



NOTICE OF MEETING

CITY OF PACIFIC GROVE

CITY COUNCIL

CONTINUED REGULAR MEETING AGENDA

Wednesday, June 8, 2022, 6:00 P.M.

Council Chamber – City Hall – 300 Forest Avenue, Pacific Grove, CA

The Council will not begin consideration of any item on this agenda later than 10:00 p.m. unless such consideration is approved. Any items on this agenda not considered this evening will be continued to a future meeting.

Copies of the agenda packet are available for review at the Pacific Grove Library, in the Finance Department, and electronically at www.cityofpacificgrove.org/agendas. The most effective method of communication with the City Council is by sending an email to citycouncil@cityofpacificgrove.org. In order to allow the City Council adequate time to review communication related to an agenda item, it is recommended that the communication be sent no later than 9:00 AM on the day prior to the City Council meeting.

THIS MEETING WILL BE HELD IN PERSON AND VIRTUALLY (HYBRID).

CHAMBER CAPACITY SEATING IS LIMITED AND PROVIDED ON A FIRST COME, FIRST SERVED BASIS.

THE VIRTUAL MEETING IS COMPLIANT WITH THE GOVERNOR'S EXECUTIVE ORDERS ALLOWING FOR A DEVIATION OF TELECONFERENCE RULES REQUIRED BY THE BROWN ACT.

JOIN THE ZOOM WEBINAR TO PARTICIPATE LIVE AT:

<https://us02web.zoom.us/j/209579290>

To participate telephonically, call any number below:

888 788 0099 US (Toll-free)

877 853 5247 US (Toll-free)

669 900 9128

669 219 2599

Webinar ID: 209 579 290#

If prompted to enter a participant ID, press #.

Help Line 831-648-3128

[MEETING INSTRUCTIONS](#)

The public may also view the meeting on the Peninsula Channel 25.

AGENDA

CALL TO ORDER

REGULAR AGENDA

1. PUBLIC HEARINGS

For public hearings involving a quasi-judicial determination by the Council, the proponent of an item may be given 10 minutes to speak and others in support of the proponent's position may be given three minutes each. A designated spokesperson for opposition to the item may be given 10 minutes to speak and all others in opposition may be given three minutes each. Very brief rebuttal and surrebuttal may be allowed in the sole discretion of the Council. In public hearings not involving a quasi-judicial determination by the Council, all persons may be given three minutes to speak on the matter. Public hearings on non-controversial matters or for which testimony is not anticipated may be placed on the Consent Agenda, but shall be removed if any person requests a staff presentation or wishes to be heard on the matter.

- A. Ordinance to Approve the Fiscal Year 22/23 Operating and Capital Improvement Budget; and Amend the Fiscal Year 21/22 Operating and Capital Improvement Budget ***This is a continued item from the June 1, 2022 City Council Meeting.***

Reference: Tori Hannah, Administrative Services Director/Assistant City Manager

Recommended Action: Introduce and hold the first reading of an ordinance to adopt the Fiscal Year 22/23 Operating and Capital Improvement Budget, amend the Fiscal Year 21/22 Operating and Capital Improvement Budget, and direct that publication of the ordinance will be satisfied by publication of a summary approved by the City Attorney.

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

ADJOURNMENT

NOTICE OF ADA COMPLIANCE: Pursuant to Title II of the Americans with Disabilities Act (Codified At 42 United States Code Section 12101 and 28 Code of Federal Regulations Part 35), and Section 504 of the Rehabilitation Act of 1973, the City of Pacific Grove does not discriminate on the basis of race, color, religion, national origin, ancestry, sex, disability, age or sexual orientation in the provision of any services, programs, or activities. The City of Pacific Grove does not discriminate against persons with disabilities. City Hall is an accessible facility. A limited number of assisted listening devices will be available at this meeting. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting or provide the requested agenda format.



CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council
FROM: Tori Hannah, Administrative Services Director/Assistant City Manager
MEETING DATE: June 8, 2022
SUBJECT: Ordinance to Approve the Fiscal Year 22/23 Operating and Capital Improvement Budget; and Amend the Fiscal Year 21/22 Operating and Capital Improvement Budget *This is a continued item from the June 1, 2022 City Council Meeting.*
CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

Introduce and hold the first reading of an ordinance to adopt the Fiscal Year 22/23 Operating and Capital Improvement Budget, amend the Fiscal Year 21/22 Operating and Capital Improvement Budget, and direct that publication of the ordinance will be satisfied by publication of a summary approved by the City Attorney.

DISCUSSION

The Proposed Fiscal Year 22/23 Budget and Capital Improvement Plan is a program budget, which also serves as the City's annual operating plan. The City Council's Strategic Goals are used as the foundation for determining annual funding initiatives. Key expenditures that align with strategic goals and prior year accomplishments are presented in the Department Overview and Capital Improvement sections of the budget document.

The following table provides a chronology of the events leading up to the first reading of the Operating and Capital Improvement Budget Ordinance for Fiscal Year 22/23.

<i>Item</i>	<i>Meeting Date</i>
Received a Mid-Year Financial Update	April 6, 2022
Adopted the Master Fee Schedule for Fiscal Year 22/23	April 20, 2022
Provided the Five-Year Forecast and Budget Workshop	May 4, 2022
Received Financial Information on the Local Water Project Business Plan	May 4, 2022
Received and Approved the Fiscal Year 22/23 Capital Improvement Plan	May 11, 2022
Presented ARPA Survey Results and Project Direction	May 18, 2022

The Proposed Fiscal Year 22/23 budget was developed based on economy recovery occurring in Fiscal Year 21/22, with conservative growth projected in the forthcoming year. The Fiscal Year 22/23 City-wide budget includes a \$5.2 million capital improvement plan; and a \$203,000 capital outlay budget. The Proposed General Fund budget is relatively similar to the Fiscal Year 22/23 amounts that were included in the presentation of the Five-Year Fiscal Forecast. The primary adjustment to the forecasted base year is the addition of the receipt and transfer of promissory note proceeds. A copy of the updated General Fund forecast is included within the budget document.

ARPA Funds

The Five Year Forecast and Budget Workshop included the use of \$1 million in American Rescue Plan Act (ARPA) funds to supplement the General Fund, with approximately an additional \$843,000 available for allocation to City Council and community priorities. This proposed use of ARPA funds is consistent with the US Treasury Guidance under the Replace Lost Public Sector Revenue criteria; as well as the \$1.45 million in funds that were appropriated in Fiscal Year 21/22 to year to eliminate the furlough, restore frozen positions, and reinstate funding for various programs and deferred operating expenditures. The remaining Fiscal Year 21/22 ARPA funds of approximately \$394,000 were primarily used to fund capital improvements or capital equipment.

The unprogrammed Fiscal Year 22/23 ARPA funds are anticipated to be allocated through a budget amendment, once the City has had the opportunity to review the free-form comments that were received from the ARPA Community Survey. The ARPA Fund's remaining available balance for this endeavor is projected to be \$848,559, which includes projected interest earnings. These unallocated funds can be appropriated at a later Council Meeting.

General Fund

An overview of the General Fund revenues and department budgets are included in Attachment 1. Additional details can be found in the General Fund Revenue and Expenditure sections of the Proposed Fiscal Year 22/23 Budget document.

Key budgetary highlights are listed below:

Revenues

An overall increase in revenues of approximately \$3.7 million or 14% when compared to the Fiscal Year 21/22 Adopted Budget; or \$1.9 million of 6.74% when compared to the Fiscal year 21/22 Estimated Budget. The Fiscal Year 22/23 Proposed Budget builds upon the increase in TOT and sales tax revenues that were projected in Fiscal Year 21/22; as well as includes \$975,000 in Measure A sales tax revenues. When Measure A is excluded from the annual comparison, the growth between the Adopted and Estimated budgets is approximately 10.3% or 3.6%, respectively. Key factors include:

- Addition of Measure A revenues for three quarters of the fiscal year, with an effective date of October 1, 2022
- Increase in taxes of \$3.6 million when compared to the Fiscal Year 21/22 Adopted Budget.
- A contribution or Interfund Transfer of \$1 million in ARPA funds
- Proceeds from water entitlement sale promissory notes of \$776,737 and \$200,000 in one-time water entitlement sales

Expenditures

The overall General Fund expenditures are anticipated to increase by \$3.7 million or 14%, when compared to the prior year Adopted Budget, while operating expenditures are projected to rise by 10.5% or \$2.5 million. Some factors related to the increase are listed below:

- Rising CalPERS unfunded liability payments: \$406,000
- Allocation of funds towards General Plan amendments: \$100,000
- Increasing fire contract service costs: \$141,000
- Incorporating a 3% cost of living increase for all City employees: \$300,000
- Implementing the results of a compensation study for Unrepresented and Department Head positions that have not been studied since 2017: \$140,000
- Increasing legal costs from the Adopted and Estimated Budget: \$379,000 and \$134,000, respectively
- Funding for an annual Monarch Sanctuary Management Plan and a Long-Term Monarch Sanctuary Strategic Plan: \$35,000
- Incorporating State fees to implement the Measure A tax measure: \$40,000
- Funding for a comprehensive fee study, including development impact fees: \$48,000
- Purchasing trees for City properties: \$35,000
- Transferring water entitlement sales and related promissory note proceeds to the Local Water Project: \$876,737

Local Water Project Fund

The Local Water Project (LWP) Business Plan was presented at City Council Meeting on May 4, 2022. Some initial strategies were discussed to assist in achieving fiscal sustainability, as well as identifying a plan to repay the Sewer Interfund Loan. During that presentation, the City approved using the proceeds from a \$625,187 promissory note to pay the principal and interest on the Sewer Fund Interfund Loan. The interest on this loan will be processed quarterly on a retroactive and prospective basis at a rate equivalent to the City's investment portfolio earnings. The City is anticipated to receive the promissory note proceeds in Fiscal Year 22/23, with the amount of the loan repayment due upon receipt.

During the Five-Year Fiscal Forecast and Budget Workshop agenda item, staff provided preliminary information on transferring a \$151,550 non-refundable deposit from a second promissory note, as well as an additional \$100,000 in water entitlement revenues. In the Fiscal Year 22/23, these proposed inflows of revenues are listed as Interfund Transfers in the amount of \$876,737; with a corresponding \$600,000 Interfund Transfer to the Sewer Fund for the loan principal repayment. The interest on the loan will be paid as an expense in the Local Water Project's operating budget, rather than as a transfer. Based on these updates, it is estimated that the Local Water Project will end Fiscal Year 22/23 with an estimated "available" fund balance of approximately \$30,400.

In Fiscal Year 21/22, the City was originally planning to transfer approximately \$200,000 or the complete amount of water entitlement sales for Fiscal Year 21/22 to the Local Water Project. At the time this agenda report was prepared, water entitlement sales were exceeding the budgetary estimate. These additional funds are likely to increase the projected "available" fund balance.

City Council Training Budget

Staff presented a proposed update to the City's Travel Policy. While the revisions are still pending, one of the recommendations included receiving City Council approval for travel as part of the budget adoption process. The Fiscal Year 22/23 City Council travel, training, and meeting expenditures are proposed at \$17,200. This would equate to approximately \$2,457 for each Council Member. Prior to the pandemic, the annual average City Council travel expenditures were \$11,000; however they have ranged from a low of \$6,900 to a high of \$21,000. The amount of travel expenses could vary each year based on Council Member interests, as well as course offerings. The City Council travel budget has previously been used for Council Members to attend the Annual League of California Cities Conferences or trainings; and the Pacific Grove Chamber of Commerce luncheon.

Fiscal Year 21/22 Budget Amendments

The attached ordinance also includes an amendment for the following amendments to the Fiscal Year 21/22 Operating and Capital Improvement Budgets:

<i>General Fund Amendments</i>
Zoning enforcement revenues to align with updated projections
Estimated election costs associated with the Measure A tax initiative
<i>General Fund CIP Fund</i>
Carry forward adjustments to the Public Works Fire Project to provide for the appropriate calculation of fund balance

Budget Document Information

The Fiscal Year 22/23 Budget incorporates criteria established by the California Society of Municipal Finance Officers (CSMFO) and the Government Finance Officers Association (GFOA). The goal of the criteria is to provide a document that is transparent, easy to read, and provides a comprehensive fiscal, as well as operating plan. The City received the CSMFO Excellence Award and the GFOA Distinguished Budget Award for the Fiscal Year 21/22 Budget. This most recent CSMFO and GFOA Awards, represent the third and fourth consecutive years, respectively, that the City has received this honor.

The budget is labeled in draft form to allow for any revisions that may occur as part of the budget presentation. The document may be modified by any updates to the Council Strategic Goals or Tactics; operational metrics that may not be available until the end of the fiscal year; and the addition of appendix items. Modifications may also include non-substantive changes based on the budget review comments received by GFOA or CSMFO.

Due to the late timing of the Five-Year Forecast and the Budget Workshop, the Fiscal Year 22/23 Proposed Budget will be available after 2:00 pm on Friday. The Proposed Budget can be accessed from the following link: [Budgets | City of Pacific Grove](#)

This is the first reading of the ordinance. The second reading is schedule for June 15, 2022.

OPTIONS

- Approve ordinance
- Provide alternate direction

FINANCIAL IMPACT:

The Proposed Fiscal Year 22/23 Budget estimates an ending General Fund balance of \$10 million. This is approximately \$16,000 above recommended policy levels.

The estimated impact to all other Funds is included in the attached ordinance.

GOAL ALIGNMENT: Financial Stability: Develop a strategic plan to better address current and future City expenditure and revenue needs.

Attachments

General Fund Overview

Budget Adoption Ordinance

PPT

General Fund Overview

	FY 21/22 Adopted	FY 21/22 Mid- Year Estimate	FY 21.23 Proposed	Difference from Adopted	Notes
Beginning Fund Balance	\$ 9,441,669	\$ 9,441,669	\$ 9,854,161		
<i>Revenues</i>					
Property Taxes	\$ 8,418,000	\$ 8,518,000	\$ 8,840,000	\$ 422,000	(a)
TOT and Licenses	4,783,000	5,779,000	5,962,000	1,179,000	(b)
Sales and Use Tax	4,109,000	4,309,000	5,616,000	1,507,000	(c)
Franchise and Utility User Taxes	3,091,000	3,260,000	3,475,000	384,000	(d)
Business Licenses	359,000	322,000	322,000	(37,000)	
Other Taxes	117,000	229,000	237,000	120,000	(e)
License, permits, and impact fees	1,304,000	1,277,000	1,045,000	(259,000)	(f)
Intergovernmental Revenues	153,000	72,000	292,382	139,382	(g)
Charges for Services	1,826,000	1,705,000	1,928,000	102,000	(h)
Fines and Forfeitures	138,000	37,000	49,000	(89,000)	(i)
Interest, rents, and concessions	304,000	296,000	310,000	6,000	
Other revenues	614,000	819,000	1,503,737	889,737	(j)
Other revenues - Bequest	181,000	181,000	-	(181,000)	
Other revenues - ARPA	1,450,000	1,846,159	1,000,000	(450,000)	(k)
Transfers				-	
	\$ 26,847,000	\$ 28,650,159	\$ 30,580,119	\$ 3,733,119	
<i>Expenditures</i>					
Departments					
City Council	\$ 352,751	\$ 532,758	\$ 385,227	\$ 32,476	
City Manager	1,035,663	1,235,782	1,230,107	194,444	(l)
City Attorney/Legal Services	495,280	710,280	762,100	266,820	(m)
Economic Development		-	124,833	124,833	(n)
Finance	1,277,474	1,299,804	1,392,325	114,851	
Information Systems	723,709	811,048	870,666	146,957	
Community Development	2,774,206	2,898,219	2,813,339	39,133	
Police	7,253,249	7,218,602	7,928,629	675,380	(o)
Fire	3,949,051	3,952,961	4,246,200	297,149	(p)
Public Works	3,846,209	3,849,244	4,239,165	392,956	(q)
Library	1,040,499	1,026,476	1,125,728	85,229	
Recreation	809,846	792,694	920,638	110,792	(r)
Museum	282,940	307,772	314,500	31,560	
Capital Outlay	5,000	113,053	145,000	140,000	
Capital Project Transfers	500,000	701,173	575,000	75,000	
Debt Service	2,170,418	2,170,415	2,237,415	66,997	
Interfund Transfers	150,000	617,386	1,100,737	950,737	(s)
Total	\$ 26,666,295	\$ 28,237,667	\$ 30,411,609	\$ 3,745,314	
Net Difference	\$ 180,705	\$ 412,492	\$ 168,510		
Estimated Ending Fund Balance	\$ 9,622,374	\$ 9,854,161	\$ 10,022,671		
Reserve Calculation					
Expenditures applicable to policy			\$ 28,590,872		
Policy percentage - 35%			\$ 10,006,805		
Difference from policy			\$ 15,866		

(Notes are included on the following page)

Notes

- (a) Projected increase based on prior year and first disbursement, approximately 3.8% increase in overall performance.
- (b) Increase based on exceptional performance and inflation that was prevalent at the mid-year adjustment.
- (c) Includes \$975,000 in Measure A revenues and reflects increased performance. Based on HdL estimates and internal evaluation.
- (d) Increased based on year to date performance and projected underlying rate increases and consumption.
- (e) In FY 20/21, real estate transfer taxes nearly doubled. This trend continued into the current year and is projected to extend into FY 22/23.
- (f) FY 21/22 includes approx. \$300,000 in permit revenues related to a major project, this was reduced in FY 22/23 to reflect on-going operations.
A corresponding reduction in Community Development fees for contract services is also projected.
- (g) Based on estimated grant revenues in the Community Development Department, with corresponding increase in grant expenses.
- (h) Due to COVID-19, some recreation activities, special events, and parking meter collections were phasing-in throughout FY 21/22.
The FY 22/23 budget represents a full-year of revenues at regular activity levels and updated fee schedule rates.
- (i) In prior years, there were significant one-time code enforcement revenues. In FY 22/23, the amount is aligned with FY 20/21 and FY 21/22.
- (j) The primary variance relates to proceeds from water entitlement promissory notes of \$625,187 and \$151,550, respectively.
- (k) Reflects the use of ARPA funds to supplement operations. In FY 22/23, the remaining ARPA balance will be appropriated at a later time.
- (l) In FY 21/22, approx. \$181,000 was included for the Measure A ballot measure. In Fiscal Year 22/23, this amount was not needed.
- (m) Estimated legal costs based on current year and anticipated services.
- (n) Establishes a new Economic Development Department, with costs that were previously in the City Manager and CDD department budgets.
- (o) Receives a higher share of unfunded liability pension costs and internal service charges, 3% COLA, and parking study. In FY 21/22 there was also an Officer and CSO vacancy. FY 22/23 assumes full staffing and overtime costs; and step increases for relevant positions.
- (p) Primarily related to an anticipated increase in fire service contract costs and rising unfunded liability allocations.
- (q) Receives a higher share of unfunded liability pension costs and internal service charges, assumes full-staffing, 3% COLA, Monarch Sanctuary Maint. and Long-Term Management Plan combined at \$35,000, purchase of \$35,000 in trees, rising maintenance/repair costs.
- (r) Increased utility costs, full-staffing, increased benefit election, 3% COLA, and additional contract costs that are reimbursed through fees.
- (s) Prior year ARPA funds for projects were allocated to the General Fund and transferred to the CIP Fund. FY 22/23 includes the transfer of \$876,737 in water entitlement transfers to the Local Water Project Fund.

ORDINANCE NO. xx-xxx

**ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE
ADOPTING THE OPERATING AND CAPITAL PROJECTS BUDGET FOR THE
FISCAL YEAR (FY) 2022-23; AND AMENDING THE OPERATING AND CAPITAL
PROJECTS BUDGET FOR FISCAL YEAR 2021-22**

FACTS

1. The City Council held a public hearing and first reading of an ordinance to adopt the FY 2022-23 Operating and Capital Projects Budget; and amend the FY 2021-22 Operating and Capital Projects Budget.
2. The City Manager is recommending adoption of the FY 2022-23 Budget to reflect the City Council's expressed goals for the fiscal year budget; and approve changes for the FY 2021-22 Operating and Capital Budget.
3. Pursuant to Charter Article 15, adoption of the annual budget and or amendment of the budget must be approved by ordinance.
4. In the enactment of this ordinance, the City followed the guidelines adopted by the State of California and published in the California Code of Regulations, Title 14, Section 15000, et seq.
5. Enactment of this ordinance action does not constitute a "project" as defined by California Environmental Quality Act (CEQA) Guidelines Section 15378 because it is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment.

**NOW, THEREFORE, THE COUNCIL OF THE CITY OF PACIFIC GROVE DOES
ORDAIN AS FOLLOWS:**

SECTION 1. The foregoing recitals are adopted as findings of the City Council as set forth fully within the body of this ordinance.

SECTION 2. The FY 22-23 appropriated budgets for the General Fund are adopted as follows:

	Revenues	Expenditures
Revenues	\$30,580,119	
Expenditures		
City Council		\$ 385,227
City Manager		1,230,107
Economic Development		124,833
City Attorney		762,100
Finance		1,392,325
Information Services		870,666
Community Development		2,813,339
Police		7,928,629
Fire		4,246,200
Public Works		4,239,165
Library		1,125,728
Museum		314,500
Recreation		920,638
Non-Departmental		
Debt Service		2,237,415
Capital Outlay		145,000
Capital Project Transfers		575,000
Other Transfers		1,100,737
Total General Fund	\$ 30,580,119	\$30,411,609

SECTION 3. The FY 2022-23 appropriated budget for the Enterprise Funds are adopted as follows:

Enterprise Funds	Revenues	Expenditures
Cemetery	\$ 636,750	\$ 576,258
Golf	386,500	307,097
Local Water Project	1,451,737	1,373,448
Sewer	4,313,135	3,644,886
Total Enterprise Funds	\$ 6,788,122	\$ 5,901,689

SECTION 4. The FY 2022-23 appropriated budget for the Internal Service Funds are adopted as follows:

Internal Service Funds	Revenues	Expenditures
Employee Benefits	\$ 341,050	\$ 341,000
Liability Insurance	543,000	544,239
Other Post Employment Benefits	-	-
Workers Compensation	746,600	751,264
Total Internal Service Funds	\$ 1,630,650	\$ 1,636,503

SECTION 5. The FY 2022-23 appropriated budget for the Permanent Funds are adopted as follows.

Permanent Funds	Revenues	Expenditures
Cemetery Endowment	\$ 64,000	\$ -
Library Endowment	2,500	-
Yount Trust	7,500	7,500
Total Permanent Funds	\$ 74,000	\$ 7,500

SECTION 6. The FY 2022-23 appropriated budget for the Capital Improvement Funds are adopted as follows.

Capital Improvement Fund	Revenues	Expenditures
Building & Facilities Improvement	\$ -	\$ -
General Fund CIP	1,151,664	1,400,453
	\$ 1,151,664	\$ 1,400,453

SECTION 7. The FY 2022-23 appropriated budgets for the Special Revenue Funds and are adopted as follows.

Special Revenue Funds	Revenues	Expenditures
American Rescue Plan	\$ 1,848,559	\$ 1,000,000
ASBS Grant	-	-
Cal Home Reuse	27,000	24,000
Carillon	100	-
CDBG Grant	112,000	470,000
CDBG 2017 Grant Fund	-	-
Chautauqua Hall	150	-
Coastal Conservancy Grant	600	-
Coronavirus Relief Fund	-	-
Downtown Business District	24,000	24,000
Environmental Enhancement	800	-
Fire Emergency Equipment	19,650	22,000
Gas Tax Fund	441,800	456,539
General Plan Maintenance Fee Fund	7,000	-
Hospitality Improvement District	500,000	500,000
Housing Fund	75,000	216,181
Library Building and Equipment	58,200	38,000
Lighthouse Fund	97,250	155,708
Library Book Donations	40,000	40,000
Local Streets and Roads	774,992	896,304
McIndoo Donation	500	17,529
Museum Improvement	3,000	115,000
Operating Grants	20	-
Poetry Promotion	36,120	9,700
Public Safety Augmentation	376,500	404,015
Regional Surface Trans. (RSTP)	1,000,000	1,000,000
RMRA	355,638	354,138
Senior Housing	-	-
Sewer Lateral Loans	11,500	-
Small Business Grant Fund	-	-
State Franchise PEG	59,500	53,000
Strong Fund Disbursements	41,000	102,074
Supplemental Law Enforcement	162,000	228,841
Vehicle Abandonment	12,250	-
Yount Income	8,300	4,000
Total Special Revenue Funds	\$ 6,093,429	\$ 6,131,029

SECTION 8. The FY 22-23 appropriated budgets for the General Fund Sub-Funds are adopted as follows.

General Fund Sub Funds	Revenues	Expenditures
Asset Seizure	50	-
Civic Center Site	-	-
Drug Awareness (DARE)	1,150	292
Hyperbaric Chamber	10,600	22,000
Koo Estate Donation	900	7,000
Operating Donations	3,600	-
Recreation Donation Fund	1,300	-
Stillwell Children's Pool	400	15,000
Vehicle Replacement	-	-
Total General Fund Sub-Funds	\$ 18,000	\$ 44,292

SECTION 9. The FY 2021-22 appropriated Budget is amended to reduce or increase the budgets in the funds listed below, as follows.

General Fund	Revenues	Expenditures
01-4402 Zoning Enforcement	\$ 119,000	
01-10-5201 Contract Services		181,033
General Fund CIP Fund	Revenues	Expenditures
Public Works Fire Repair Project	-	\$ (787,500)

SECTION 10. The Fiscal Year 22/23 estimated revenues, expenditures, and ending fund balances are referenced herein:

	Est. FY 22/23 Beginning	Revenues	Expenditures	Est. FY 22/23 Ending
General Fund				
General Fund	\$ 9,854,161	\$ 30,580,119	\$ 30,411,609	\$ 10,022,671
Asset Seizure	1,838	50	-	1,888
Civic Center Site	1,594	-	-	1,594
Drug Awareness (DARE)	290	1,150	292	1,148
Hyperbaric Chamber	15,130	10,600	22,000	3,730
Koo Estate Donation	7,000	900	7,000	900
Operating Donations	66,240	3,600	-	69,840
Recreation Donation Fund	28,038	1,300	-	29,338
Stillwell Children's Pool	53,451	400	15,000	38,851
Vehicle Replacement	60,386	-	-	60,386
General Fund Types	\$ 10,088,128	\$ 30,598,119	\$ 30,455,901	\$ 10,230,346
Capital Improvement Fund				
Building & Facilities Improvement	\$ -	\$ -	\$ -	\$ -
General Fund CIP	437,480	1,151,664	1,400,453	188,691
	\$ 437,480	\$ 1,151,664	\$ 1,400,453	\$ 188,691
Internal Service Funds				
Employee Benefits	\$ 25,545	\$ 341,050	\$ 341,000	\$ 25,595
Liability Insurance	16,141	543,000	544,239	14,902
Other Post Employment Benefits	-	-	-	-
Workers Compensation	103,672	746,600	751,264	99,008
Total Internal Service Funds	\$ 145,358	\$ 1,630,650	\$ 1,636,503	\$ 139,505
Enterprise Funds				
Cemetery	\$ 698,111	\$ 636,750	\$ 576,258	\$ 758,603
Golf	2,806,792	386,500	307,097	2,886,195
Local Water Project	1,296,947	1,451,737	1,373,448	1,375,236
Sewer	20,942,611	4,313,135	3,644,886	21,610,860
Total Enterprise Funds	\$ 25,744,461	\$ 6,788,122	\$ 5,901,689	\$ 26,630,894

	Est. FY 22/23		Est. FY 22/23	
	Beginning	Revenues	Expenditures	Ending
Special Revenue Funds				
American Rescue Plan	\$ -	\$ 1,848,559	\$ 1,000,000	\$ 848,559
ASBS Grant	-	-	-	-
Cal Home Reuse	159	27,000	24,000	3,159
Carillon	9,828	100	-	9,928
CDBG Grant	366,518	112,000	470,000	8,518
CDBG 2017 Grant Fund	-	-	-	-
Chautauqua Hall	41	150	-	191
Coastal Conservancy Grant	84,133	600	-	84,733
Coronavirus Relief Fund	-	-	-	-
Downtown Business District	873	24,000	24,000	873
Environmental Enhancement	115,819	800	-	116,619
Fire Emergency Equipment	158,214	19,650	22,000	155,864
Gas Tax Fund	141,247	441,800	456,539	126,508
General Plan Maintenance Fee Fund	12,482	7,000	-	19,482
Hospitality Improvement District	179	500,000	500,000	179
Housing Fund	248,006	75,000	216,181	106,825
Library Building and Equipment	18	58,200	38,000	20,218
Lighthouse Fund	175,830	97,250	155,708	117,372
Library Book Donations	34,575	40,000	40,000	34,575
Local Streets and Roads	687,928	774,992	896,304	566,616
McIndoo Donation	26,885	500	17,529	9,856
Museum Improvement	345,128	3,000	115,000	233,128
Operating Grants	740	20	-	760
Poetry Promotion	93,277	36,120	9,700	119,697
Public Safety Augmentation	105,073	376,500	404,015	77,558
Regional Surface Trans. (RSTP)	-	1,000,000	1,000,000	-
RMRA	182,098	355,638	354,138	183,598
Senior Housing	10,450	-	-	10,450
Sewer Lateral Loans	155,867	11,500	-	167,367
Small Business Grant Fund	1,613	-	-	1,613
State Franchise PEG	79,014	59,500	53,000	85,514
Strong Fund Disbursements	61,075	41,000	102,074	1
Supplemental Law Enforcement	76,085	162,000	228,841	9,244
Vehicle Abandonment	47,366	12,250	-	59,616
Yount Income	-	8,300	4,000	4,300
Total Special Revenue Funds	\$ 3,220,521	\$ 6,093,429	\$ 6,131,029	\$ 3,182,921
Permanent Funds				
Cemetery Endowment	\$ 1,882,512	\$ 64,000	\$ -	\$ 1,946,512
Library Endowment	539,807	2,500	-	542,307
Yount Trust	842,855	7,500	7,500	842,855
Total Permanent Funds	\$ 3,265,174	\$ 74,000	\$ 7,500	\$ 3,331,674
Est. Ending Fund Balance - All Funds	\$ 42,901,122	\$ 46,335,984	\$ 45,533,075	\$ 43,704,031

SECTION 11. The Fiscal Year 21/22 estimated revenues, expenditures, and ending fund balances are adjusted for this amendment are referenced herein:

Fund Title	FY 21/22			Est. FY 21/22
	Beginning	Revenues	Expenditures	Ending
General Fund	\$ 9,441,669	\$ 28,469,159	\$ 26,919,108	\$ 9,854,161
General Fund CIP	220,023	2,780,146	2,562,689	437,480

SECTION 11. In accord with Article 15 of the City Charter, this ordinance shall become effective upon adoption hereof.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE this 15th day of June, 2021, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

BILL PEAKE, Mayor

ATTEST:

SANDRA KANDELL, City Clerk

APPROVED AS TO FORM:

DAVID C. LAREDO, City Attorney



City of Pacific Grove

Ordinance to Approve the Fiscal Year 22/23
Operating and Capital Improvement Budget;
and

Amend the Fiscal Year 21/22 Operating and Capital
Improvement Budget

Budget and Financial Calendar



Month	Topic
April 6	Received Mid-Year Financial Update
April 20	Adopted the Master Fee Schedule for Fiscal Year 22/23
May 4	Provided the Five-Year Forecast and Budget Work
May 4	Received Financial Information on the Local Water Project Business Plan
May 11	Received and Approved the Fiscal Year 22/23 Capital Improvement Plan
May 18	Presented ARPA Survey Results and Project Direction
June 1	First Reading of an Ordinance to Adopt Fiscal Year 22/23 Budget
June 15	Second Reading of an Ordinance to Adopt Fiscal Year 22/23 Budget

General Fund Overview

Fiscal Year	FY 21/22 Adopted	FY 21/22 Estimated	FY 22/23 Proposed	Proposed to Adopted
Begin. Fund Bal.	\$ 9,441,669	\$ 9,441,669	\$ 9,854,161	-
Revenues	\$ 26,847,000	\$ 28,650,159	\$ 30,580,119	3,733,119
Expenses				
Operating	\$ 23,840,877	\$ 24,635,637	\$ 26,353,457	\$2,512,580
Capital Outlay	5,000	113,053	145,000	140,000
Debt Service	2,170,418	2,170,415	2,237,415	66,997
CIP Transfers	500,000	701,173	575,000	75,000
Transfers Out	150,000	617,386	1,100,737	950,737
Total Expenses	\$ 26,666,295	\$ 28,237,667	\$ 30,411,609	\$ 3,745,314
Net Difference	180,705	412,492	168,510	
Ending Fund Bal.	\$ 9,622,374	\$ 9,854,161	\$ 10,022,671	

(1) The Beginning Fund Balance was updated to reflect the audited financial statements for the General Fund Operating Fund. The sub-funds were excluded. They typically have minimal activity

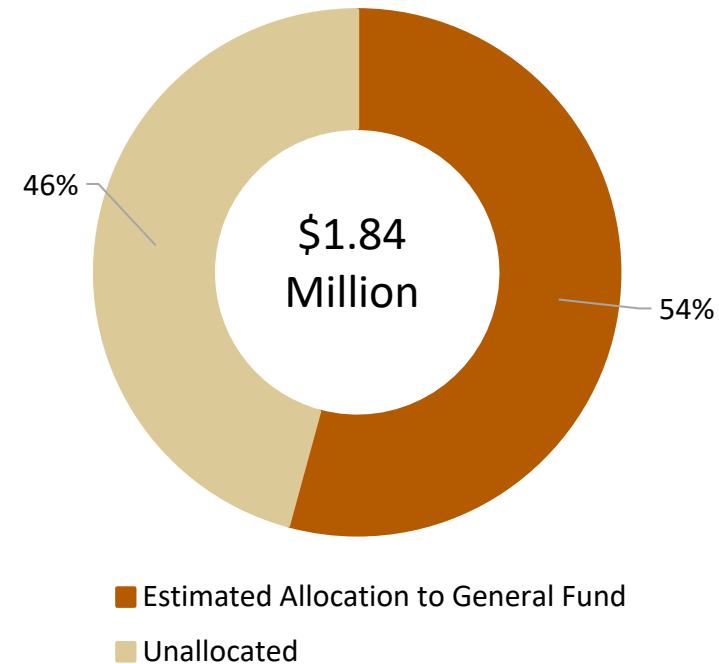
General Fund Reserve Target

Fiscal Year 21/22	Percent	Amount
Estimated ending general fund operating balance		\$10,023,000
Operating Expense		\$26,354,000
Debt Service		2,237,000
Subtotal		\$28,591,000
Reserve Calculation:		
Cash Flow	20%	\$5,718,000
Fiscal Stability	10%	2,859,000
Contingency	5%	1,430,000
Minimum Policy Limits	35%	\$10,007,000
Difference from Target		\$16,000

ARPA Funds

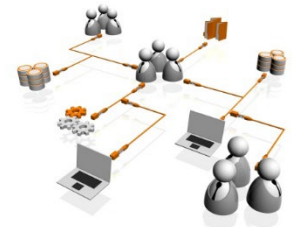
- City Qualification Category:
 - Replace Lost Public Sector Revenue
- Fiscal Year 21/22 Allocation:
 - Eliminate furlough/restore positions
 - Reinstatement program funding
 - Fund capital improvements and equipment
- Proposed Allocation
 - General Fund: \$1 million
 - Retained in ARPA Fund: \$849,000
(To be allocated at a forthcoming meeting)

FY 22/23 ARPA Funds



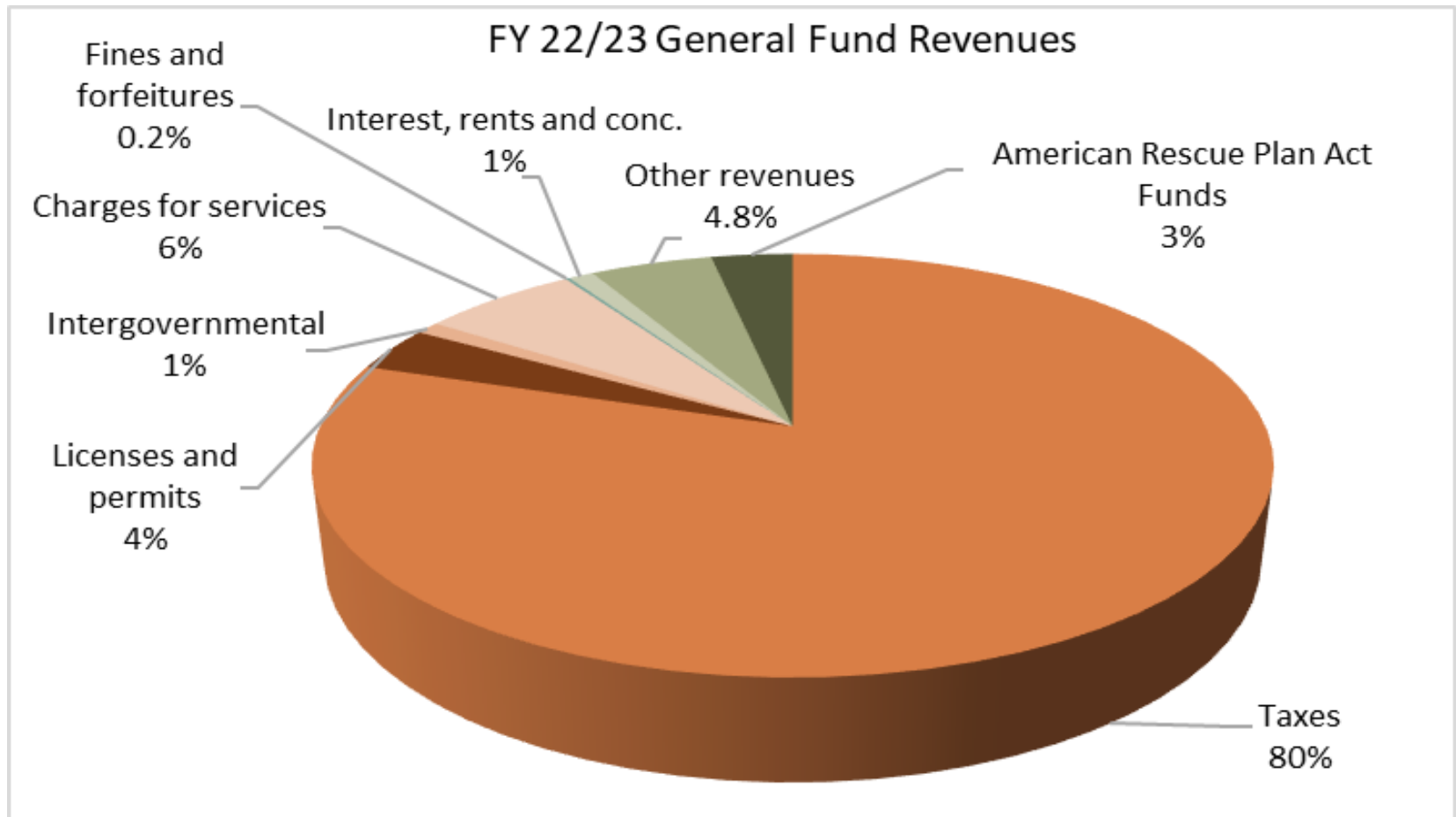
Key General Fund Items

- Revenues
 - Measure A sales tax revenues for $\frac{3}{4}$ of the year: \$975,000
 - Contribution from the American Rescue Plan Act (ARPA) Fund: \$1 million
 - Proceeds from water entitlement promissory notes: \$776,737
- Expenditures
 - Adding 1.50 regular FTE's for two $\frac{3}{4}$ time Librarians: Cost neutral
 - Rising CalPERS unfunded liability costs: \$406,000
 - Incorporating a cost of living adjustment for all employees: \$300,000
 - Increasing legal services: \$379,000; or \$134,000 when compared to Est./Amended
 - Rising fire service contract costs of \$141,000
 - Implement a compensation study for Unrepresented/Dept. Head groups: \$140,000
(For positions that have not been studied since 2017)
 - Transferring water entitlement sales to the Local Water Project: \$876,737
 - Funding CIP project transfers and capital purchases: \$720,000

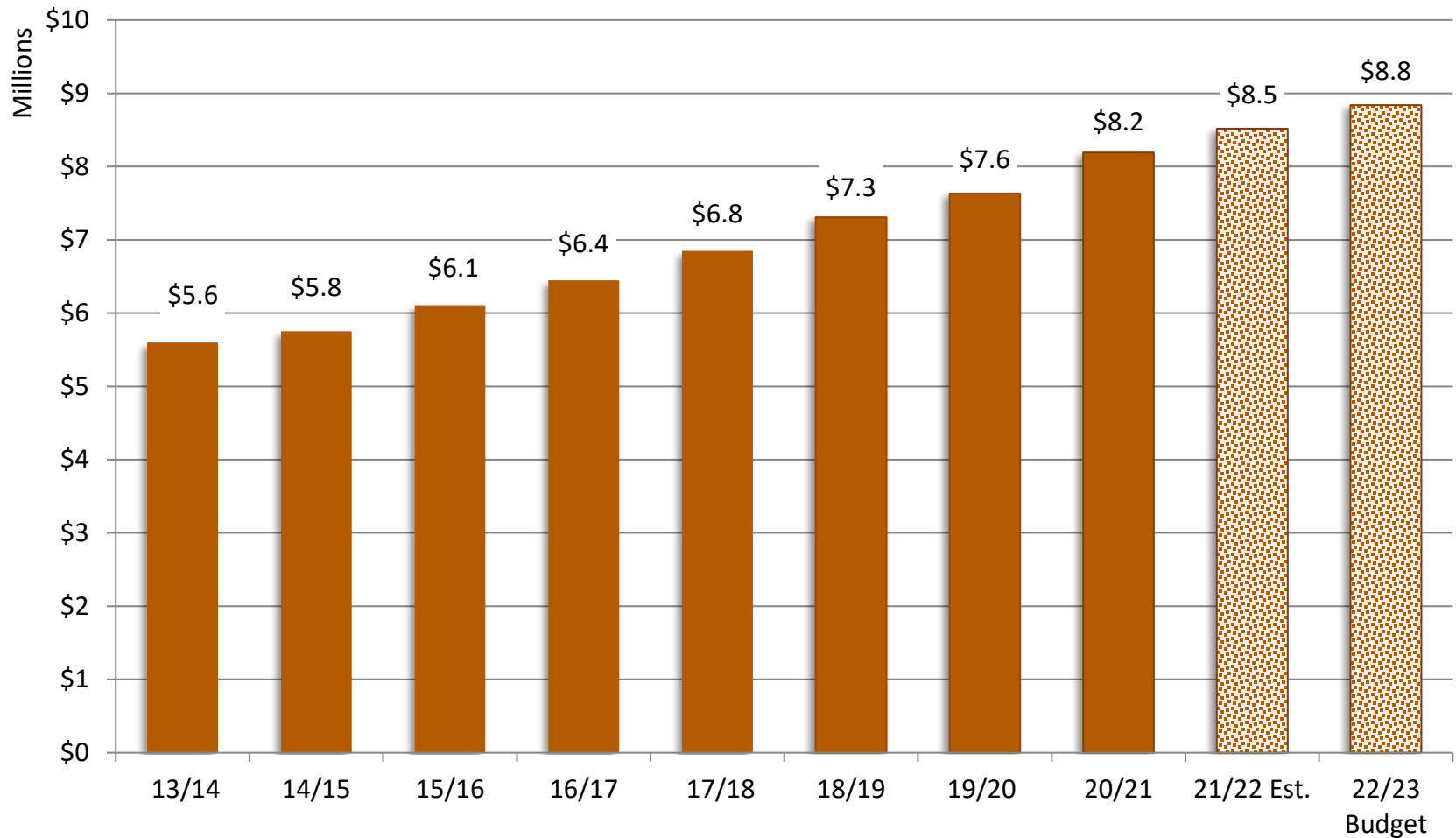


General Fund Revenues: \$30.6 Million

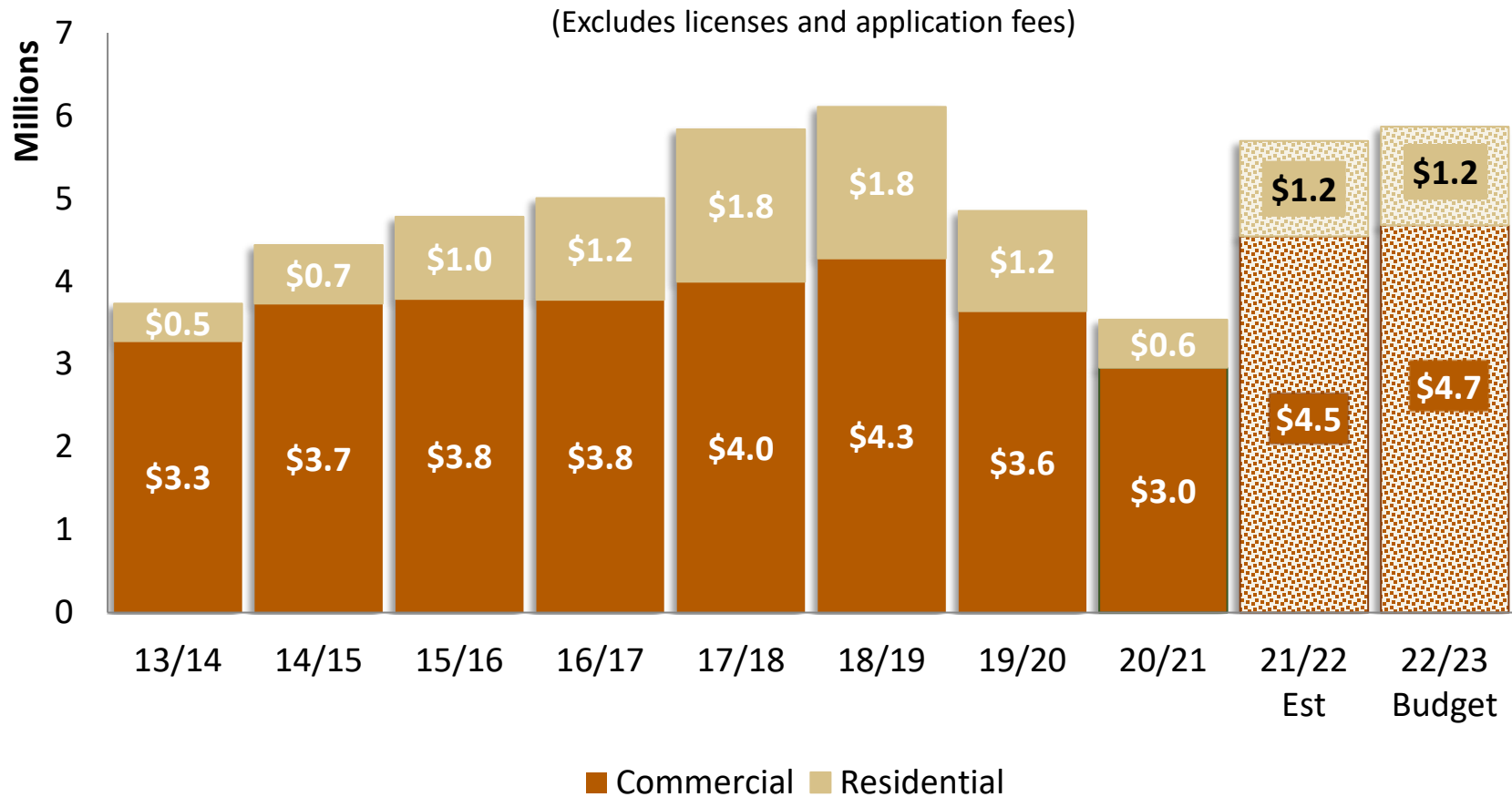
Increase of \$3.7 million or 14% over FY 21/22 Adopted; or 1.9 million or 6.74% over Est./Amend.



Property Tax Trends

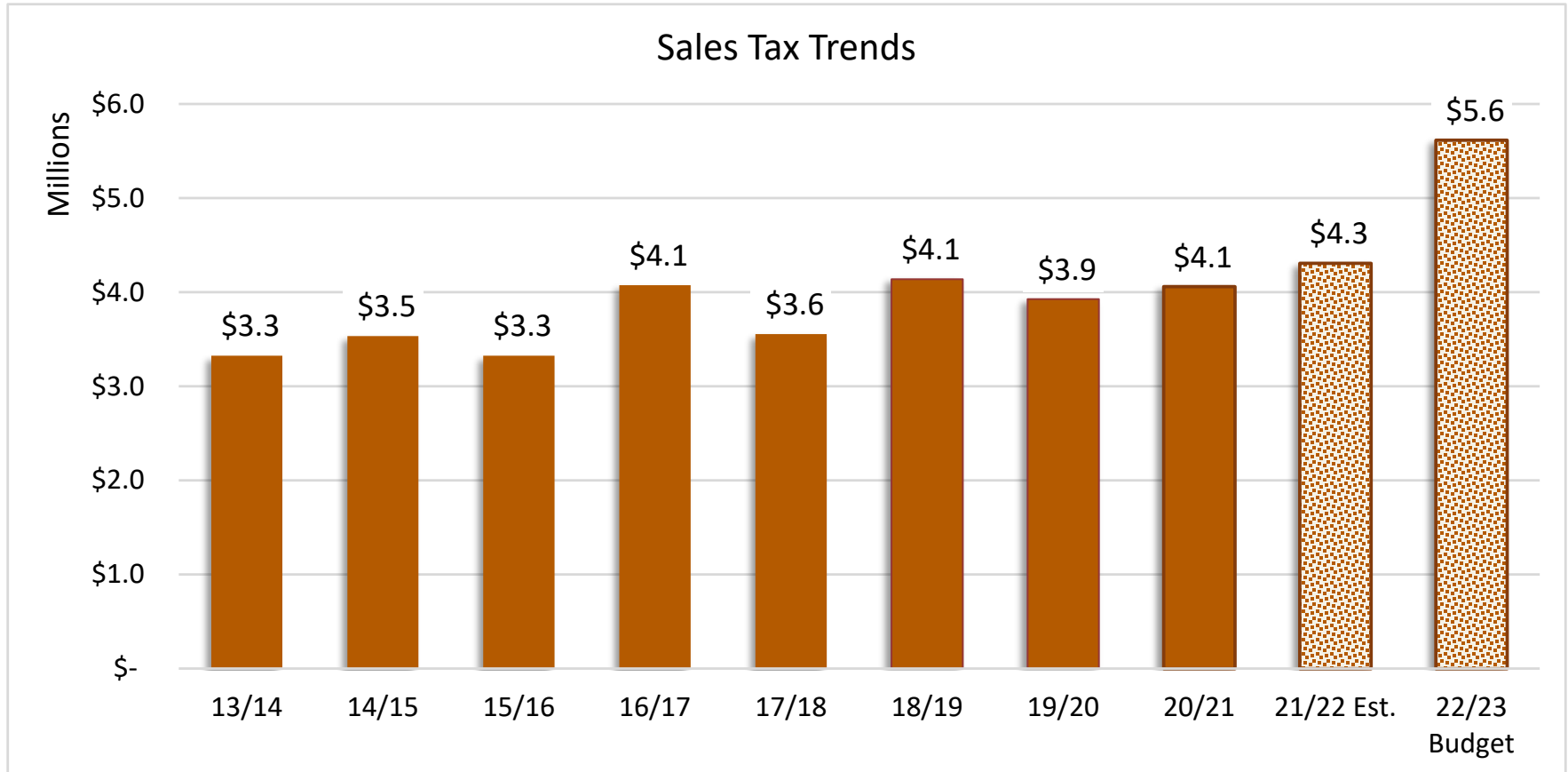


Transient Occupancy Tax Trends



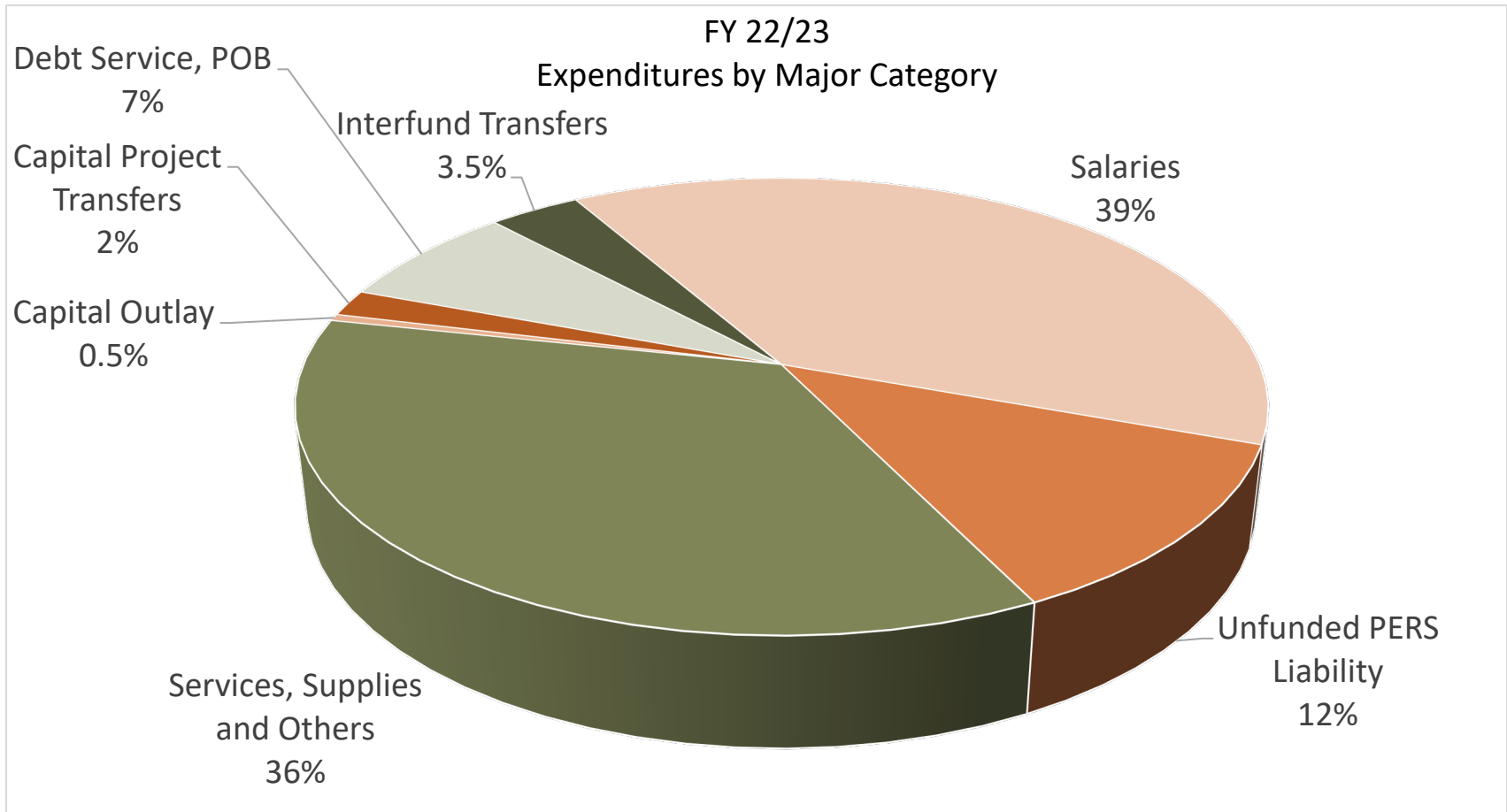
Sales Tax Trends

Approximately \$975,000 Estimated from Measure A

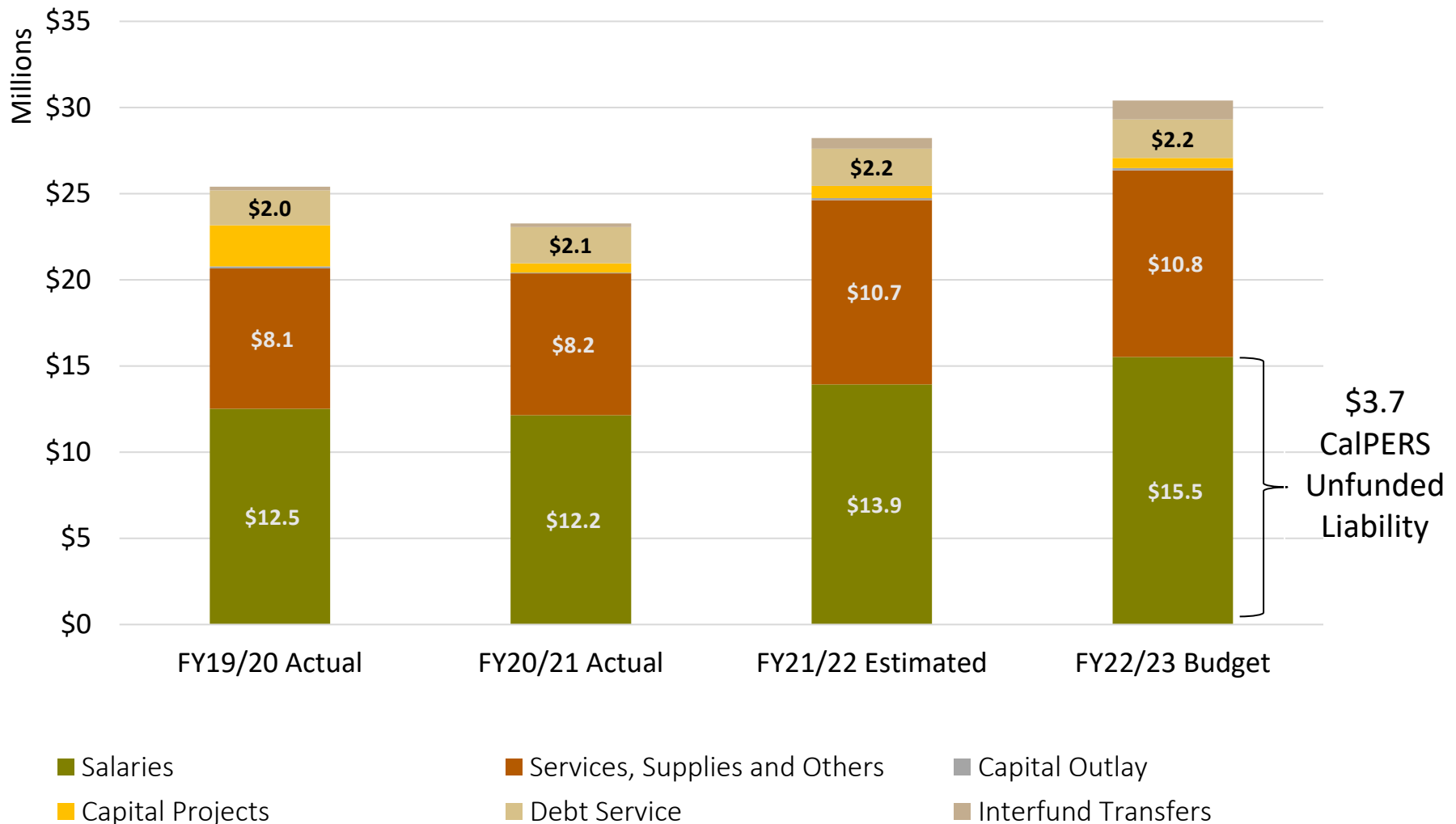


General Fund Expenditures: \$30.4 million

Increase of \$3.7 million or 14% over FY 21/22 Adopted; or \$2.5 million or 10.5% above Est./Amend.



Expenditures by Major Category



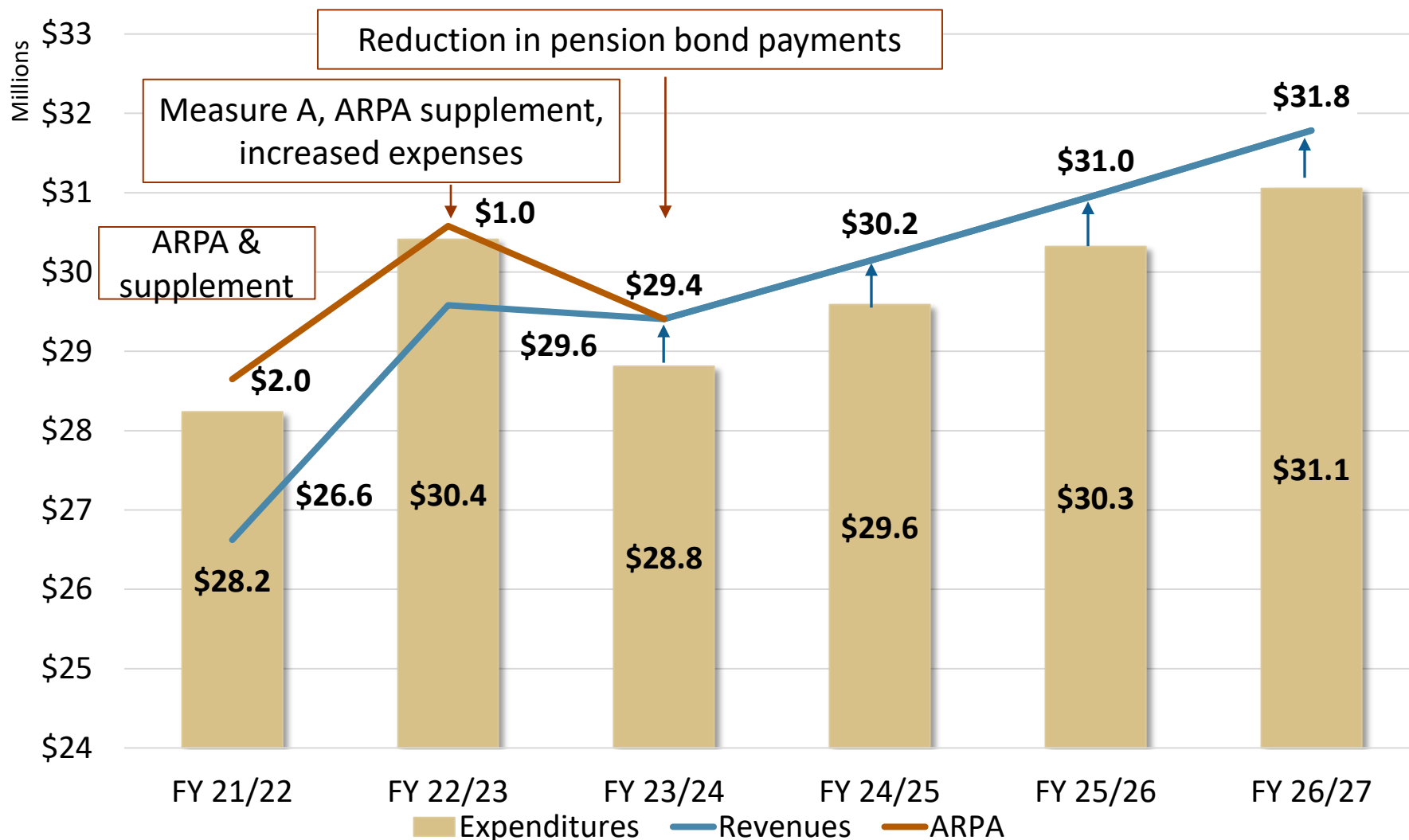
Forecast Information

- References Proposed FY 22/23 budget estimates as basis
- General Forecast Information
 - Reveals revenue & expenditure trends over time
 - Assumes no other events intervene
 - Economic recession, natural disaster, loss of major taxpayers
 - Unanticipated revenues or expenses
 - Identify outcomes if nothing changes
 - Provides an “Order of Magnitude” feel for General Fund’s ability to continue services and preserve fiscal sustainability
 - Should be viewed as a “Work in Progress”



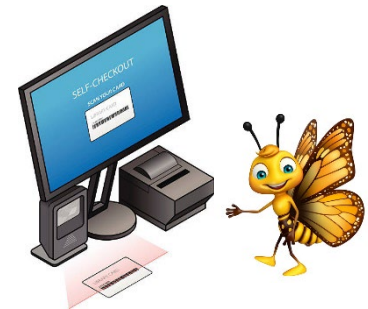
Five-Year Forecast

Avg. unprogrammed funds for FY 23/24 to FY 26/27: \$639,000 or \$500,000 with reserves



Capital Outlay: \$203,000

- General Fund: \$145,000
 - Cybersecurity assessment
 - Hybrid patrol vehicle
 - New generator (partially funded by Sewer Fund)
 - Two street light poles
- Other Funds: \$58,000
 - Fiber connection from City to AMP location
 - Library self check-out equipment
 - Cemetery data connection
 - New generator (partially funded by the General Fund)



Partial List of Projects

Total Projects: \$5.2 million



Project Title	Amount
Fiscal Year 22/23 Street Rehabilitation Project	\$ 1,300,442
Cedar, Sunset and Congress Intersection Improvements	1,000,000
Phase 9 Sewer Improvements	850,000
Public Works Fire Repair Project	787,500
David Street Rehabilitation	400,000
Fiscal Year 22/23 Crack and Slurry Seal	300,000
Del Monte Storm Drain Project	150,524
15.5 Pump Station Replacement	110,000
Pacific Grove Museum of Natural History Mezzanine Upgrades	75,000
Point Pinos Lighthouse Roof Repair	60,000
	\$ 5,033,466

Enterprise Funds

	Est. Beginning Fund Balance	Revenues	Expenditures / Transfers	Projected Ending Fund Balance
Cemetery	\$ 698,111	\$ 636,750	\$ 576,258	\$ 758,603
Golf	2,806,792	386,500	307,097	2,886,195
Local Water Project	1,296,947	1,451,737	1,373,448	1,375,236
Sewer	20,942,611	4,313,135	3,644,886	21,610,860
Combined	\$25,744,461	\$6,788,122	\$5,901,689	\$26,630,894

Projected FY 22/23 Ending "Available Fund Balance"

Cemetery: \$522,000 | Golf course: \$89,000 | Local Water Project: \$30,400 | Sewer: \$6M



Internal Service Funds

	Beginning Fund Bal.	Revenues	Expenditures / Transfers	Projected Ending Fund Bal.
Employee Benefits	\$ 25,545	\$ 341,050	\$ 341,000	\$ 25,595
Liability	16,141	543,000	544,239	14,902
OPEB	-	-	-	-
Workers Comp	103,672	746,600	751,264	99,008
Combined	\$ 145,358	\$ 1,630,650	\$ 1,636,503	\$ 139,505

Internal Service Funds with Reserve/Fund Balance Requirements:

Works Comp. Fund



Liability Fund



Questions?



City Council
City of Pacific Grove