

City of Watsonville Finance Department June 11, 2024



- Proposed Budget
FY 2024-25

Today's Topics

- Budget overview and study session
- General Fund
- Capital Improvement Plan
- Enterprise and Other Funds
- Set the budget adoption date for two weeks from now. No action is required tonight.





Budget Schedule

June 2023 – Biannual Budget
February 2024 - Mid-Year
June 2024 – Budget Revise for
FY 24/25

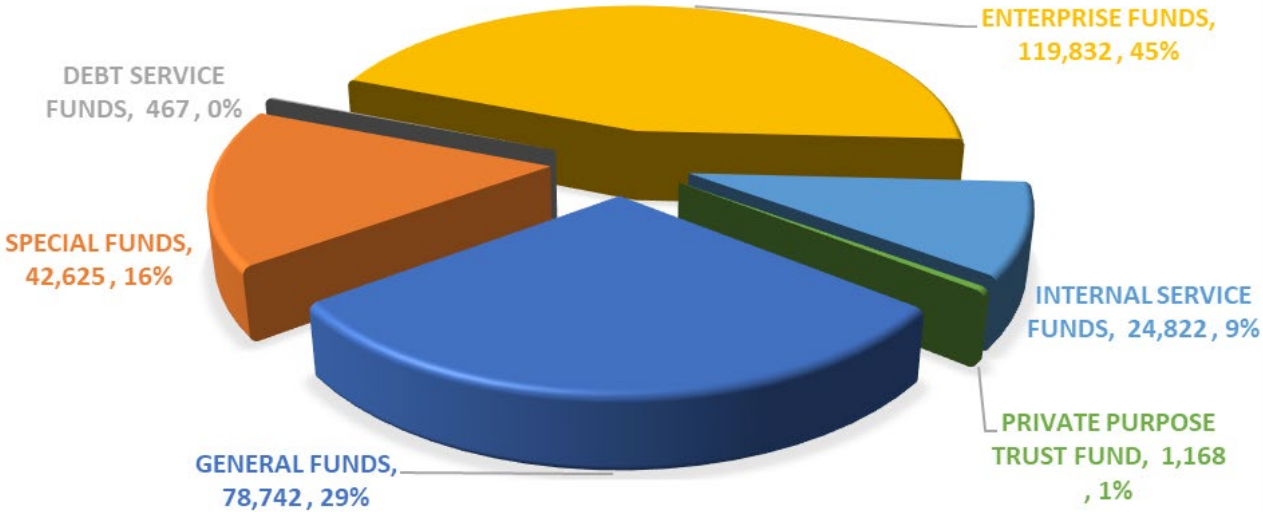


Budget Overview

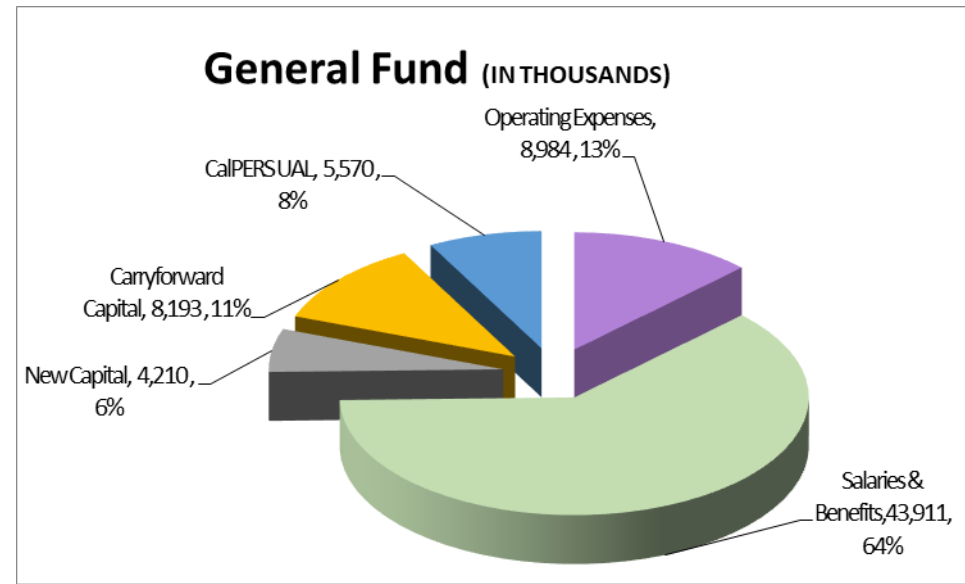
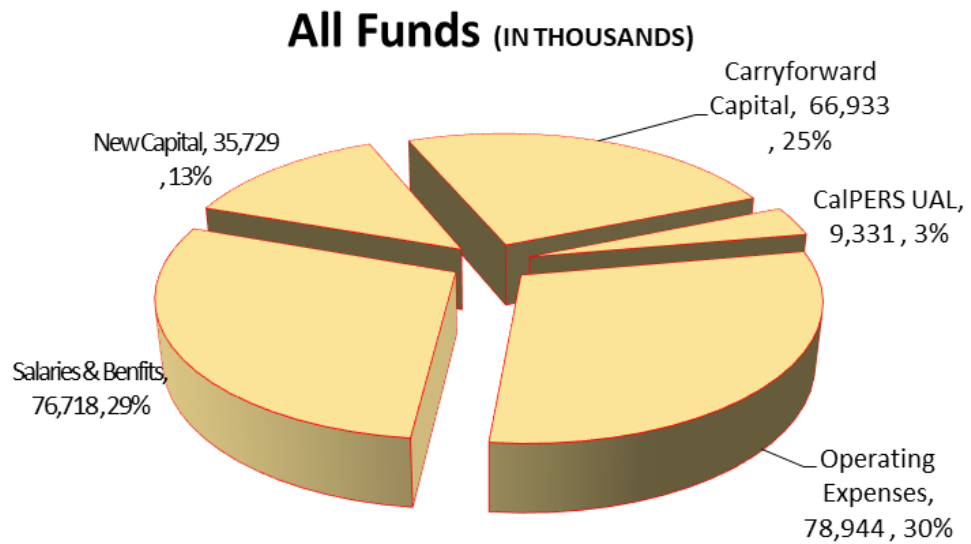
FUND ANALYSIS SUMMARY							
	<i>General Fund Total</i>	<i>Special Total</i>	<i>Debt Total</i>	<i>Enterprise Total</i>	<i>Internal Total</i>	<i>Private Trust Total</i>	<i>Total All Funds</i>
Projected Resources 2024-25							
Revenues	60,516,653	30,214,953	-	89,340,581	23,711,133	1,168,105	204,951,425
Transfers In	4,497,355	93,195	466,994	-	-	-	5,057,544
Total Gross Resources	65,014,008	30,308,148	466,994	89,340,581	23,711,133	1,168,105	210,008,969
Projected Expenditures							
Operations	59,852,229	15,047,873	-	58,420,554	23,739,266	77,562	157,137,484
Capital	18,754,853	22,954,253	-	59,871,123	1,082,382	-	102,662,611
Transfers Out	135,139	4,622,381	-	285,056	-	14,968	5,057,544
Debt Service	-	-	466,994	1,255,524	-	1,075,575	2,798,093
Total Gross Uses	78,742,221	42,624,507	466,994	119,832,257	24,821,648	1,168,105	267,655,732
Surplus / (Shortfall)	(13,728,213)	(12,316,359)	-	(30,491,676)	(1,110,515)	-	(57,646,763)
Projected Fund / Cash Balance 6/30/2024	24,740,428	39,494,303	325,000	56,792,666	4,458,165		125,810,562
Projected Fund / Cash Balance 6/30/2025	11,012,216	27,177,944	325,000	26,300,990	3,347,650	-	68,163,800
Less Restricted Fund / Cash Balances	8,140,392	-	85,000	(6,587,524)	302,819	-	1,940,687
Total Available Funds 6/30/2025	2,871,824	27,177,944	240,000	32,888,514	3,044,831	-	66,223,113

Budget By Fund

BUDGET BY FUND - YEAR 2024-25
REVENUES (IN THOUSANDS)



Budget by Expenditure Type



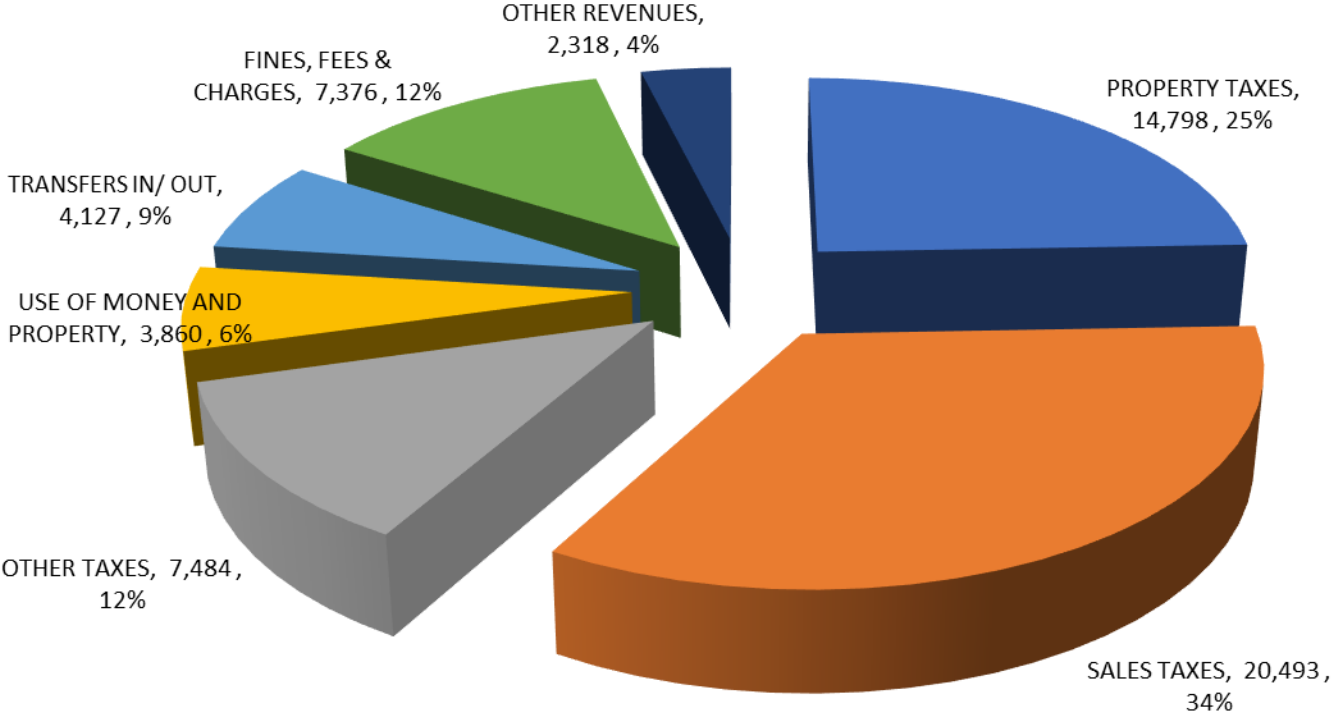
An elephant is shown from a side-rear perspective, balancing on its right front leg on a colorful beach ball. The elephant is on a sandy beach with the ocean and a cloudy sky in the background. The text 'General Fund' is overlaid in white, with a green horizontal line underneath it.

General Fund

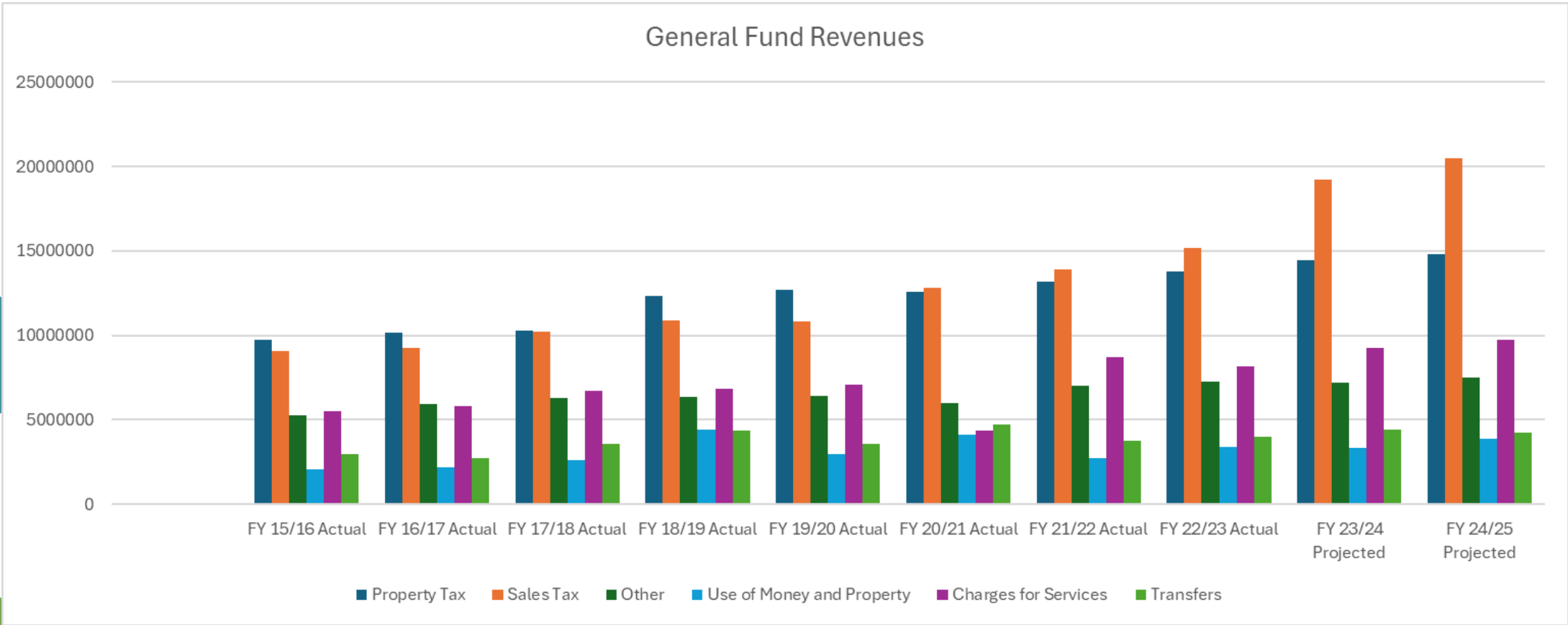
Balance is the Key to ~~Life~~ Budget

General Fund Revenues

GENERAL FUND - FISCAL YEAR 2024-25
REVENUES (INTHOUSANDS)



Historical Increases GF Revenues

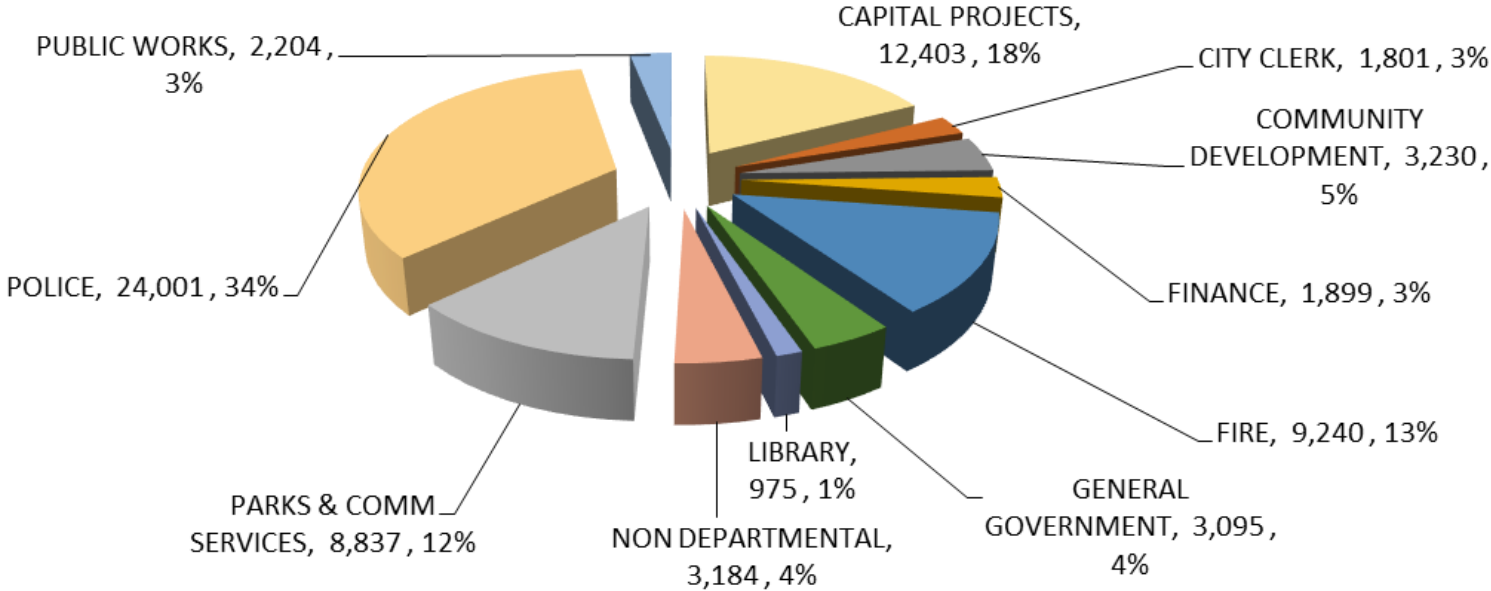


General Fund Revenues

Department	Actuals FY 2023	FY 2024 Budget	FY 24 Projection	FY 25 Budget
Revenues:				
Property Tax	13,530,558	14,188,665	14,255,398	14,797,577
Sales Tax-General	14,817,434	14,020,907	14,023,852	14,974,566
Hotel Room Tax	1,536,839	1,500,000	1,804,252	1,600,000
Utility User Tax	4,358,302	4,268,320	4,268,320	4,400,000
Transfers In	4,122,071	4,423,954	3,993,020	4,264,868
Measure R	344,323	5,205,309	5,205,309	5,518,000
Total Revenues	38,709,527	43,607,155	43,550,151	45,555,011
CDD	1,740,264	2,116,800	2,116,800	2,355,600
Police	1,271,080	1,597,100	1,437,921	1,707,297
Fire	793,626	509,592	450,157	509,592
PW	64,075	287,000	46,347	522,742
PCS	617,301	957,066	696,454	960,363
Other	14,497,683	9,246,926	9,238,478	8,981,717
Total GF Revenue	57,693,557	58,321,639	57,536,309	60,592,322

General Fund by Department

GENERAL FUND - YEAR 2024-25
EXPENDITURES (IN THOUSANDS)



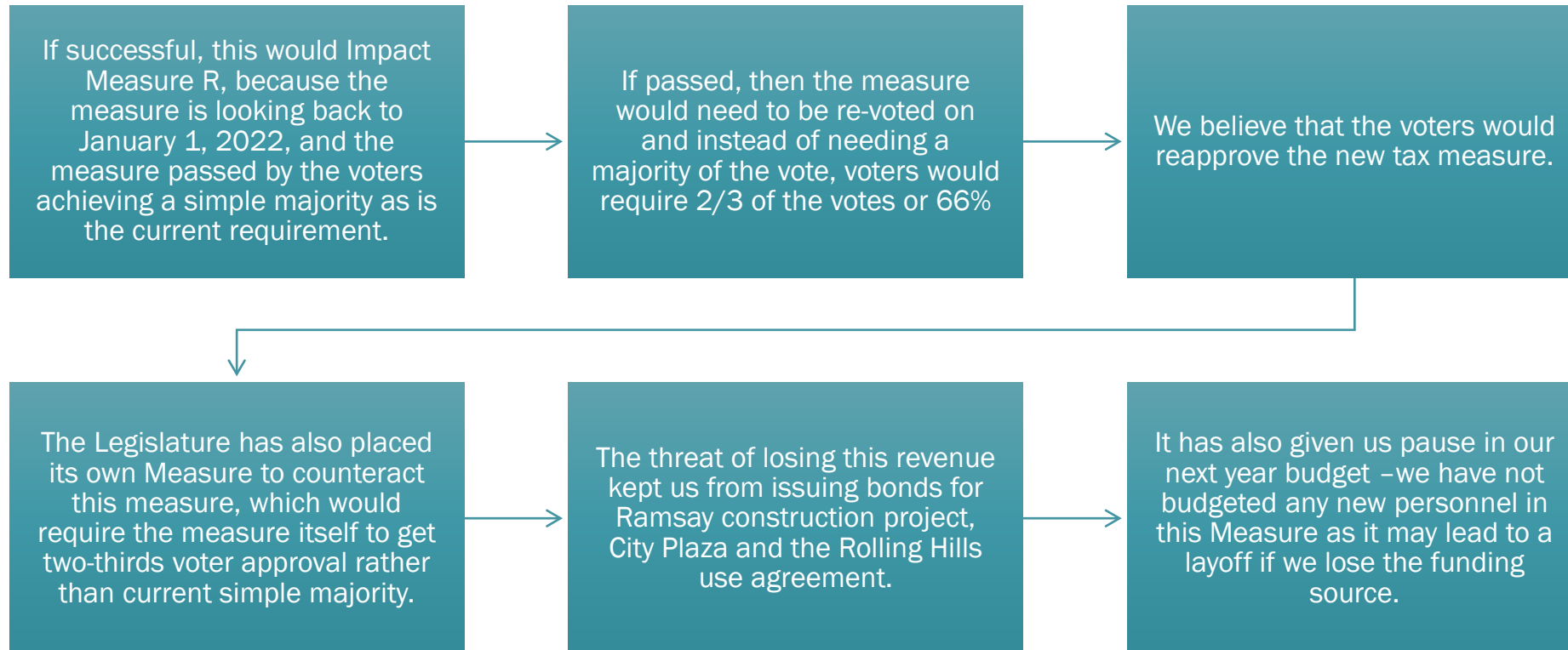
General Fund Expenditures

Expenditures	Actuals FY 2023	FY 2024 Budget	FY 24 Projection	FY 25 Budget
City Council	82,884	121,513	102,417	296,825
City Manager	1,862,370	1,975,335	1,884,045	1,861,960
City Clerk	883,076	797,948	703,087	1,800,667
Community Develop	3,119,652	3,096,837	3,096,837	3,229,808
Finance	1,518,037	1,822,539	1,556,073	1,898,810
Human Resources	818,498	877,447	868,563	935,927
Social Services	237,398	279,415	267,334	279,415
Parks & Community	5,402,103	6,035,860	5,405,208	6,009,647
Fire	8,784,112	8,720,387	9,279,412	9,239,593
Library	541,684	578,164	578,164	624,584
Non-Department	8,470,645	3,831,117	3,129,474	2,904,728
Police	20,597,580	22,551,283	22,768,455	24,001,089
Public Works	1,665,179	2,325,954	1,805,039	2,204,423
Measure R	-	5,467,200	902,150	3,177,041
Total Depts	53,983,219	58,481,000	52,346,259	58,464,517

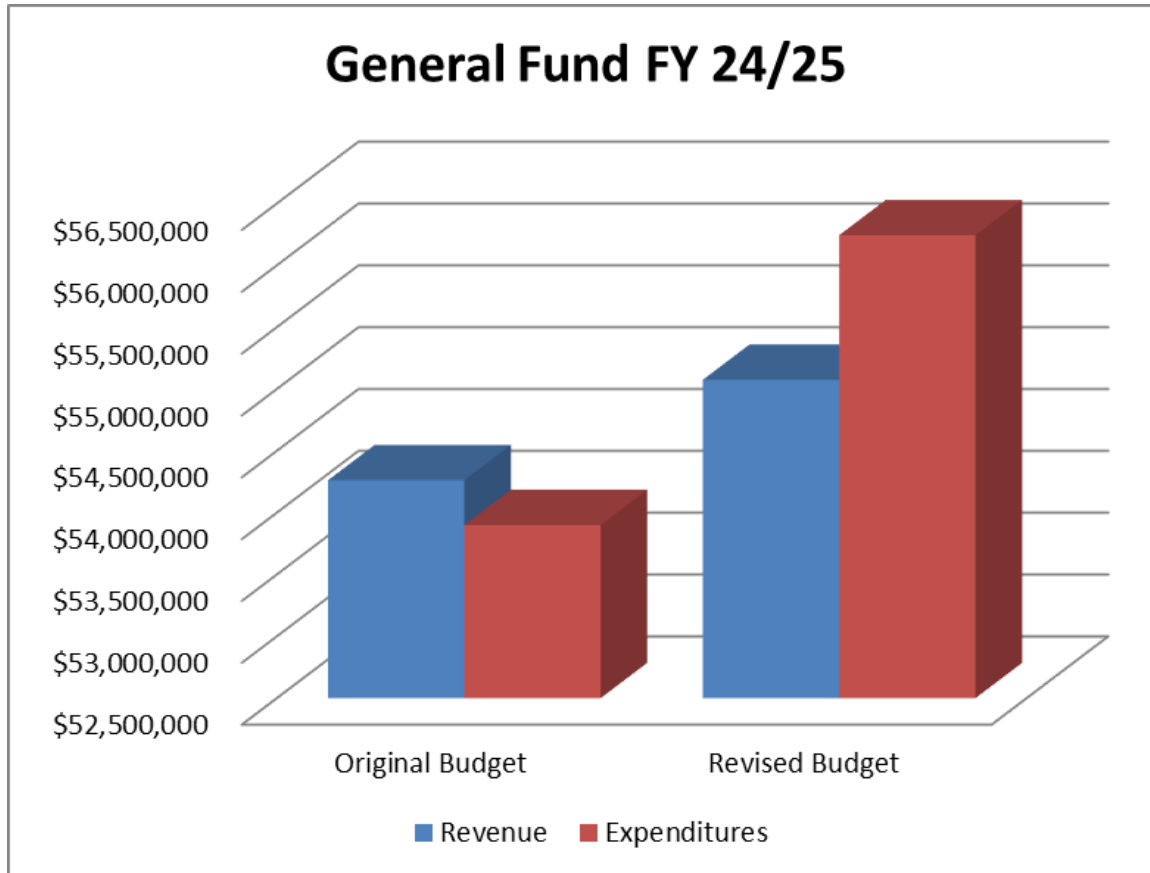
Measure R Budget

PROPOSED MEASURE R BUDGET FY 24/25			
Revenues	\$5,518,000.00		
Operations			
Parks	\$2,827,041.00		
Library	\$350,000.00		
Capital	\$5,257,128.00		
Totals	\$8,434,169.00		
Change in Fund Balance			
Beginning	6/30/2024		\$4,842,505.50
Estimated			
Ending Fund Balance	6/30/2025		\$1,926,336.50

Legal Challenge by California Business Roundtable



Budget Savings for a Balanced Budget



Budget Whole to Solve For	
Increased Costs	2,343,673
Minus: Increased Revenue	(812,355)
Over budget amount	1,531,318

Key Items to Balance Operational Budget

- *Keep Several Vacant Positions Unfilled Until Mid Year
- *Continue funding 4 positions with ARPA Funds for entire fiscal year
- *Elimination of 2 positions that were created at mid year that remained unfilled



Amount	Explanation
200,000	ARPA, changed ruling and allows staff through 12/2026
886,160	Hiring Pause
Removal of positions with fund balance	
144,839	Redevelopment Manager
93,841	Parking Control Officer
1,324,840	TOTAL

Council Request for Information

Summary of Costs		
Parks - Clean restrooms often	108,000.00	Clean more two times per day
Parks - Clean restrooms often	54,000.00	Clean more one time per day
CDD - Code Enforcement Officers	219,594.00	Add 2 code enforcement officers
	273,594.00	

FUND NAME	2024/25	2025/26	2026/27	2027/28	2028/29
GENERAL FUND	1,857,220	9,228,000	7,905,000	4,327,400	4,835,000
MEASURE R	2,352,600	3,300,000	900,000	1,000,000	1,100,000
TOTAL GENERAL FUND	4,209,820	12,528,000	8,805,000	5,327,400	5,935,000
SPECIAL REVENUE FUNDS					
CDBG	560,000	-	-	-	-
CIVIC CENTER	289,000	75,000	75,000	75,000	75,000
LIBRARY	280,000				
GRANTS	642,000	10,541,000	6,863,000		
CANNABIS	35,000	-	-	-	-
GAS TAX	555,000	555,000	555,000	555,000	555,000
SB1	1,325,000	1,325,000	1,325,000	1,325,000	1,325,000
MEASURE Y	875,000	1,868,000	895,000	725,000	1,085,000
MEASURE D	1,290,870	1,214,000	1,214,000	1,214,000	1,214,000
UNDERGROUND UTILITY	250,000	-	-	350,000	-
STORM DRAIN	400,000	70,000	2,000,000	-	-
CITY-WIDE TRAFFIC		900,000	-	-	-
MANABE OW IMPACT FEE		190,000			
TOTAL SPECIAL REVENUE FUNDS	6,501,870	16,738,000	12,927,000	4,244,000	4,254,000
ENTERPRISE FUNDS					
AIRPORT	239,000	878,000	345,000	1,437,000	2,470,500
WASTEWATER	12,934,243	26,360,408	14,725,900	1,989,454	450,000
WATER	10,263,374	21,939,070	19,035,743	30,906,045	21,873,996
SOLID WASTE	1,251,000	745,808	931,738	1,319,502	928,949
INFORMATION TECHNOLOGY	330,000	-	-	-	-
TOTAL ENTERPRISE FUNDS	25,017,617	49,923,286	35,038,381	35,652,001	25,723,445
TOTAL	35,729,307	79,189,286	56,770,381	45,223,401	35,912,445

Capital Improvement Program

FY 24/25 through FY 28/29

Top 6 Funding CIP New Projects

			Table 1
Fund	Project Name	Description	Budget FY 24/25
Grant Funding/ Sewer	Main Switchgear and Energy Recovery Electrical System Improvements	The main electrical switchgear and backup generation system that provides power and emergency backup power to all equipment in the wastewater treatment plant is nearing the end of its useful life. This critical equipment was identified in the WWTF Hazard Assessment as vulnerable to flood and seismic hazards. This project will replace this critical equipment and mitigate against future flood or seismic hazards so the WWTF will continue to provide safe and effective wastewater treatment for the communities it serves.	10,000,000
Sewer	Levy Embankment Stabilization Project	This project will install sheet piles in the Pajaro River Levee section that borders the Wastewater Treatment Plant to help stabilize the levee embankment and reduce seepage to protect one of the City's most valuable assets in the case of Pajaro River flooding. This project also includes estimated costs for relocating the WWTP electrical service which is currently located on the levee.	1,650,000
Measure R	Streets-Other	This project provides some of the funding for Green Valley Road and Bridge Street.	1,538,600
Water	Water Well #4	The City needs to invest in new wells to improve water system reliability by providing additional water sources that will supplement the existing wells, some of which are nearing the end of their useful life.	1,500,000
Water	Water Main Replacement Material and Equipment Costs - Installed by City Crews (1.75 miles/year)	The City's water services crews replace approximately 1.75 miles of existing water main per year. This is the annual material and equipment cost. Labor and overhead costs are tracked under the operation and maintenance budget account.	1,500,000
General Fund	Ramsay Park Renaissance	Funds toward Ramsay Renaissance Project for new soccer field, multi use synthetic field, dog park, playground, landscape, etc.	1,291,220



Main Switchgear and Energy Recovery Electrical System



Provides backup power and emergency backup power to call equipment at Wastewater Treatment Plant.

Street Improvements Green Valley Road and Bridge Street



City Crews replace 1.75 miles of Existing Water Mains



Ramsay Park Renaissance kick off



Nature Center



Other Funds



Other Funds

	0250	0262	0305	0306	0309	0310	0312
	LIBRARY	ARPA FUND- AMERICAN RELIEF PLAN	GAS TAX	SB 1 - GAS TAX FUNDING	PARKING GARAGE	SALES TAX MEASURE Y	MEASURE D - TRANSPORTATION FUND
Projected Resources 2024-25							
Revenues	4,636,759	8,988,031	1,413,546	1,100,000	162,000	5,539,100	1,030,000
Transfers In	-	-	-	-	93,195	-	-
Total Gross Resources	4,636,759	8,988,031	1,413,546	1,100,000	255,195	5,539,100	1,030,000
Projected Expenditures							
Operations	4,468,298	622,037	1,050,395	-	178,948	5,723,530	-
Capital	550,000	8,807,350	1,230,351	3,423,540	-	1,996,716	5,308,966
Transfers Out	163,474	-	-	-	1,584	-	-
Debt Service	-	-	-	-	-	-	-
Total Gross Uses	5,181,772	9,429,387	2,280,746	3,423,540	180,532	7,720,246	5,308,966
Surplus / (Shortfall)	(545,013)	(441,356)	(867,200)	(2,323,540)	74,663	(2,181,146)	(4,278,966)
Total Available Funds 6/30/2025	1,576,435	11,558,644	(117,200)	426,460	74,663	268,854	(278,966)

Enterprise Funds

	<u>0710</u>	<u>0720</u>	<u>0730</u>	<u>0740</u>	<u>0741</u>	<u>0789</u>
	WASTE WATER	WATER	AIRPORT	SOLID WASTE	LANDFILL CLOSURE	FIBER OPTIC FUND
Projected Resources 2024-25						
Revenues	36,109,971	26,473,508	4,271,382	22,403,870	-	81,850
Transfers In	-	-	-	-	-	-
Total Gross Resources	36,109,971	26,473,508	4,271,382	22,403,870	-	81,850
Projected Expenditures						
Operations	18,837,126	18,215,455	4,238,345	16,804,739	247,761	77,128
Capital	22,726,294	25,031,161	304,000	3,117,590	8,692,078	-
Transfers Out	202,513	31,651	5,056	45,836	-	-
Debt Service	485,078	13,888	23,037	733,521	-	-
Total Gross Uses	42,251,011	43,292,155	4,570,438	20,701,686	8,939,839	77,128
Surplus / (Shortfall)	(6,141,040)	(16,818,647)	(299,056)	1,702,184	(8,939,839)	4,722
Total Available Funds 6/30/2025	4,821,784	11,667,630	200,944	15,918,434	-	279,722

Solid Waste Commercial Contamination Fee



Organics container with lots of plastic trash, 2nd notice



Trash container with lots of recycle, 3rd notice



Recycle container full of trash, 3rd notice



Tag and letter prior to contamination fee

- 1st Violation: 25% of monthly container rate
- 2nd Violation: 50% of monthly container rate
- 3rd Violation: 100% of monthly container rate

Contamination Fee Justification

- SB 1383, Muni code 6.10 require enforcement
- Business receives education notice and Letter of Violation prior to fee
- Fee to address worst 5% contaminators only
- Waste processor may charge City for contamination

Hydrant Meter Deposit & Refund Upon Return of Hydrant Meter

The Water Division is requesting an adjustment to the hydrant meter deposit and refund upon return of hydrant meter in satisfactory condition, both in the amount of \$4,782.77. The new rates will reflect the actual costs (See Figure 1) to build and replace a hydrant meter (assembly) if it is lost, stolen, or added to awaiting inventory. This request should not be affected by Proposition 218 as it does not exceed the cost of the government to provide the service and is a deposit fee that is returned to a customer/account holder upon the return of a hydrant meter in satisfactory condition.

Figure 1.

Source	Item	Cost
Bavco	2" 975 XL2	\$1,060.00
Global Industrial	Milwaukee-36080S (dolly)	\$159.95
The Hose Shop Inc.	10' Hose	\$193.23
Aqua Metrics	3" Omni H2	\$1,620.00
Aqua Metrics	Smart Point Reader	\$160.00
other supplies	bolts, plates, etc	\$300.00
Tax	9.75%	\$340.59
Labor	20 hours (47.45 per hour)	\$949.00
		<hr/> <hr/>
		\$4,782.77

Figure 2.

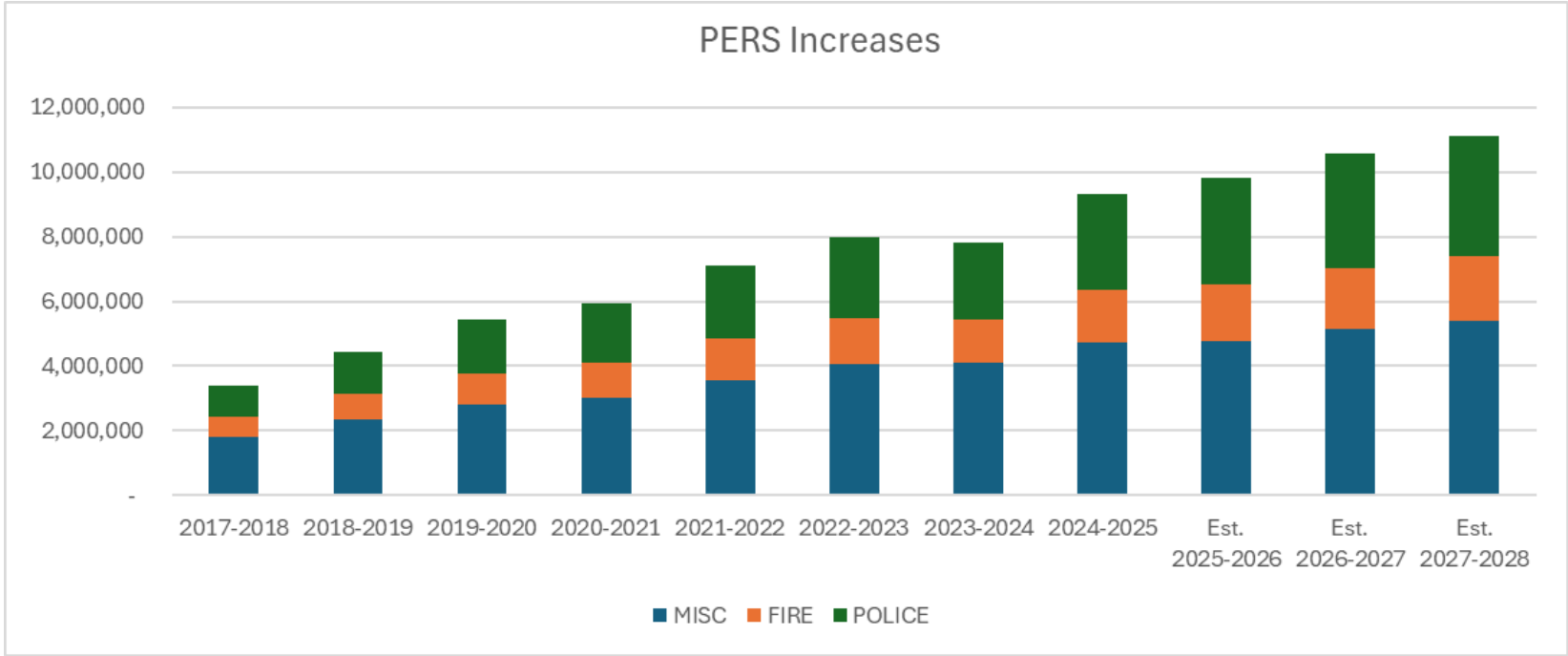


Current Risks/Considerations

- *Potentially Volatile General Fund Revenues
- *UAL Payments projected to increase
- *Currently working on Class and Compensation Study for all bargaining groups
- *Overtime Costs for Fire and Police

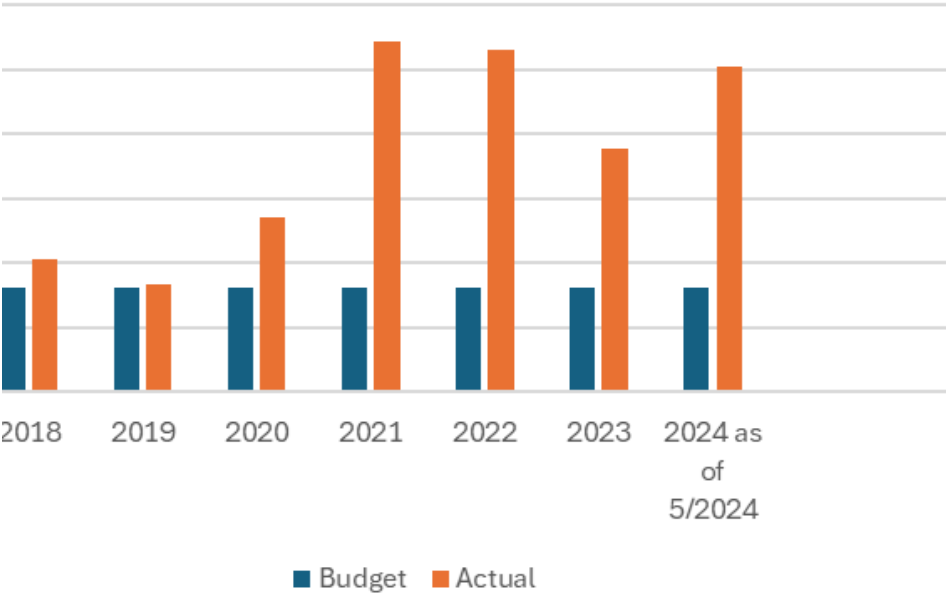


Pers Unfunded Liability (UAL)

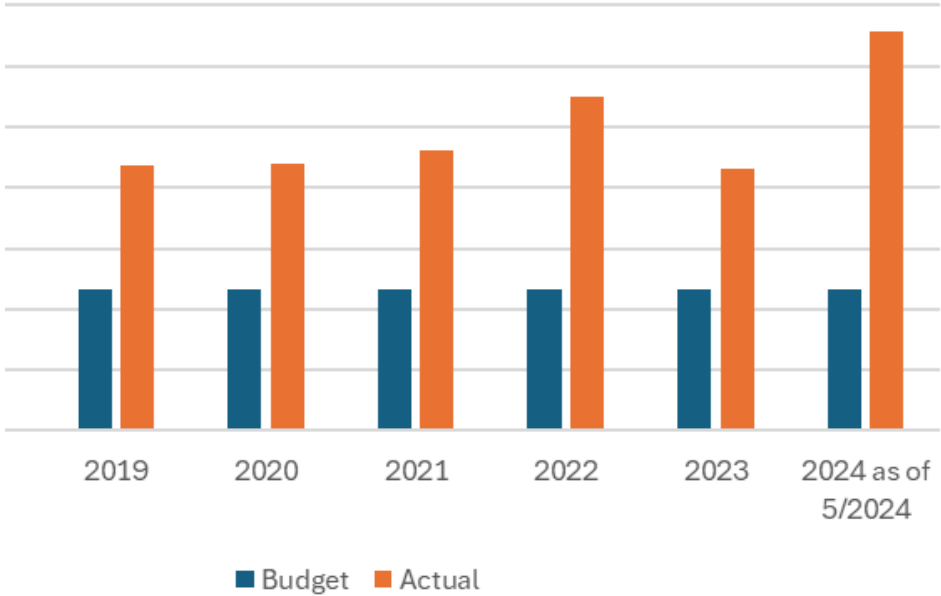


Public Safety Overtime

Fire Overtime Budget vs Actual



Police Overtime Budget vs Actual



Opportunities



Opportunities



Common Code Enforcement Violations

on residential properties

Elements of the building exterior (walls, siding, roofing, doors, windows) must be kept in good repair. Issues involving structural integrity may require permits to repair.

Recreational vehicle parking has many specific rules and limits. Please refer to the "Off-Street Parking Rules" flyer for further information.

Miscellaneous items/junk/debris such as appliances, indoor furniture, machinery parts, construction materials and other unsightly debris are not permitted to be stored outdoors.

Fencing requires a permit to install and must be kept in good repair.

Garbage/recyclables must be fully contained within refuse containers.

Grass must be trimmed to not exceed 8".

Neatly stacked wood and lumber are allowed, as well as intact/outdoor decorative items, furniture, and children's toys.

Snow/ice must be removed from the public sidewalk within 24 hours following the end of the storm.

All vehicles parked outside must be properly registered, operable, and parked completely on pavement or gravel.

DID YOU KNOW?

Report code enforcement violations by filling out the online form. You may also direct question or concerns to the email codeenforcementoficer@neenah.wi.gov or phone (920)886-6044

On-street parking violations can be reported to the non-emergency police line at (920)886-6000

Questions regarding permits or other building codes should be directed towards Community Development at (920)-886-612

Questions

- Marissa Duran, Finance Director
- 831-768-3471
- Marissa.duran@cityofwatsonville.org
- watsonville.gov/DocumentCenter/View/23447/Budget-FY-24-25-Draft-