



STAFF REPORT
7/10/2024

TO: Honorable Mayor and City Council Members

FROM: Ruben Ramirez, Controller

SUBJECT: Resolution No. 2024-27, a Resolution of the City Council of the City Of Coachella, Adopting an Annual Budget And Organizational Structure for Fiscal Year 2024-2025

STAFF RECOMMENDATION:

Adopt Resolution No. 2024-27 approving the annual budget, organizational structure, and policy changes for fiscal year 2024-2025 for the City of Coachella and its component units.

BACKGROUND:

I am pleased to submit for your review the proposed budget for the City of Coachella for all funds and departments and its component units for the fiscal year beginning July 1, 2024 and ending June 30, 2025.

In the proposed budget for Fiscal Year 2024-2025, the City of Coachella and all its component units have budgeted revenues of \$144.8 million and appropriations of \$152.5 million. \$41.1 million of these appropriations are for non-general fund capital expenditures. The City's General Fund has budgeted revenues of \$37.3 million and expenditure appropriations of \$37.3 million, resulting in a \$628 budgeted surplus. The General Fund is projected to have unrestricted reserves of \$13.6 million at June 30, 2025. Details are provided in the general fund schedules and tables that follow.

HISTORY:

During the prior three fiscal years (2022-2023 - 2024-2025) the City of Coachella has seen a steady recovery for our community. The prolonged slow recovery from the 2008 recession continues to affect our local economy. The voters passed Measure U, a sales tax rate increase of 1% in November of 2014. These funds were critical in allowing us to finish last fiscal year within budget. However, during these three fiscal years the City incurred steep increases in our contracts with Riverside County Sheriff and Riverside County/Cal Fire for Police and Fire services. The Police Department expenditures increased by \$444,639 (4.11%) and the Fire Department Expenditures increased by \$1,144,389 (24.8%) for a combined total of \$1,589,028 or a 10.29% increase in Public Safety expenditures over the last year. The Measure U sales tax revenue will allow the City to cover the increase in FY 2024-2025 public safety costs with only limited reductions of service level but these Public Safety contracted service increases by Riverside County are not sustainable over time.

CHALLENGES AND PRIORITIES:

Public Safety Cost Increase

Increases in public safety costs continue to be a challenge for the City. The County of Riverside’s continuous increase to public safety services is limiting the amounts available to address capital needs, maintenance and operations in existing and future facilities. In Fiscal Year 2023-24, there was a total increase over the previous Fiscal Year to Police and Fire of \$413,910, which represents slightly over 2.75%. For the 2024-25 Fiscal Year, the total amount is expected to increase another \$1,589,028 or approximately 10.29%. The City anticipates the increases to continue as Riverside County shifts more cost recovery of police services on to its contract cities.

ECONOMIC FORECASTS:

The City of Coachella will endeavor to maintain a diversified and stable revenue base to minimize the effects of economic fluctuations. All estimates are conservative. General fund revenues are categorized into seven broad categories taxes, licenses and permits, charges for services, intergovernmental, fines and forfeitures, interest and other revenues and transfers in from other funds.

Major Revenue Sources General Fund Fiscal Year 2024-25						
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2023-24	FY 2024-25
	Actual	Actual	Actual	Budget	Estimated Year End	Budget
Taxes	\$ 23,371,431	\$ 25,890,695	\$ 27,540,901	\$ 24,822,800	\$ 26,172,800	\$ 28,609,932
Licenses and Permits	648,250	738,102	910,130	555,000	555,000	518,195
Charges for Services	560,751	1,281,533	978,465	815,000	815,000	697,752
Intergovernmental	1,193,516	1,366,494	1,473,217	906,657	906,657	814,890
Fines and Forfeitures	141,647	261,806	350,103	230,000	230,000	250,000
Interest and Other Revenue	609,115	3,090,273	813,992	546,000	546,000	566,750
Transfers	4,159,009	4,135,764	4,332,090	5,822,307	5,822,307	5,891,519
Total	\$ 30,683,719	\$ 36,764,667	\$ 36,398,897	\$ 33,697,764	\$ 35,047,764	\$ 37,349,038

Intergovernmental revenues are substantial in comparison to other categories and consists of payments from other government entities including admin fees for administration of the Successor Agency and the Waste Transfer Station JPA. The general fund’s position as the originating fund for all service components, i.e., Water, Sanitary, Fire, Police, Streets, and Redevelopment efforts has resulted in the general fund now receiving service charges from all service components. City’s employee salary costs are disbursed among departments and service components to be able to ascertain both direct and indirect costs for City services rendered.

General Fund Expenditures by Department

The general fund is the main operating fund of the City of Coachella. It is used to account for all financial

resources except where legal, administrative or Generally Accepted Accounting Principles (GAAP) requirements cause them to be accounted for in another fund. The City’s general fund activity includes departments that serve the general public as well as functions that provide administrative support to the various departments within the government and its agencies. The table shown below provides a summary list of the general fund Departments and their respective budgets.

City of Coachella
General Fund Historical and Projected Expenditures by Department
Fiscal Years 2024-2025

Department Name	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Budget	FY 2023-24 Estimated Year End	FY 2024-25 Initial Budget
City Council	\$ 194,235	\$ 187,292	\$ 276,601	\$ 287,901	\$ 267,195
City Clerk	92,527	186,571	104,107	104,107	167,548
Admin - City Attorney	667,803	987,642	772,000	772,000	810,600
Admin - City Manager	368,293	422,186	251,289	251,289	305,999
Admin - Public Information Officer	-	-	210,087	210,087	363,761
Admin - Human Resources	232,801	217,420	348,075	348,075	399,094
Admin - General Government	3,208,664	3,461,586	4,582,314	4,732,943	4,411,341
Economic Development Department	71,602	201,764	413,607	413,607	375,215
Economic Development - Grant Administration	98,701	141,619	149,800	149,800	100,613
Finance Department	721,200	943,290	1,055,777	1,055,777	1,405,070
Information Technology	745,824	932,130	846,465	846,465	1,040,051
Development Services - Administration	-	54	307,998	307,998	338,254
Development Services - Planning	629,995	905,524	626,952	590,602	1,121,026
Development Services - Building	302,997	383,620	479,337	479,337	625,866
Development Services - Code Enforcement	379,010	414,849	760,598	760,598	1,060,173
Development Services - AVA	159,769	323,735	223,991	223,991	264,265
Development Services - Graffiti	64,322	85,648	215,488	215,488	183,544
Development Services - Cannabis Compliance	-	30,277	142,302	142,302	186,956
Engineering Department	797,722	656,415	952,302	952,302	1,138,400
Engineering - Storm Drain	-	14,970	-	-	50,000
Public Works - Administration	177,288	344,615	324,115	324,115	458,150
Public Works - Streets Maintenance	1,645,678	1,834,758	1,620,275	1,620,275	2,044,029
Public Works - Parks Maintenance	1,892,289	2,032,834	2,199,182	2,199,182	2,437,824
Public Works - Building Maintenance	1,069,676	1,194,523	1,336,367	1,336,367	1,197,890
Public Works - Fleet Maintenance	563,418	642,633	785,989	785,989	813,745
Public Works - Recreation Programs	370,912	314,459	168,113	168,113	225,507
Public Works - Seniors Program	320,037	413,968	477,890	477,890	450,787
Public Safety - Police Services	9,879,822	10,409,530	10,760,440	10,823,440	11,268,079
Public Safety - Animal Control	345,793	474,040	490,000	490,000	514,500
Public Safety - Emergency Services	125,415	(14,589)	80,000	80,000	80,000
Public Safety - Fire Services	1,709,174	1,751,018	2,540,049	2,540,049	3,242,928
Total	\$ 26,834,967	\$ 29,894,382	\$ 33,501,511	\$ 33,690,090	\$ 37,348,410

Other Funds

The City has various funds and special districts which are designated subdivisions of the general fund or are classified as component units. These other funds all have the Coachella City Council as the governing body and have their respective budgets approved by the Council for the fiscal year ended June 30, 2024.

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted for specific purposes. Special Revenue funds include State and Federal grants, funds to be used solely for capital projects, and the property taxes and charges collected by the County Tax-Collector's Office for the Successor Agency of the Former Coachella Redevelopment Agency and the Coachella Fire Protection District.

Capital Improvement Funds are used to account for project costs for the building of infrastructure to attract business and expand capacities. The Capital Improvement Program found in the last budget section is a listing of proposed and existing projects for the acquisition and construction of capital assets. These programs are outlined in the proposed five-year capital budget and existing capital projects. The five-year Capital Improvement Plan includes proposed financing for the 2024-25 fiscal year with projected revenue sources and project costs for the next four fiscal years. The Engineering Department has provided a comprehensive capital improvements plan that utilizes developer impact fees, grants and self-generated funds from the City's enterprise operations. Although the funds required for the proposed fiscal year projects are available, future year's projects may have a "To Be Determined" footnote if funds have not yet been identified.

Budget Preparation and Presentation

Individual general fund departments have included their accomplishments for the current fiscal year, their goals for the 2024-25 budget year and are presenting budget issues to the Council for your review and approval that will allow the Council to standardize future budget matters and keep the Council's policies in line with the City's priorities.

I would like to thank Public Works Director Maritza Martinez, City Engineer Andrew Simmons, Utilities Manager Castulo Estrada, Controller Ruben Ramirez, the Finance Department staff, Economic Development Director Celina Jimenez, Development Services Department Gabriel Perez, and all the City personnel who contributed to the entire budget process.

ATTACHMENTS:

1. Resolution No. 2024-27 – Adopting an Annual Budget and Organizational Structure for Fiscal Year 2024-2025
2. Fiscal Year 2024-2025 Draft Proposed Budget