

Fiscal Years 2023 & 2024 Proposed Biennial Budget

City Council
31 May 2022



OVERVIEW

- Summary of Budget Highlights and Objectives
- Summary of Recommended Budget Balancing Strategies
- Recommended Tier 1 Funding Requests

GENERAL FUND REVENUE FORECAST

5 YEARS PROJECTED GENERAL FUND REVENUE

	Projected General Fund Revenue				
	FY 2022 Adopted	FY 2022	FY 2023	FY 2024	
Undesignated Revenues					
Secured Property Taxes	71,382,000	71,382,000	75,664,920	78,691,517	
Supplemental Taxes	2,000,000	2,000,000	2,000,000	2,000,000	
Unsecured Property Taxes	2,625,000	3,637,247	3,516,000	3,516,000	
Property Transfer Taxes	12,500,000	12,500,000	12,500,000	12,500,000	
Property Transfer Tax - Measure P	8,500,000	20,054,687	14,073,750	14,073,750	
Sales Taxes	18,287,215	17,686,255	19,016,546	19,790,997	
Soda Tax	990,210	990,210	990,210	990,210	
Utility Users Taxes	13,000,000	13,800,000	13,800,000	13,800,000	
Transient Occupancy Taxes(TOT)	2,173,500	4,200,000	5,000,000	5,200,000	
Short-term Rentals	630,000	1,000,000	1,000,000	1,000,000	
Business License Taxes	18,498,146	19,000,000	19,000,000	19,000,000	
Recreational Cannabis	1,643,739	1,400,000	1,400,000	1,400,000	
Measure U1	5,120,350	4,900,000	4,900,000	4,900,000	
Other Taxes	2,593,155	2,631,441	2,631,441	2,631,441	
Vehicle In Lieu Taxes	14,959,837	15,024,697	15,926,168	16,563,215	
Parking Fines - Regular Collections	3,726,450	4,326,450	4,326,450	4,326,450	
Parking Fines - Booting Collections	-	-	-	-	
Moving Violations	132,600	132,600	132,600	132,600	
Ambulance Fees	3,154,002	3,268,275	3,880,779	3,880,779	
Interest Income	4,462,320	5,766,586	6,000,000	6,000,000	
Franchise Fees	1,613,283	1,613,283	1,613,283	1,613,283	
Other Revenues	6,729,977	6,729,977	6,729,977	6,729,977	
Indirect cost reimbursements	5,490,000	5,490,000	5,490,000	5,490,000	
Transfers	27,354,923	27,354,923	27,354,923	4,384,923	
Total Undesignated Revenues	227,566,707	244,888,631	246,947,047	228,615,141	
Designated Revenues					
Prop. Transfer Taxes for capital improvements	8,500,000	27,396,465	16,462,172	16,462,172	
Total Designated Revenues	8,500,000	27,396,465	16,462,172	16,462,172	
TOTAL REVENUES AND TRANSFERS	236,066,707	272,285,096	263,409,219	245,077,313	

RECOMMENDATION: USE OF FY 22 EXCESS PROPERTY TRANSFER TAX

FY 22 Excess Property Transfer Tax
\$27.4M

Reserves
\$1.5M

Operations
\$17.3M

Capital
\$8.6M

City Manager's FY 23 & 24 Recommended Budget & Balancing Strategies

	FY 23	FY 24
All Projected Expenditures	247,131,978	249,539,772
Less Measure P Expenditures	(13,040,382)	(12,835,757)
Less U1 Expenditures	(4,900,000)	(4,900,000)
Baseline Expenditures	229,191,596	231,804,015
Budget Enhancements		
New-Tier 1 Reimaging Items	4,451,462	3,836,462
New-Tier 1 Personnel	3,690,720	3,919,496
New-Tier 1 Operating	8,459,831	1,292,760
<i>New-Tier 1 Subtotal</i>	<i>16,602,013</i>	<i>9,048,718</i>
Revised Expenditures w/ Tier 1	245,793,609	240,852,733
All Projected Revenues (includes \$12.5M of Excess Property Transfer Tax	263,409,219	245,077,313
Less Excess Property Transfer Tax Projection Over \$12.5M to Capital	(16,462,172)	(16,462,172)
Less Measure P Revenue	(14,073,750)	(14,073,750)
Less U1 Revenue Transfer	(4,900,000)	(4,900,000)
Baseline Revenues	227,973,297	209,641,391
Projected Surplus/(Deficit)	(17,820,312)	(31,211,342)
Recommended Strategies		
Difference in Baseline Salary Savings Assumptions	5,320,618	4,796,798
IT Salary Savings to General Fund	454,772	454,772
Implementation Savings Tier 1	1,845,360	1,845,360
Increase Property Transfer Tax Baseline to \$18.5M	5,500,000	5,500,000
One-Time Use of Measure P for Nexus Community Programs	2,722,903	2,722,903
One-Time Use of Measure P for Nexus New Tier 1 Requests	500,000	100,000
FY 22 Excess PTT to Reserves for Operations	12,174,403	5,093,767
Reduce FY 23 Projected ARPA Transfer/Use in FY 24	(10,697,743)	10,697,743
Projected Surplus/ (Defict) Operating Budget	0	0
Use of Excess Property Tax to Replenishing Reserves	1,500,000	1,500,000
Projected Excess Property Transfer Tax to Capital	9,462,172	9,462,172

RECOMMENDATION: FY 23 & 24 BALANCING STRATEGIES

Balancing Strategy	Fiscal Year 2023 Proposed (Millions)	Fiscal Year 2024 Proposed (Millions)
FY Excess Property Transfer Tax	12.2	5.1
FY 23 & 24 Increased Baseline (from \$12.5 M to \$18.0M)	5.5	5.5
Salary Savings	8.1	7.5
ARPA Deferral	(10.7)	10.7
One- Time Measure P for Nexus Programs	3.2	2.8
Total (in millions)	18.3	31.6

FY 23 & 24 BUDGET OBJECTIVES

- Balanced Budget for Each Fiscal Year
- Funding for Tier 1 Priorities
- Funding for Capital Needs (\$14M each fiscal year)
- Funding for Section 115 Trust (\$2M each fiscal year)
- Funding to Replenish Reserves (\$5M each fiscal year)