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***PROPOSED
FY 2023-25
BUDGET***

JUNE 13, 2023

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Highlights of the FY2023-24 and FY2024-25 Biennial Budget

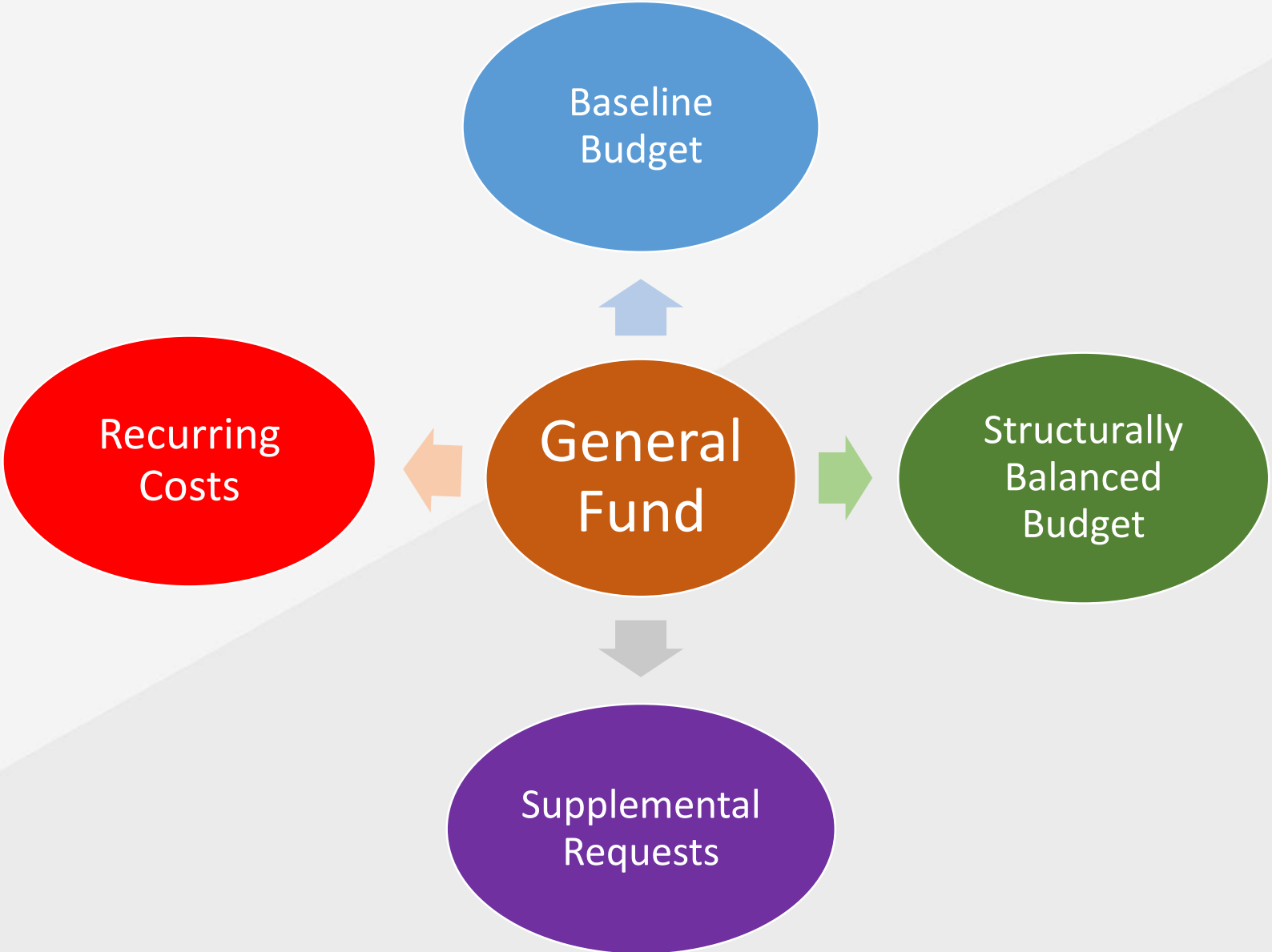
Good news...

- **Balanced budget for both years**
- Added 17 Full-time positions to strategically address Council priorities
- Increased funding for various City programs
- Implemented the Capital Asset Renewal and Replacement program
- Completed organizational restructure to improve efficiency and promote succession planning

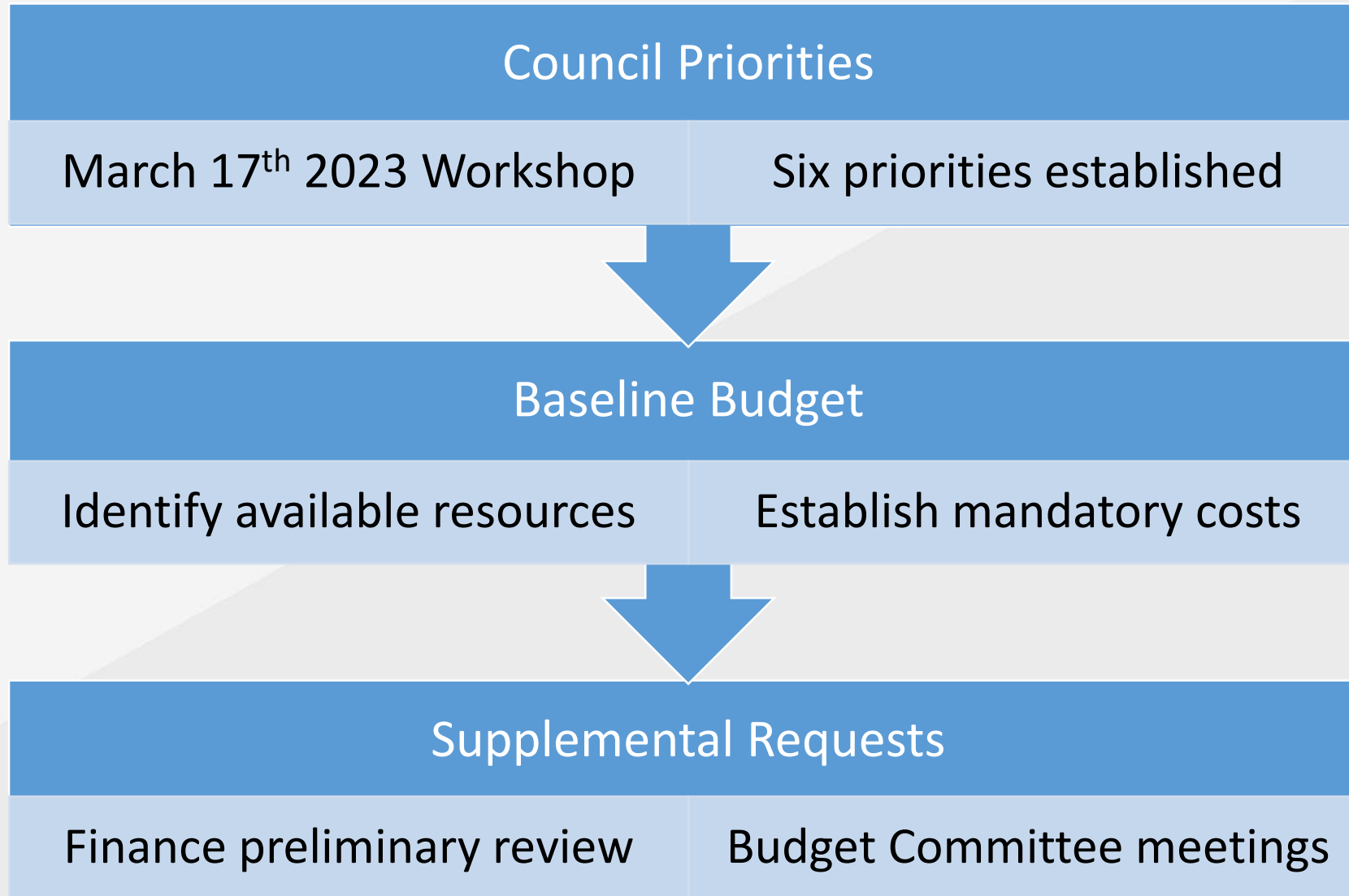
Continued focuses...

- Carefully align recurring costs with ongoing revenue sources
- Ensure sufficient reserves to weather potential mild recession
- Continue to address pension obligations
- Strategically fund the implementation of the City's comprehensive infrastructure policy

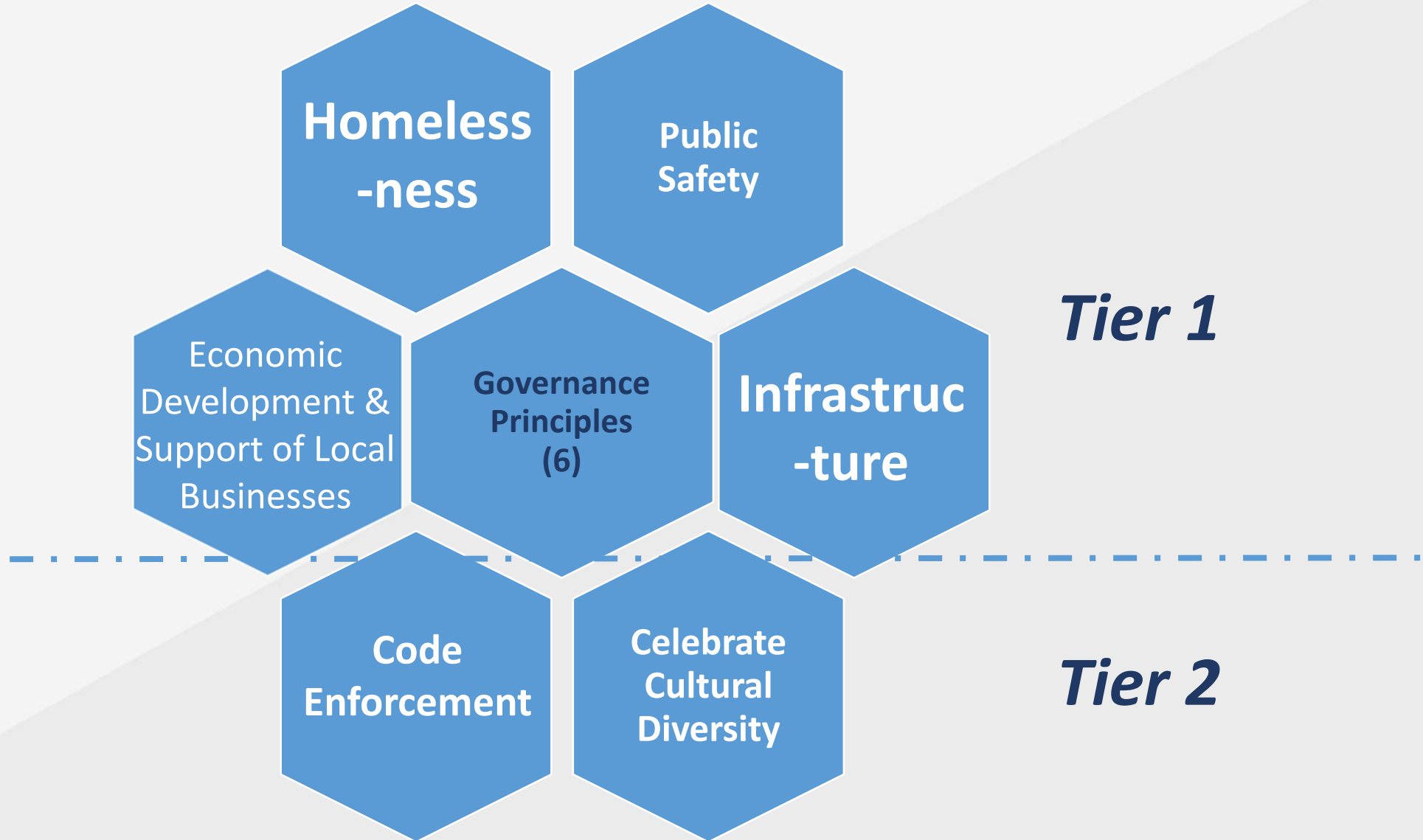
Budget Terminologies



FY2023-24 and FY2024-25 Biennial Budget – Development Process



2023-2025 Council Priorities



Let's start with BASELINE...

What do we have?

REVENUE SOURCES	FY 2023-24 Proposed ('\$000)	FY 2024-25 Proposed ('\$000)
SALES TAX	\$ 30,639	\$ 31,409
MEASURE O	29,669	30,415
PROPERTY TAX	60,890	62,596
HOTEL VISITOR'S TAX	25,000	25,750
OTHER GF REVENUE	20,945	21,453
TOTAL	\$ 167,143	\$ 171,623

What do we need?

EXPENSE CATEGORIES	FY 2023-24 Proposed ('\$000)	FY 2024-25 Proposed ('\$000)
LABOR COSTS (with OT)	\$ 97,885	\$ 102,478
OCFA & FIRE UAL	31,126	31,685
SERVICES & SUPPLIES	16,771	17,813
INTERNAL SERVICE /DEBT SERVICE	14,020	14,473
TRANSFERS OUT	1,700	1,697
TOTAL	\$ 161,502	\$ 168,146

	FY 2023-24 ('\$000)	FY 2024-25 ('\$000)
PROJECTED SURPLUS - BASELINE	\$ 5,641	\$ 3,477

Revenue Baseline:

- No new revenue sources
- Consistent estimation method from prior years

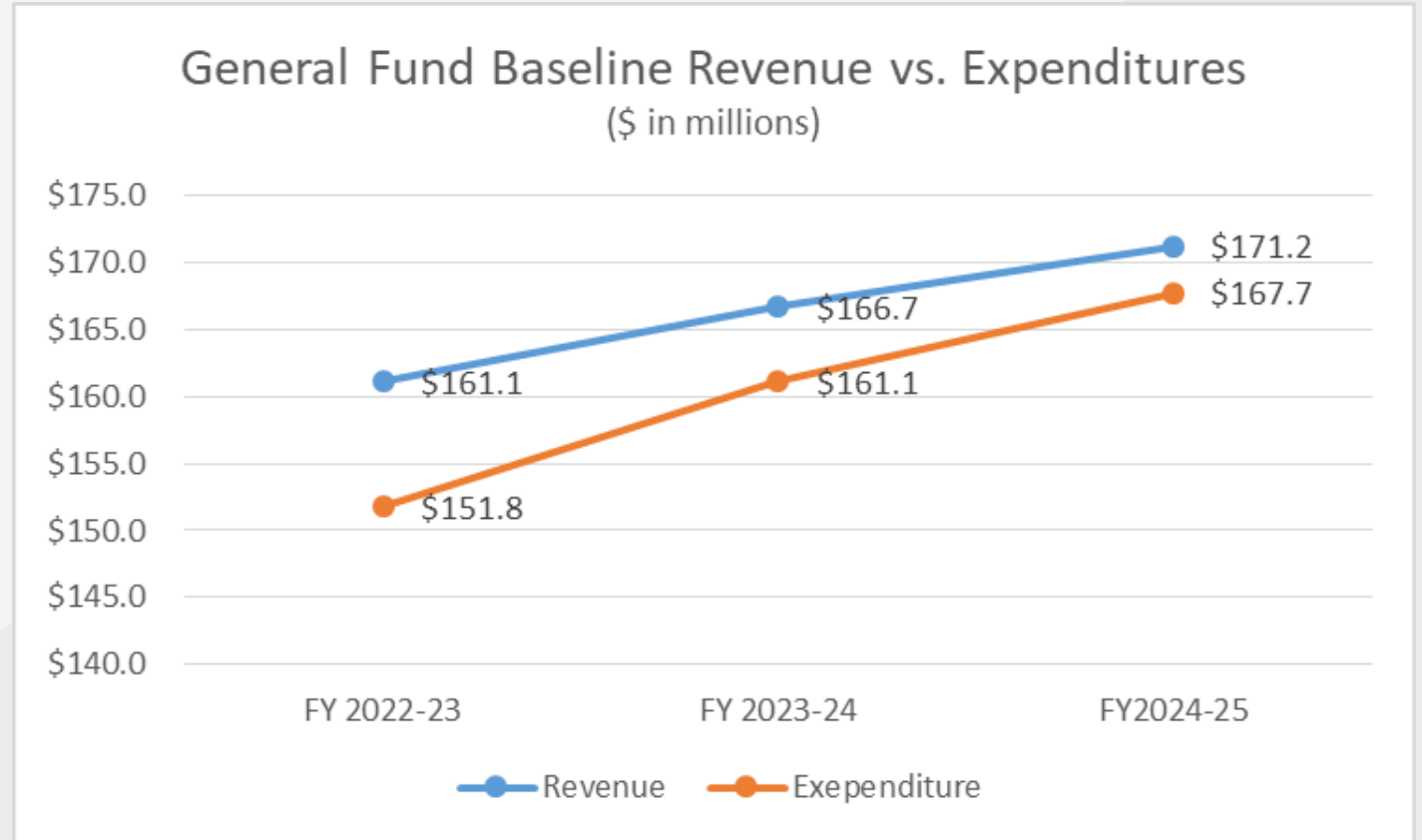
Expense Baseline:

- No increase in staffing or service level
- Only known cost increase included, wage, contractual etc.

Still on BASELINE...

What's the key takeaways?

- Core costs growth **outpaces** revenue growth
- Potential mild **recession** and debt ceiling could threaten a balanced budget
- **New Reoccurring** costs should be carefully evaluated
- Certain internal service funds are still **underfunded** under Baseline scenario



Internal Service Funds – part of BASELINE...

	Amount	Frequency
Worker's Comp	\$ 2,000,000 ¹	FY 24 & 25

	Amount	Frequency
Information Technology	\$ 600,000 ²	Annually

	Amount	Frequency
Buildings & Facilities	\$ 600,000 ²	Annually

	Amount	Frequency
Fleet	\$ -	Annually

	Amount	Frequency
General Liability	\$ -	Annually

1. Worker's Comp Fund - \$3M Deficit Fund Balance as of June 30, 2022. \$2M transferred as of July 1, 2022, recommend continue annual transfer of \$2M for two years.
2. IT & Building & Facilities (new) internal service funds - \$600K per year funding included in baseline budget. These are additional ongoing funding needs.
3. Add equipment replacement in the future, to smooth out impact on major purchases.

FY 2023-2025 Supplemental Requests...

FY2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Available Fund Balance (\$'000)	Estimated Surplus (\$'000)	BASELINE Surplus (\$'000)	BASELINE Surplus (\$'000)
\$46,494	\$9,362	\$5,641	\$3,477

Main considerations:

- Fund Balance = One-time \$
- Diminishing surplus

TYPE	FY 2023-24 (\$'000)	FY 2024-25 (\$'000)	TOTAL (\$'000)
Ongoing Requests	\$ 4,200	\$ 4,600	\$ 8,800
One-time Costs	3,090	1,210	4,300
TOTAL	\$ 7,290	\$ 5,810	\$ 13,100

Sources for Supplemental Requests:

Projected current year surplus from Baseline Scenario	\$ 5,642	\$ 3,477 *
Estimated surplus from FY2022-23	1,648	2,333
	\$ 7,290	\$ 5,810

* Available surplus for Year 2 will decrease after funding Year 1 supplemental requests that are recurring.

FY 2023-2025 Supplemental Requests Summary (1/2)

Description	Amount	Council Priority
Automation		
Mobile equipment for field staff	\$ 15,700	1, 3
City Hall lobby kiosk	10,000	4, 6
Capital Improvement Project		
Channel repair and other improvements	1,250,000	4
Community Program		
Garden Grove Gems	5,000	3
Garden Grove Teen Action (GGTAC)	7,000	6
Police Explorer Program	10,000	2
Holiday lighting infrastructure	30,000	4
Cost Reduction & Recovery		
Subrogation service	45,000	3
Transient Occupancy Tax audit	70,000	3
Equipment		
Police equipment	155,300	2

Council Priorities:

Tire 1:

1. Homelessness
2. Public safety
3. Economic development & support for local businesses
4. Infrastructure

Tier 2:

5. Code enforcement
6. Celebrate cultural diversity

FY 2023-2025 Supplemental Request Summary (2/2)

Description	Amount	Council Priority
Infrastructure Enhancement		
Security cameras at City parks & other	\$ 111,500	1, 4
New Positions (14)	1,901,423	ALL
Position upgrade (7)	985,861	ALL
Professional service		
Be Well OC	1,200,000	1
Economic development	488,000	3
Parking enforcement	30,000	1, 2, 3
Tree maintenance	100,000	2, 4
Staff Augmentation		
Engineering, construction & grant development	173,000	3
Building and planning services	300,000	3
Code enforcement	200,000	5
Staff Development	61,364	ALL
Other		
SB 1383 Compliance	400,000	3,4
Other	27,000	ALL

Council Priorities:

Tire 1:

1. Homelessness
2. Public safety
3. Economic development & support for local businesses
4. Infrastructure

Tier 2:

5. Code enforcement
6. Celebrate cultural diversity

FY 2023-2025 Proposed General Fund Budget Revenue and Expenditures

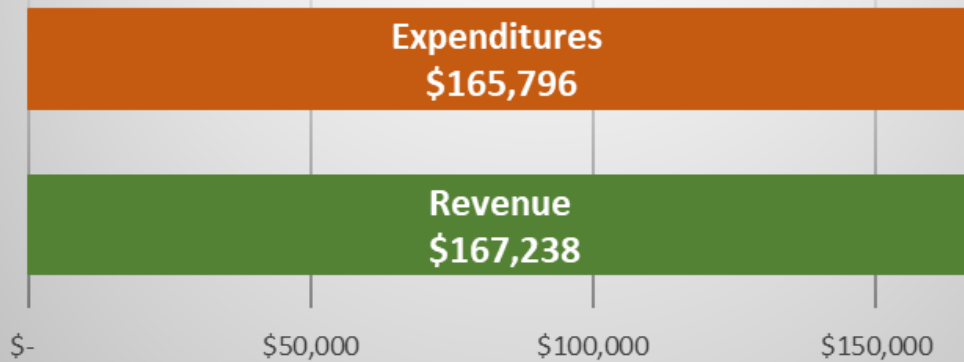
SOURCES:	FY 2023-24 ('\$000)	FY 2024-25 ('\$000)
OPERATING REVENUES:		
SALES TAX	\$ 30,639	\$ 31,409
MEASURE O	29,669	30,415
PROPERTY TAX	60,890	62,596
HOTEL VISITOR'S TAX	25,000	25,750
OTHER GF REVENUE	21,040	21,453
TOTAL OPERATING REVENUE	\$ 167,238	\$ 171,623
ONE-TIME FUNDING:		
FY2022-23 SURPLUS	1,648	2,652
TOTAL SOURCES	\$ 168,886	\$ 174,275

USES:	FY 2023-24 ('\$000)	FY 2024-25 ('\$000)
RECURRING COSTS:		
LABOR COSTS (with OT)	\$ 100,512	\$ 105,853
OCFA & FIRE UAL	31,760	32,966
SERVICES & SUPPLIES	17,757	18,076
INTERNAL SERVICE /DEBT SERVICE	14,067	14,473
TRANSFERS OUT	1,700	1,697
TOTAL RECURRING COSTS	\$ 165,796	\$ 173,065
ONE-TIME COSTS:		
SERVICES & SUPPLIES	\$ 1,940	\$ 1,210
CAPITAL IMPROVEMENT PLAN	1,150	-
TOTAL USES	\$ 168,886	\$ 174,275

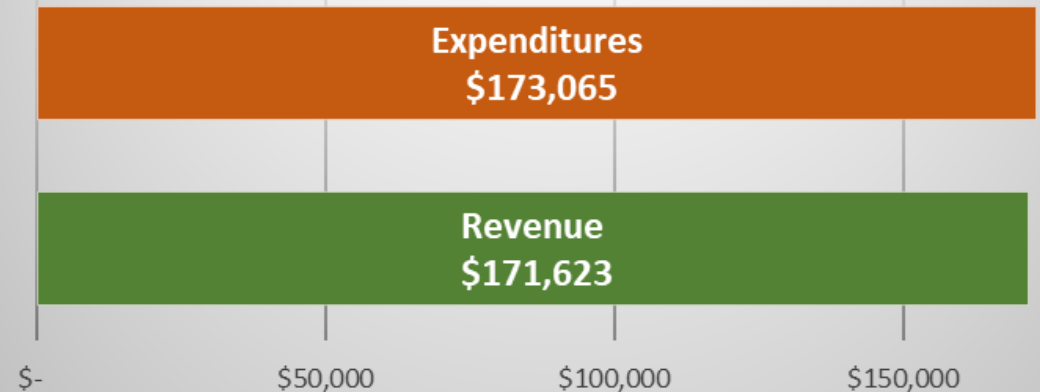
FY 2023-2025 Proposed General Fund Budget

Operating Revenue vs. RECURRING Expenditure

FY2023-24 General Fund Operating Revenue vs.
Recurring Expenditures
(\$'000)

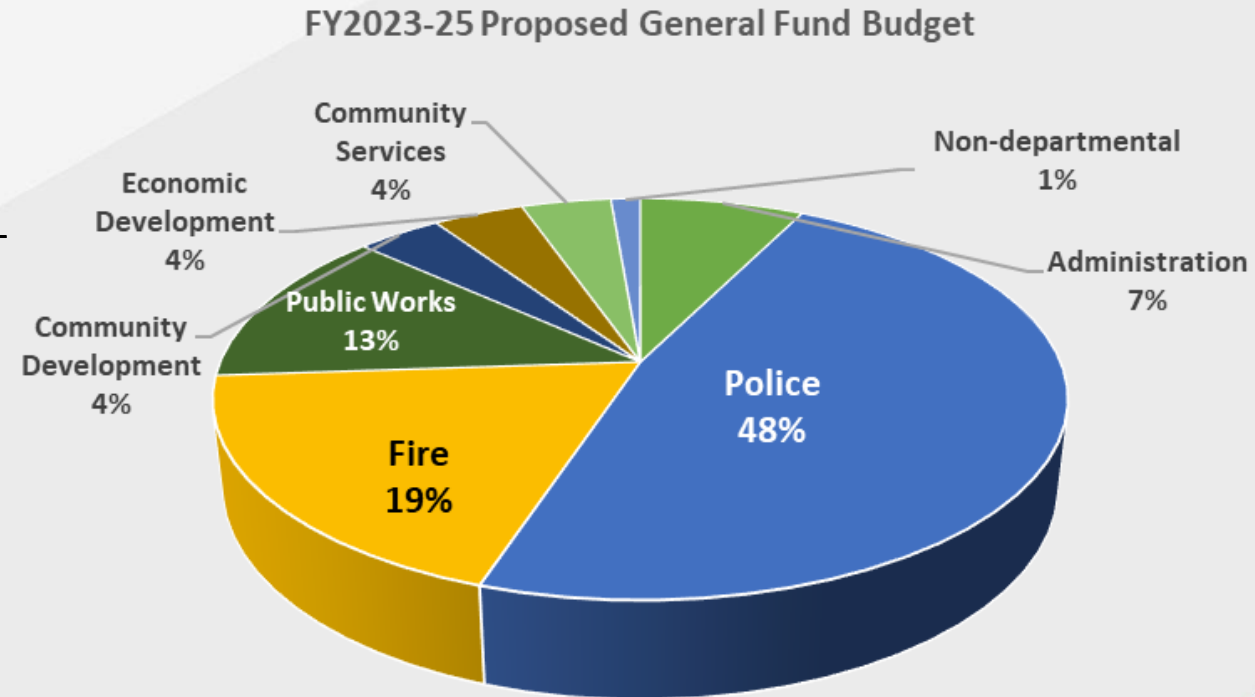


FY2024-25 General Fund Operating Revenue vs.
Recurring Expenditures
(\$'000)



FY 2023-2025 Proposed General Fund Budget

General Fund Expenditure	FY 2023-24 ('\$000)	FY 2024-25 ('\$000)
CITY ADMINISTRATION		
CITY MANAGER	\$ 4,222	\$ 4,392
CITY ATTORNEY	1,023	1,074
FINANCE	4,119	4,294
HUMAN RESOURCES	2,303	2,353
INFORMATION TECHNOLOGY	833	853
TOTAL CITY ADMINISTRATION	12,500	12,966
PUBLIC SAFETY - POLICE	80,552	84,532
PUBLIC SAFETY - FIRE	31,760	32,966
PUBLIC WORKS	21,621	20,902
COMMUNITY DEVELOPMENT	6,448	6,846
ECONOMIC DEVELOPMENT	6,926	6,724
COMMUNITY SERVICES	6,834	7,092
NON-DEPARTMENTAL	2,245	2,247
TOTAL USES	\$ 168,886	\$ 174,275



FY 2023-2025 Proposed Budget – All Funds

Fund	Beginning Fund Balance/ Working Capital	Sources	Uses	Ending Fund Balance
General Fund	\$ 55,856	\$ 167,238	\$ 168,886	54,208
Other Govt Funds	78,193	28,467	40,823	65,837
Internal Service Funds	40,444	19,961	28,440	31,965
Water Utility	44,506	41,692	58,625	27,573
Sanitary District	65,959	15,309	26,074	55,194
Housing Authority	4,971	48,870	49,642	4,199
Successory Agency	8,812	352	9,164	-
TOTAL	\$ 298,741	\$ 321,889	\$ 381,654	\$ 238,976

FY 2023-2025 Proposed Budget – All Funds

FY 2024-25 Proposed Operating Budget Summary (' \$000)

Fund	Beginning Fund Balance/ Working Capital	Sources	Uses	Ending Fund Balance
General Fund	\$ 54,208	\$ 171,623	\$ 174,275	\$ 51,556
Other Govt Funds	65,230	28,803	33,661	60,372
Internal Service Funds	31,965	20,460	28,804	23,621
Water Utility	27,573	41,654	52,793	16,433
Sanitary District	55,194	15,410	22,547	48,057
Housing Authority	4,199	51,049	51,851	3,397
Successory Agency	-	9,172	9,172	-
TOTAL	\$ 238,369	\$ 338,171	\$ 373,103	\$ 203,436

Five –Year Capital Improvement Plan

Five Year Capital Improvement Plan Budget
(' \$000)

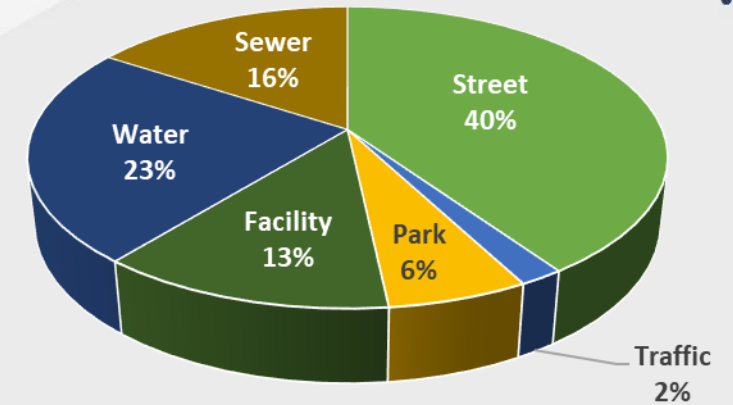
CIP CATEGORY	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	TOTAL
STREET IMPROVEMENTS	\$ 27,348	\$ 10,620	\$ 9,422	\$ 9,372	\$ 9,616	\$ 66,378
TRAFFIC IMPROVEMENTS	1,287	1,050	500	500	500	\$ 3,837
PARK IMPROVEMENTS	4,075	745	795	600	400	\$ 6,615
FACILITY IMPROVEMENTS	8,535	55	55	55	55	\$ 8,755
WATER INFRASTRUCTURE	15,786	10,205	9,384	9,000	7,500	\$ 51,875
SEWER INFRASTRUCTURE	10,709	7,500	6,260	7,500	3,500	\$ 35,469
TOTAL	\$ 67,740	\$ 30,175	\$ 26,416	\$ 27,027	\$ 21,571	\$ 172,929

FY 2023-2025 Proposed Budget Capital Improvement Program

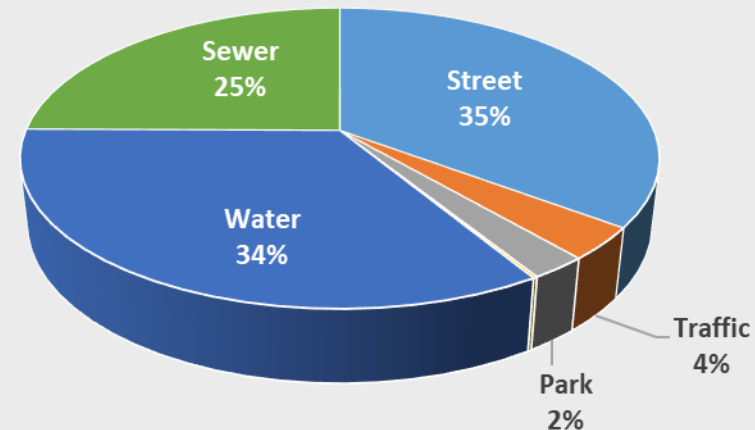
FY2023-25 Proposed CIP Budget
(' \$000)

CIP CATEGORY	FY 2023-24	FY 2024-25
STREET IMPROVEMENTS	\$ 27,348	\$ 10,620
TRAFFIC IMPROVEMENTS	1,287	1,050
PARK IMPROVEMENTS	4,075	745
FACILITY IMPROVEMENTS	8,535	55
WATER INFRASTRUCTURE	15,786	10,205
SEWER INFRASTRUCTURE	10,709	7,500
TOTAL	\$ 67,740	\$ 30,175

Fiscal Year 2023-24 Proposed CIP Budget



Fiscal Year 2024-25 Proposed CIP Budget



FY 2023-2025 Proposed Capital Improvement Program Budget

Streets

Arterial

- * Chapman from Springdale to Western
- * Lampson from Springdale to Knott and Harbor to Haster
- * Harbor/Garden Grove intersection
- * Westminster from Newhope to Harbor
- * Trask from Brookhurst to Benton
- * Garden Grove Blvd from Knott to Beach
- * Katella and Dale intersection

Residential

- * Acacia neighborhood street improvement
- * Residential overlay
- * Concrete replacement
- * Flood control channel improvement

Traffic Signal

- * Garden Grove & Nelson
- * Garden Grove & Newland
- * Lampson & Western
- * Springdale & Chapman
- * Brookhurst & Orangewood
- * Brookhurst & Woodbury
- * Chapman & Lamplighter

Facilities

- * Bike trail improvement
- * Purcell building improvement
- * Navigation Center construction
- * City facilities trash enclosure project
- * Fleet electrification planning & design

Parks

- * Magnolia Park playground
- * Woodbury Park expansion
- * Civic Center Park landscaping & ADA
- * Atlantis Play Center splash pad
- * Park irrigation system replacement
- * Eastgate Teen Center & Magnolia FRC

Water & Sewer

- * Magnolia Reservoirs & booster station
- * SCADA system implementation
- * Well 19 construction
- * Lampson & Trask reservoir
- * Water transmission line study
- * Water main replacement
- * Sewer main replacement

FY 2023-2025 Proposed Budget – Community Services User Fee Update

Background

- Current fee structure was established over ten years ago
- Standardize all classifications across all sections of fee schedule
- Propose fee increases based on two major factors:
 - Actual costs for providing the program, including labor, contractor, materials and supplies
 - Survey comparison of other Orange County cities to ensure reasonableness

Increases in Fees

- Atlantis Park – private rental and after-hour rentals. *No increase in daily admission & table rentals.*
- Facility reservations – building and show mobile rentals. *Picnic shelters will not increase.*
- Park reservations
- Community Meeting Center
- Sports and Recreation Center

FY 2023-2025 Proposed Budget Housing Authority

- Federally funded through the Department of Housing and Urban Development (HUD)
- Rent subsidies for 2,545 low-income families
- Outreach activities to tenants & landlords
- Conduct initial, annual and special inspections
- Continue family self-sufficiency program
- Maintain owned properties
- Monitor Housing Successor Agency affordable housing agreements

FY 2023-2025 Proposed Budget Housing Authority

Housing Authority		
	FY 2023-24 Proposed ('\$000)	FY 2024-25 Proposed ('\$000)
Sources		
Beginning Balance	\$ 4,971	\$ 4,199
Housing Allocation	48,870	51,049
Total Resources	53,841	55,248
Uses		
Voucher Program	(40,235)	(42,220)
HAP Portability	(4,765)	(4,765)
Other Housing Programs	(613)	(618)
City Administration	(4,029)	(4,248)
Total Uses	(49,642)	(51,851)
Ending Fund Balance	\$ 4,199	\$ 3,397

FY 2023-2025 Proposed Budget Successor Agency

- Recognized Obligation Payment Schedule (ROPS) approved annually by the Department of Finance (DOF)
- Continued efforts in implementing DOF approved Development and Disposition Agreements (DDA) for various projects and outstanding Agency debts

FY 2023-2025 Proposed Budget Successor Agency

Successor Agency				
	FY 2023-24		FY 2024-25	
	Proposed		Proposed	
	(' \$000)		(' \$000)	
Sources				
Beginning Balance	\$	8,812	\$	-
RPTTF Distribution		352		9,172
Total Resources		9,164		9,172
Uses				
Administration		(290)		(305)
Recognized Obligation Payments		(8,874)		(8,867)
Total Uses		(9,164)		(9,172)
Balance	\$	-	\$	-

FY 2023-2025 Proposed Budget Sanitary District

- Continue planned sewer capital program
- Continue manhole inspection and replacement
- Continue with public education for fats, oils, and grease control to stay compliant with the National Pollutant Discharge Elimination System (NPDES) regulation
- Implement District-wide mandatory Organics and Traditional Recycling programs per SB 1383
- Administer street sweeping and bus shelter trash clean-up
- Monitor landfill

FY 2023-2025 Proposed Budget Sanitary District

Sewer Funds				
	FY 2023-24		FY 2024-25	
	Proposed		Proposed	
	('\$000)		('\$000)	
Sources				
Beginning Working Capital	\$	49,806	\$	39,262
Operating Revenue		11,950		11,950
Total Sources		<u>61,756</u>		<u>51,212</u>
Uses				
Operations & Maintenance		(8,068)		(8,325)
Contractual Services		(2,457)		(2,475)
Debt Service		(1,196)		(1,196)
Capital Replacement		(64)		-
Capital Improvement		(10,709)		(7,500)
Total Uses		<u>(22,494)</u>		<u>(19,496)</u>
Ending Working Capital	\$	<u>39,262</u>	\$	<u>31,716</u>

Refuse Fund				
	FY 2023-24		FY 2024-25	
	Proposed		Proposed	
	('\$000)		('\$000)	
Sources				
Beginning Working Capital	\$	16,153	\$	15,932
Operating Revenue		3,359		3,460
Total Sources		<u>19,512</u>		<u>19,392</u>
Uses				
Operations & Maintenance		(3,580)		(3,051)
Total Uses		<u>(3,580)</u>		<u>(3,051)</u>
Ending Working Capital	\$	<u>15,932</u>	\$	<u>16,341</u>

A Quick Recap...

Total budget – all Funds \$382M FY24 & \$373M FY25

Total Authorized Full-time positions – 569 FY24 & 572 FY25

Total Capital Improvement Plan budget – \$68M FY24 & \$30M FY25

Total General Fund supplemental requests – \$7.3M FY24 & \$5.8M FY25

Comments?