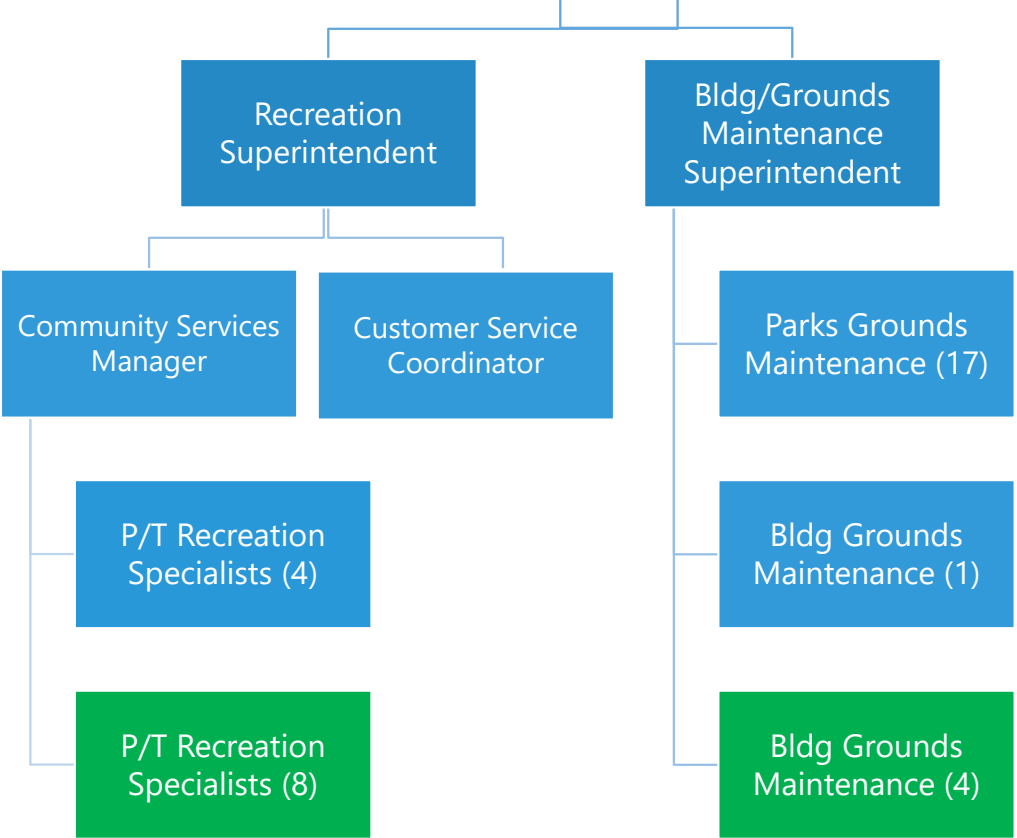
ENHANCEMENTS
BUILDING MAINTENANCE

FY 22/23 Budget Enhancement List

Budget Enhancement Description	Ranking	Amount	On-Going
Additional tree trimming costs	Medium	\$ 125,000	\$ 125,000
Park and irrigation survey and trip hazard survey	Medium	\$ 50,000	\$ -
	TOTAL	\$ 175,000	\$ 125,000

ENHANCEMENTS
PARKS & GROUNDS
MAINTENANCE

COMMUNITY SERVICES DIRECTOR



Organization Chart

COMMUNITY SERVICES

FY 22/23 Budget Enhancement List

Budget Enhancement

Description

Ranking

Amount

On-Going

Assistant HR Payroll Technician

High

\$ 90,000

\$ 92,700

TOTAL

\$ 90,000

\$ 92,700

ENHANCEMENTS

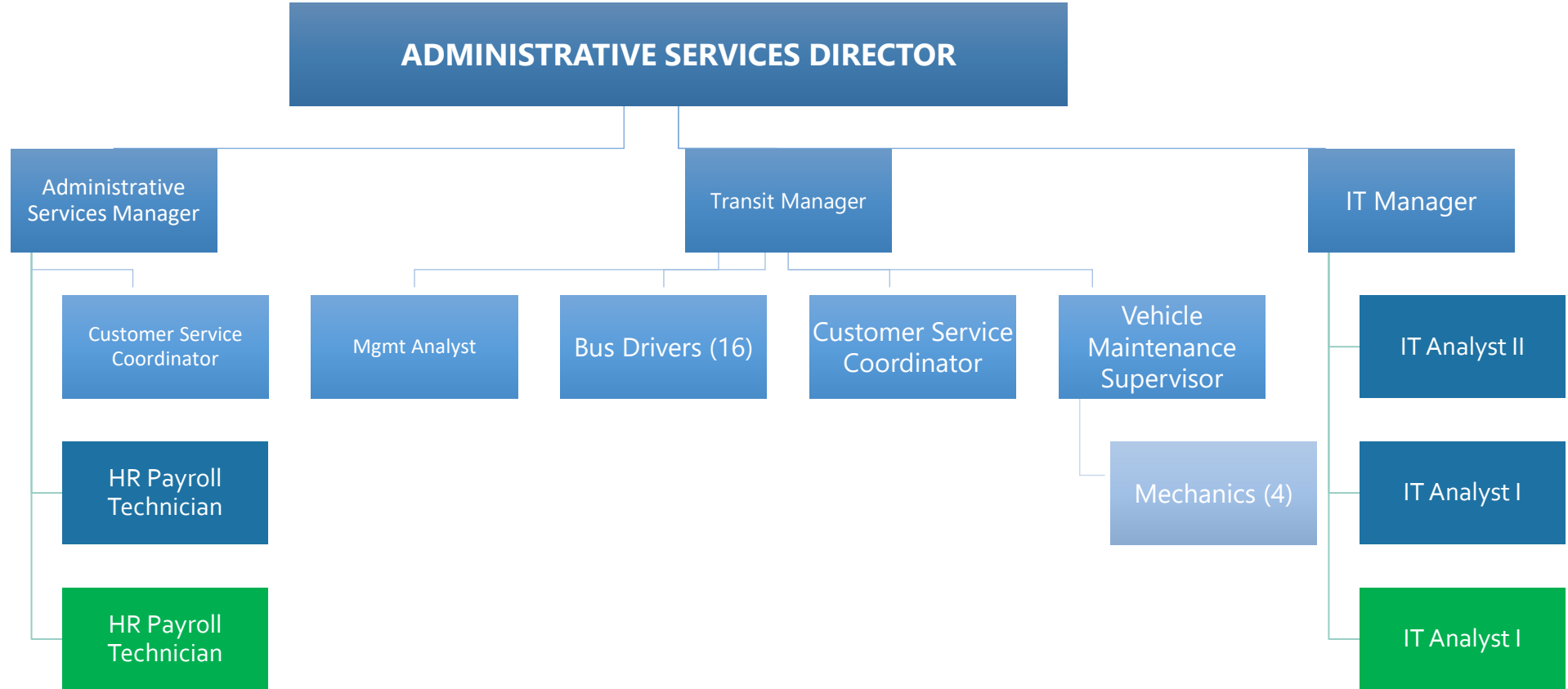
HR/RISK MANAGEMENT

FY 22/23 Budget Enhancement List

Budget Enhancement Description	Ranking	Amount	On-Going
Information Technology Analyst I	Medium	\$ 117,500	\$ 118,450
Turbo Data	Medium	\$ 51,000	\$ 51,000
CCTV police cameras	Medium	\$ 10,169	\$ -
	TOTAL	\$ 178,669	\$ 169,450

ENHANCEMENTS

INFORMATION TECHNOLOGY



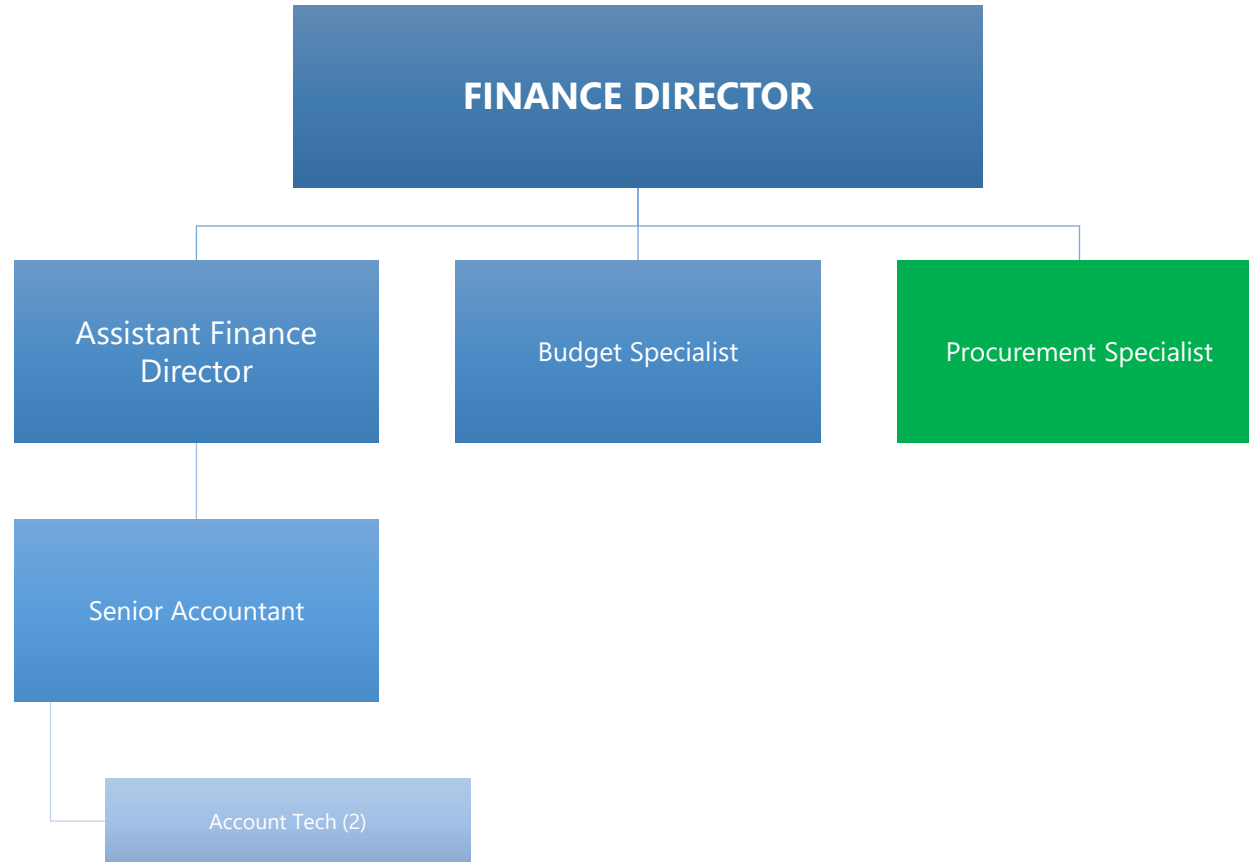
Organization Chart

ADMINISTRATIVE SERVICES

FY 22/23 Budget Enhancement List

Budget Enhancement Description	Ranking	Amount	On-Going
Procurement and Contract Specialist position	High	\$ 138,000	\$ 132,850
Tyler Account Receivable Suite	Medium	\$ 27,115	\$ 4,125
Forecasting Software	Low	\$ 24,500	\$ 24,500
	TOTAL	\$ 189,615	\$ 161,475

ENHANCEMENTS
FINANCE



Organization Chart

FINANCE

General Fund *Capital Improvement Funding*

- General Fund capital projects funding requests = \$937,400
 - Michigan Avenue Storm Drain Culvert Crossing: \$30,200
 - Mid Year Street Enhancement Program 22/23: \$907,200

**Annual Citywide Street Rehab and Maintenance is a backfill of Measure A revenue loss from WRCOG agreement.*

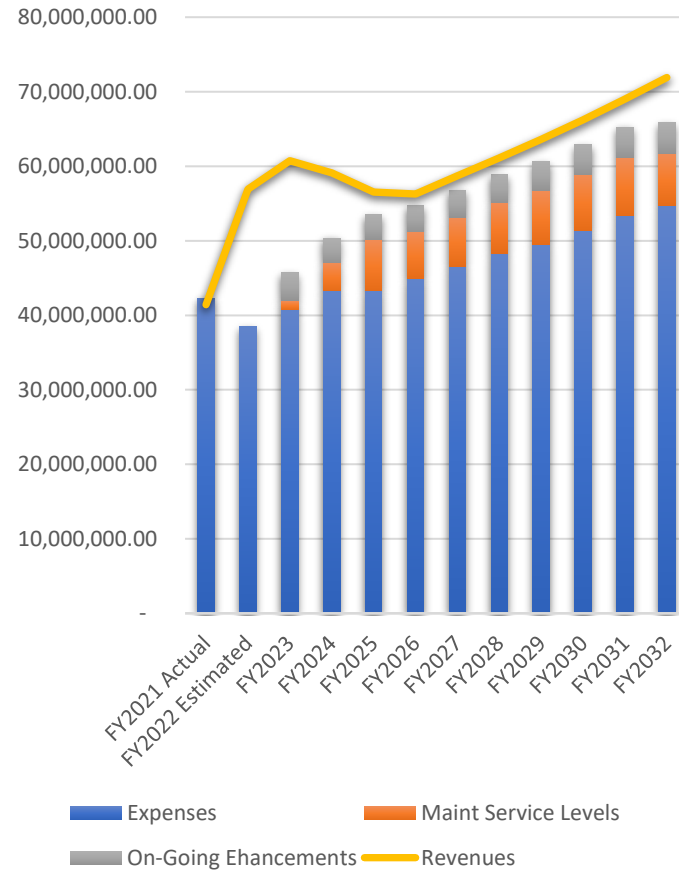
Long-Term Financial Forecast

Assumptions used:

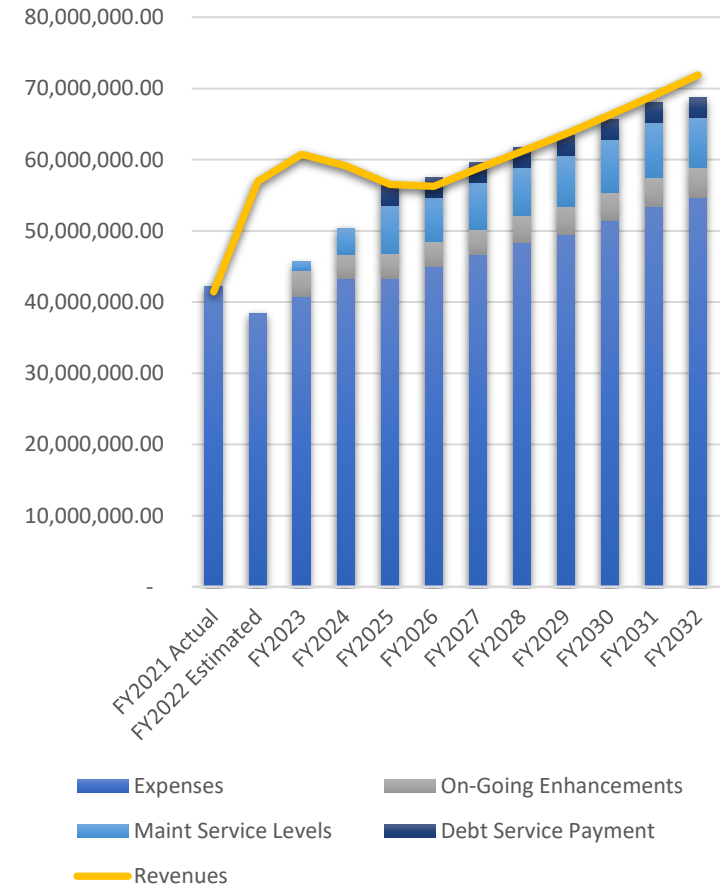
- Recession years – FY 2024-2026
- Reduction in Gas Tax transfer-in as more vehicles move to electric
- Using Pension 115 to reduce costs starting FY 2029
- Includes all enhancement requests
- Beginning FY 2023, General Fund offsetting the loss of Measure A revenues, 60% reduction.
- Beginning FY 2024, full operations of new fire station
- Beginning FY 2024, two new positions added each fiscal year to maintain current service level
- Scenario 2 model
 - Beginning in FY 2025, option for City Council to fund new police station

Long-Term Financial Forecast (cont.)

Long-Term Financial Forecast Scenario 1



Long-Term Financial Forecast Scenario 2



One-Time Funds



Unprogrammed/available resources in the General Fund *after enhancements and CIP* = **\$13.9M**



Recommendation for use:
One-time expenditures



Discussion and possible direction

WASTEWATER FUND



Wastewater Fund Overview

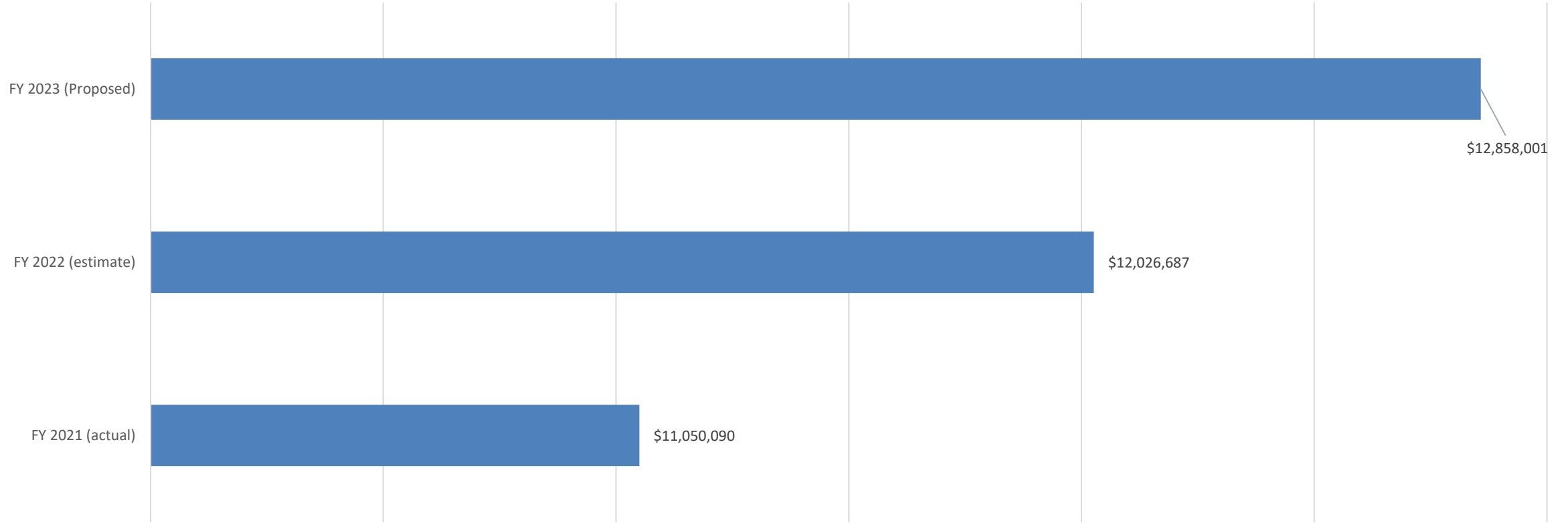
FY 2023 Proposed Budget

- Revenues = \$12,858,001
- Expenses = ~~\$12,532,234~~
- Surplus = \$ 325,767

Revenues have increased by \$831,314 (6.9%) from FY 2022 *estimated actuals*.

Expenses have increased by \$196,734 (1.6%) from FY 2022 current budget.

Wastewater Revenue

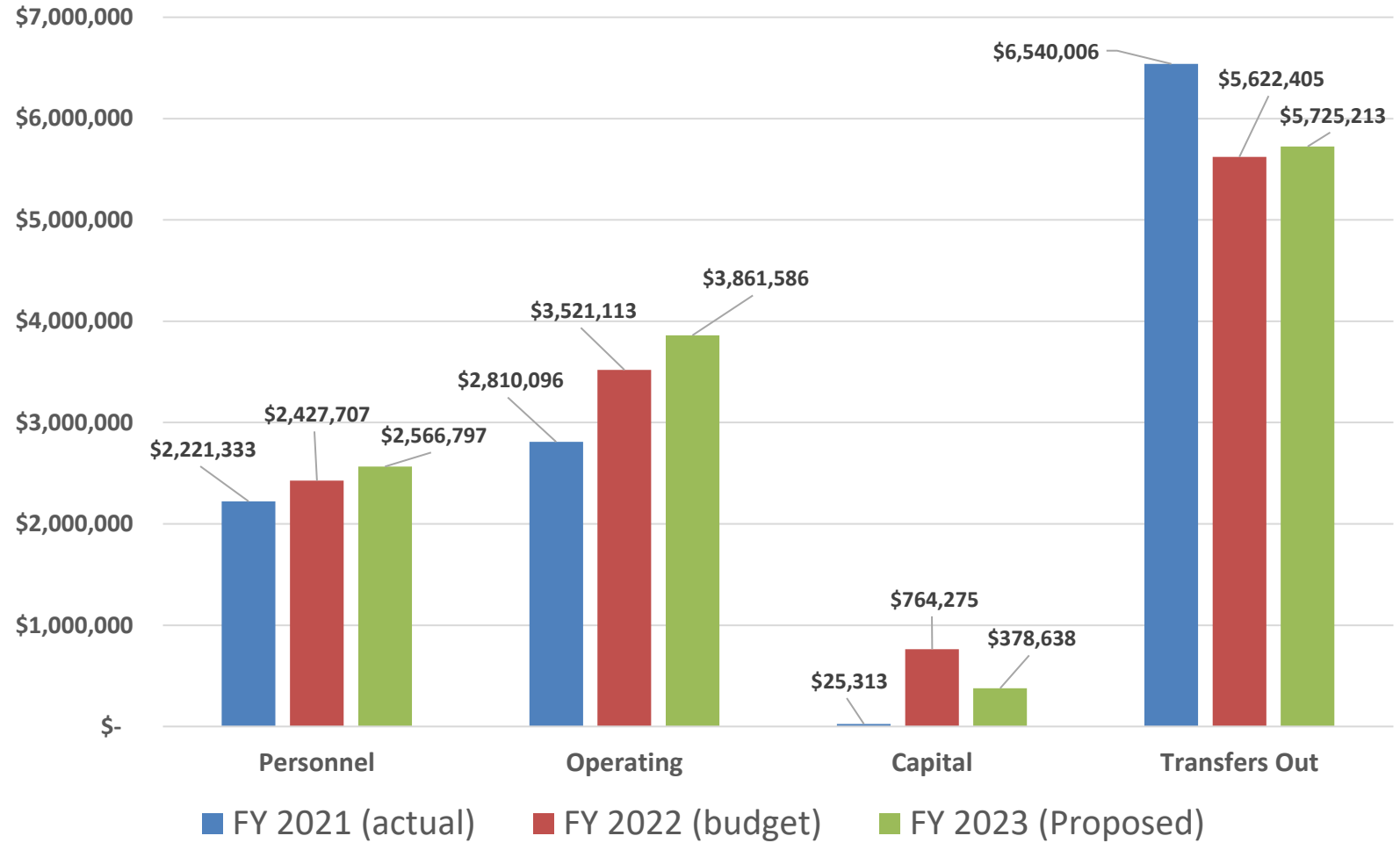


REVENUES

WASTEWATER OPERATING

Wastewater Operating Fund Expenses

Wastewater Operating Fund - Expenses



FY 22/23 Budget Enhancement List

Budget Enhancement Description	Ranking	Amount	On-Going
Instrument Calibration Services	High	\$ 24,999	\$ 24,999
Replace Brine Line Monitoring equipment	High	\$ 34,000	\$ -
GIS based Collection Tracking Software	Med-High	\$ 70,000	\$ 50,000
Mechanical Maintenance Services	Medium	\$ 25,000	\$ 25,000
Restoration & Addition of Electric Actuated Gates	Low	\$ 65,900	\$ -
	TOTAL	\$ 219,899	\$ 99,999

ENHANCEMENT REQUESTS
WASTEWATER OPERATING

Wastewater Available Funds

Available funds after enhancements = \$105,868

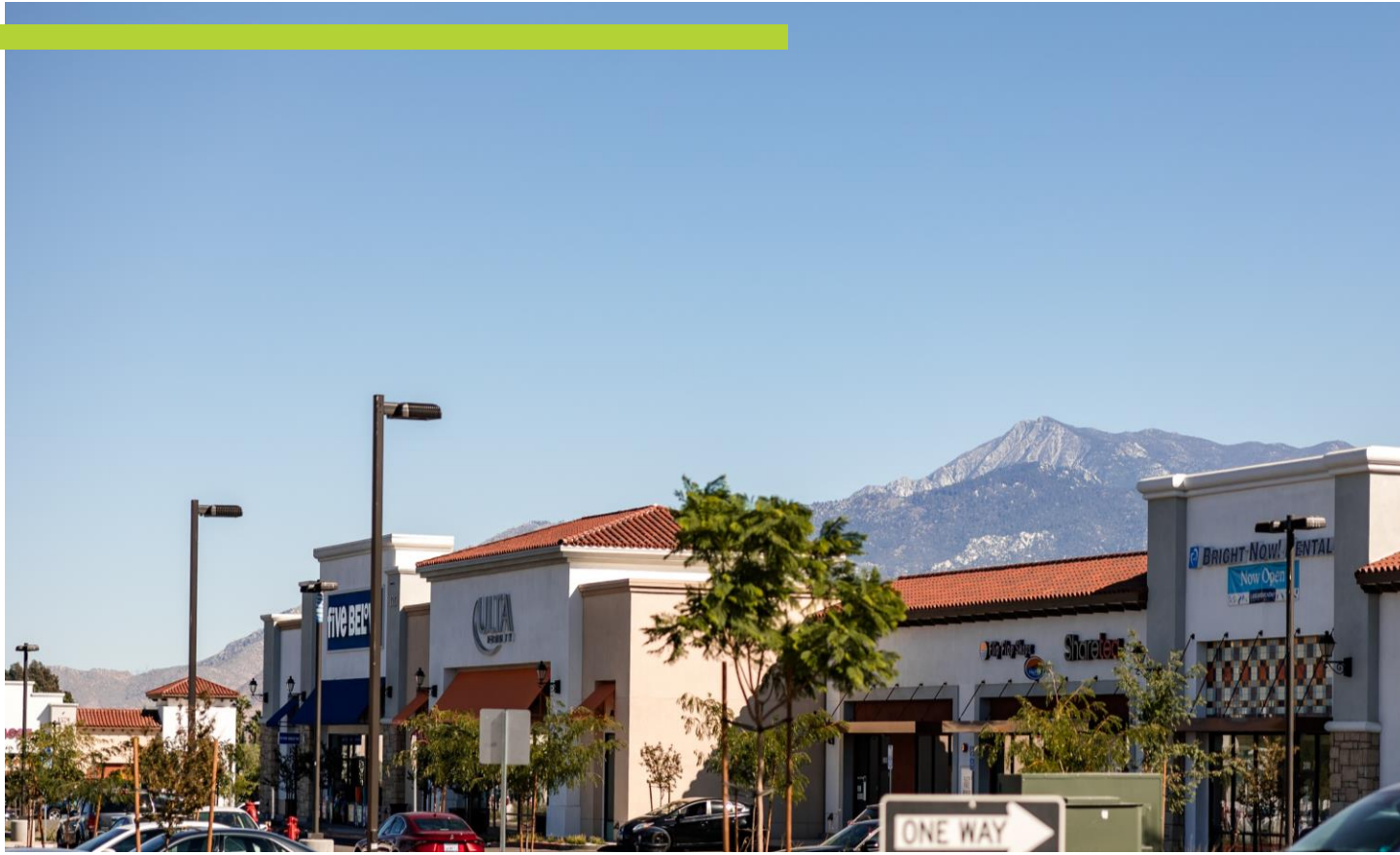
- Capital projects requests = \$1,410,000
- Capital Project requests are all rated as high priority and include:
 - 4th Street Manhole Replacement \$200,000
 - Oak Valley Lift Station Access Point \$210,000
 - Vactor Dump Station \$450,000
 - Lift Station Spare Pump Program \$300,000
 - Variable Frequency Drive \$250,000
- Balance = \$1,304,132 of unfunded capital projects

Estimated FY2022 Ending Fund Balance	\$6.5M
Unfunded Capital Projects	(\$1.3M)
Seed for new R&R Capital Account	(\$1.0M)
Remaining Fund Balance	\$4.2M
FY2023 Proposed Budget	\$12.85M
Percent of Fund Balance Remaining	32.7%

FY2022-2023 Wastewater Unfunded Capital Requests

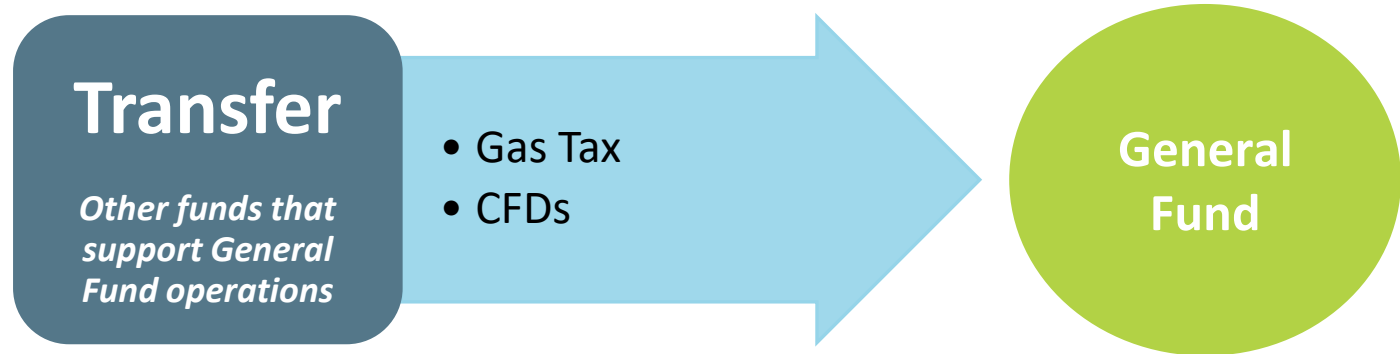
***Options and
Discussion***

ALL OTHER FUNDS



Special Revenue Funds that Support Operations

- General Fund contains most of the City operations.
- Wastewater Fund includes all the direct operations to run the City's sewer system.
- All other operating funds help to support General Fund operations and, in some instances, have direct expenditures.



FY 2023 BUDGET FOR OPERATING FUNDS

FUNDS TRANSFERRING TO GENERAL FUND

Fund 200 – Gas Tax \$1,540,466

Fund 215- Grant Funds \$50,000

Fund 220 – COPS \$70,456

Fund 240- Other Special Revenue \$9,600

Fund 250 – CFD Admin \$1,577,546

Fund 255 – CFD Maintenance \$3,858,848

Fund 260 – CFD Public Safety \$911,768

SERVICES PROVIDED BY THESE FUNDS

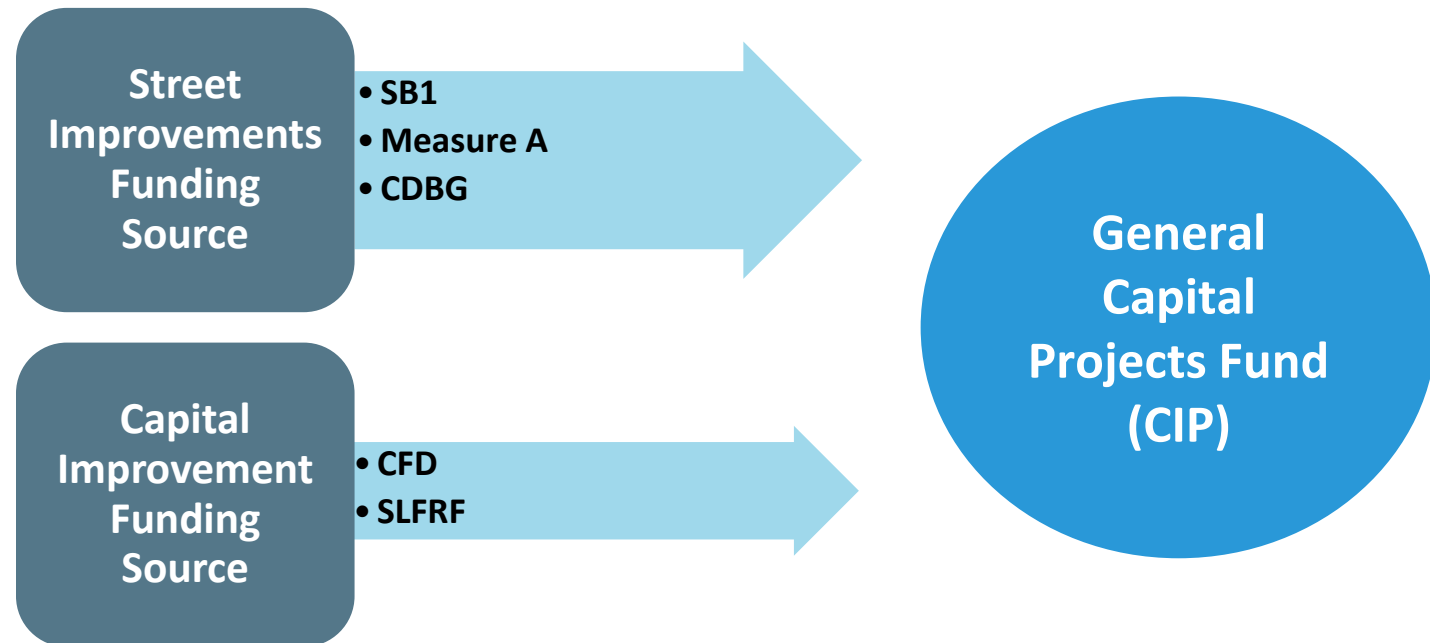
Streets Maintenance, PD overtime grant, Cadet Program, Donations to K9 program, CFD Administration, Parks and Grounds, Street Light Maintenance, Fire Services

**These funds are restricted in their uses and are transferred into the GF to support these specific functions*

Special Revenue Funds That Support Capital Improvements

Funds used to support capital improvements

Funds are restricted in use and can either have expenditures directly within their own fund or transfer to the General Capital Projects Fund (CIP).



FY 2023 BUDGET FOR CAPITAL IMPROVEMENTS

FUNDS TRANSFERRING TO GENERAL CAPITAL PROJECTS FUND & WASTEWATER CAPITAL PROJECTS FUND

Fund 201 – SB1 \$892,435

Fund 202 – Measure A \$604,800

Fund 215 – CDBG \$130,000

SLFRF \$100,000

Fund 510 – CFD \$1,300,000

*These funds transfer in for Capital Improvement
Projects specified within the Capital Improvement
Plan. Projects include:*

Annual Citywide Street Rehab and Maintenance
22/23 – (SB1, Measure A, CDBG) \$1,672,235

Mesa Lift Station Construction – (SLFRF) \$100,000

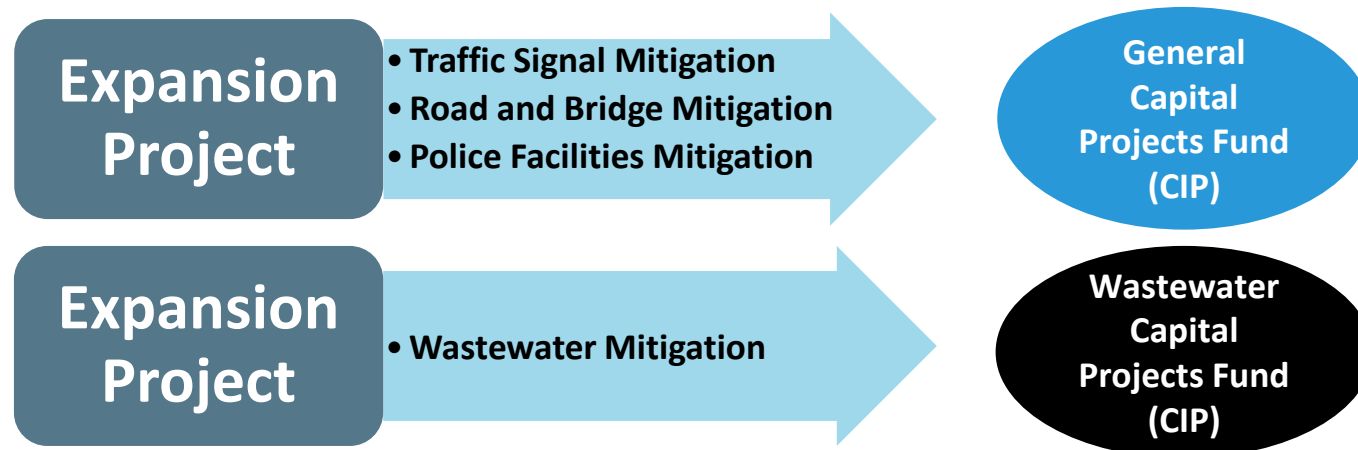
New Police Station Design – (CFD) \$1,300,000

CAPITAL EXPANSION FUNDS

Development Impact Fees

These funds are used to track each type of Development Impact Fee charged to developers for development within the City.

- Restricted for new expansion projects to address new development
 - *Not available for maintenance of current infrastructure*
- Transfer to the General Capital Projects Fund or Wastewater Capital Projects Fund where the actual expenditures occur



FY 2023 Budget for **CAPITAL EXPANSION**

Fund 562 - Road and Bridge Mitigation \$1,500,000 – 2nd Street Extension Construction

Fund 556 – Traffic Signal Mitigation \$150,000 total which includes Citywide Traffic Signal Upgrade & Capacity Improvement Phase 3

Fund 559 – Police Facilities Mitigation total \$1,450,000 which includes (1) Building C Renovation \$750,000 and (2) New Police Station Design \$700,000

Transfers to General Capital Projects Fund for specific project within the Capital Improvement Plan

Fund 705 – Wastewater Mitigation \$3,650,000 – which includes (1) 16” Mesa Force Main Construction \$2,000,000 and (2) Mesa Lift Station Pump Capacity Enhancement Construction \$750,000 (3) Mesa Lift Station Construction \$900,000

Transfers to the Wastewater Capital Projects Fund for specific project within the Capital Improvement Plan

INTERNAL SERVICE FUNDS



Internal Service Fund

Allows the City to address capital needs on a useful life schedule.



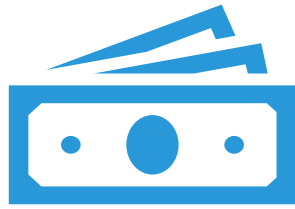
The fund provides for the following capital categories:

Facility
Maintenance
Fund

Vehicle
Replacement
Fund

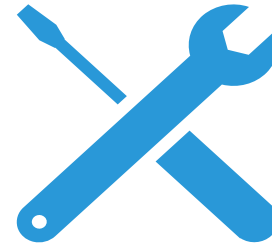
Information
Technology
Fund

Equipment
Replacement
Fund



Contributions to the fund from departments include:

Facility Maintenance \$317,104
Info Technology Equipment Replacement \$205,229
Vehicle Replacement \$425,974



ISF expenditures for FY 2023 include:

Vehicle Replacements \$754,936
Info Technology Equipment Replacement \$440,000
Grace Avenue Bldg Roof (Remove and Replace)
\$350,000

Internal Service Fund (cont.)



Questions from the City Council regarding the proposed FY 2023 Budget



Staff is seeking direction regarding any changes or additional information needed by the City Council



Potential need for additional meetings prior to proposed final adoption – June 21st

QUESTIONS & CITY COUNCIL DIRECTION