



**STAFF REPORT**  
**5/24/2023**

**TO:** Honorable Mayor and City Council Members

**FROM:** William B. Pattison, Finance Director

**SUBJECT:** Resolution No. 2023-32, a Resolution of the City Council of the City Of Coachella, Adopting an Annual Budget And Organizational Structure for Fiscal Year 2023-24

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**STAFF RECOMMENDATION:**

Adopt Resolution No. 2023-32 approving the annual budget, organizational structure, and policy changes for fiscal year 2023-24 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, 2023 and ending June 30, 2024.

In the proposed budget for Fiscal Year 2023-2024, the City of Coachella and all its component units have budgeted revenues of \$116.3 million and appropriations of \$125.6 million. \$27.7 million of these appropriations are for non-general fund capital expenditures. The City's General Fund has budgeted revenues of \$33.7 million and expenditure appropriations of \$33.5 million resulting in a \$196,253 budgeted surplus that is largely due to projected sales tax increase. The General Fund is projected to have unrestricted reserves of \$13.06 million at June 30, 2024. Details are provided in the general fund schedules and tables that follow.

**HISTORY:**

During the prior three fiscal years (2020-2021 - 2022-2023) 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 \$842,235 (8.64%) and the Fire Department Expenditures increased by \$1,148,311 (37%) for a combined total of \$1,990,546 or a 15.51% increase in Public Safety expenditures over the three years. The Measure U sales tax revenue will allow the City to cover the increase in FY 2023-2024 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 2022-23, there was a total increase over the previous Fiscal Year to Police and Fire of \$1,798,852, which represents slightly over 13.81%. For the 2023-24 Fiscal Year, the total amount is expected to increase another \$562,365 or approximately 3.79%. 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.

<b>Major Revenue Sources General Fund Fiscal Year 2023-24</b>					
	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated Year End</b>	<b>Budget</b>
Taxes	\$ 18,409,029	\$ 23,371,431	\$ 25,890,695	\$ 24,357,895	\$ 24,822,800
Licenses and Permits	458,179	648,250	738,102	523,000	555,000
Charges for Services	477,963	560,751	1,281,533	765,000	815,000
Intergovernmental	1,100,511	1,193,516	1,366,494	1,420,816	906,657
Fines and Forfeitures	395,433	141,647	261,806	173,000	230,000
Interest and Other Revenue	871,971	609,115	3,090,273	576,000	546,000
Transfers	3,788,772	4,159,009	4,135,764	4,616,091	5,822,307
<b>Total</b>	<b>\$ 25,501,858</b>	<b>\$ 30,683,719</b>	<b>\$ 36,764,667</b>	<b>\$ 32,431,802</b>	<b>\$ 33,697,764</b>

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 2023-2024

Department Name	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Estimated Year End	FY 2023-24 Initial Budget
City Council	\$ 173,279	\$ 194,235	\$ 282,974	\$ 276,601
City Clerk	111,446	92,527	145,350	104,107
Admin - City Attorney	742,903	667,803	972,500	772,000
Admin - City Manager	401,947	368,293	521,142	251,289
Admin - Public Information Officer	-	-	-	210,087
Admin - Human Resources	240,969	232,801	345,063	348,075
Admin - General Government	2,735,255	3,208,664	4,216,840	4,582,314
Economic Development Department	176,045	71,602	205,331	413,607
Economic Development - Grant Administration	81,690	98,701	153,723	149,800
Finance Department	691,759	721,200	1,108,724	1,055,777
Finance Department - IT	528,882	745,824	665,885	846,465
Development Services - Administration	-	-	275,649	307,998
Development Services - Planning	795,031	629,995	761,122	626,952
Development Services - Building	347,927	302,997	522,511	479,337
Development Services - Code Enforcement	366,007	379,010	537,095	760,598
Development Services - AVA	144,019	159,769	184,881	223,991
Development Services - Graffiti	93,860	64,322	219,954	215,488
Development Services - Cannabis Compliance	-	-	159,209	142,302
Engineering Department	985,678	797,722	1,024,852	952,302
Public Works - Administration	174,004	177,288	343,174	324,115
Public Works - Streets Maintenance	1,337,247	1,645,237	1,512,975	1,620,275
Public Works - Parks Maintenance	1,703,889	1,892,289	2,101,119	2,199,182
Public Works - Building Maintenance	740,204	1,069,676	1,201,536	1,336,367
Public Works - Fleet Maintenance	506,515	563,418	652,384	785,989
Public Works - Recreation Programs	255,059	370,912	329,929	168,113
Public Works - Seniors Program	284,865	320,037	416,352	477,890
Public Safety - Police Services	9,742,667	9,879,822	10,584,902	10,760,440
Public Safety - Animal Control	221,763	345,793	437,740	490,000
Public Safety - Emergency Services	73,063	125,415	-	80,000
Public Safety - Fire Services	1,619,302	1,709,174	2,408,322	2,540,049
<b>Total</b>	<b>\$ 25,275,272</b>	<b>\$ 27,030,786</b>	<b>\$ 32,431,802</b>	<b>\$ 33,501,511</b>

### 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 2023-24 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 2023/24 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, Interim Finance Director William B. Pattison, 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:

Fiscal year 2023-24 Draft Proposed Budget