

City of Watsonville Finance Department June 25, 2024



- Proposed Budget
FY 2024-25

Today's Actions

- 1) Resolution adopting the FY 2024-25 Budget Plan, providing certain transfers of funds & approve the Five-Year Capital Improvement Program
- 2) Approve a resolution adopting a Hydrant Meter Deposit
- 3) Approve a resolution adopting a Commercial Container Contamination Fee
- 4) Resolution establishing the "Total Annual Appropriations" pursuant to State Constitution Article XIII-B for Fiscal Year FY 2024-25 (Proposition 4 GANN spending limit)

Today's Actions - continued

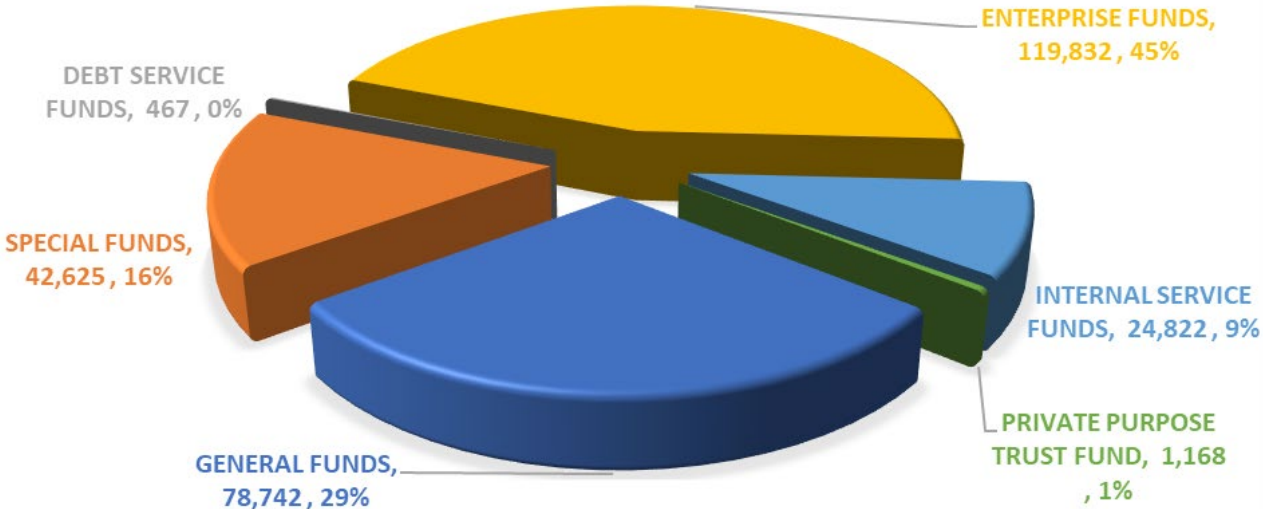
- 1) Ordinance instructing Santa Cruz County to levy and collect property tax on taxable property within the City of Watsonville for fiscal year beginning July 1, 2024, to June 30, 2025, at the levy rate of 0.077% and allocating proceed to the Retirement Fund
- 2) Successor Housing Resolution authorizing the expenditure of low and moderate-income housing funds.
- 3) Successor Agency Resolution finds that the use of taxes allocated from the Watsonville 2000 Redevelopment Project outside the project area will be of benefit to the project area.
- 4) Approve a resolution authorizing the Finance Department to prepare open purchase orders or “not to exceed contracts” in the amount of \$200,000 each to facilitate small jobs under \$10,000 for the following vendors: Pajaro Valley Fabrication, Arata, National Truck Sales and Service, Pajaro Valley Printing, Fastenal and AMS Oil.

Budget Overview

	General Fund Total	Special Total	Debt Total	Enterprise Total	Internal Total	Private Trust Total	Grand Total
Projected Resources 2024-25							
Revenues	70,536,242	30,508,696	-	89,714,081	23,711,133	1,168,105	215,638,257
Transfers In	4,497,355	93,195	466,994	-	-	-	5,057,544
Total Gross Resources	75,033,597	30,601,891	466,994	89,714,081	23,711,133	1,168,105	220,695,801
Projected Expenditures							
Operations	62,713,678	14,577,778	-	58,441,211	23,739,266	77,562	159,549,495
Capital	24,063,137	25,215,034	-	61,178,848	832,382	-	111,289,401
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	86,911,954	44,415,193	466,994	121,160,639	24,571,648	1,168,105	278,694,533
Surplus / (Shortfall)	(11,878,357)	(13,813,302)	-	(31,446,558)	(860,515)	-	(57,998,732)

Budget By Fund

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

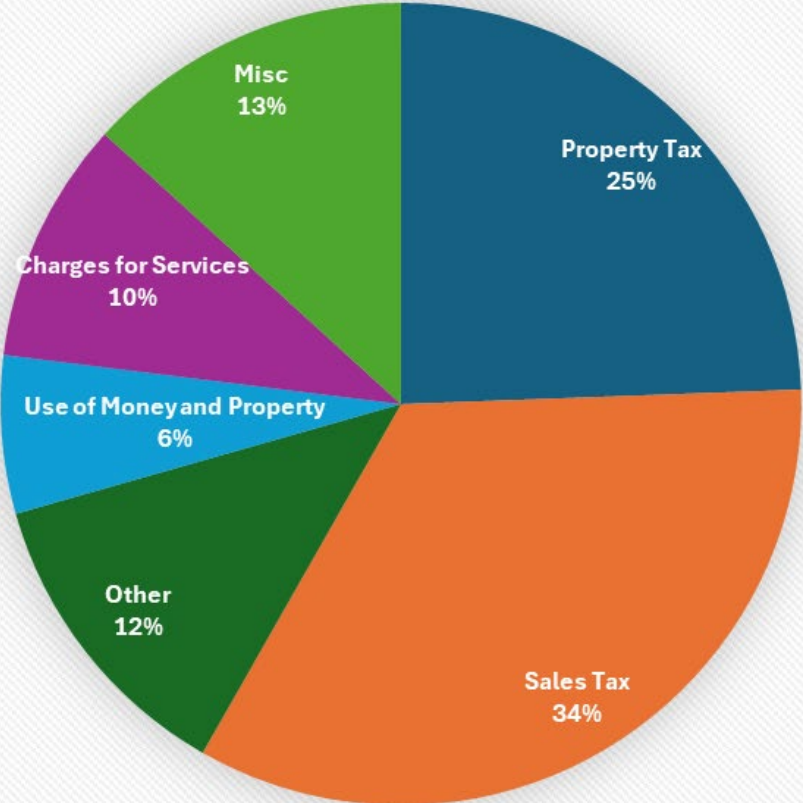


General Fund



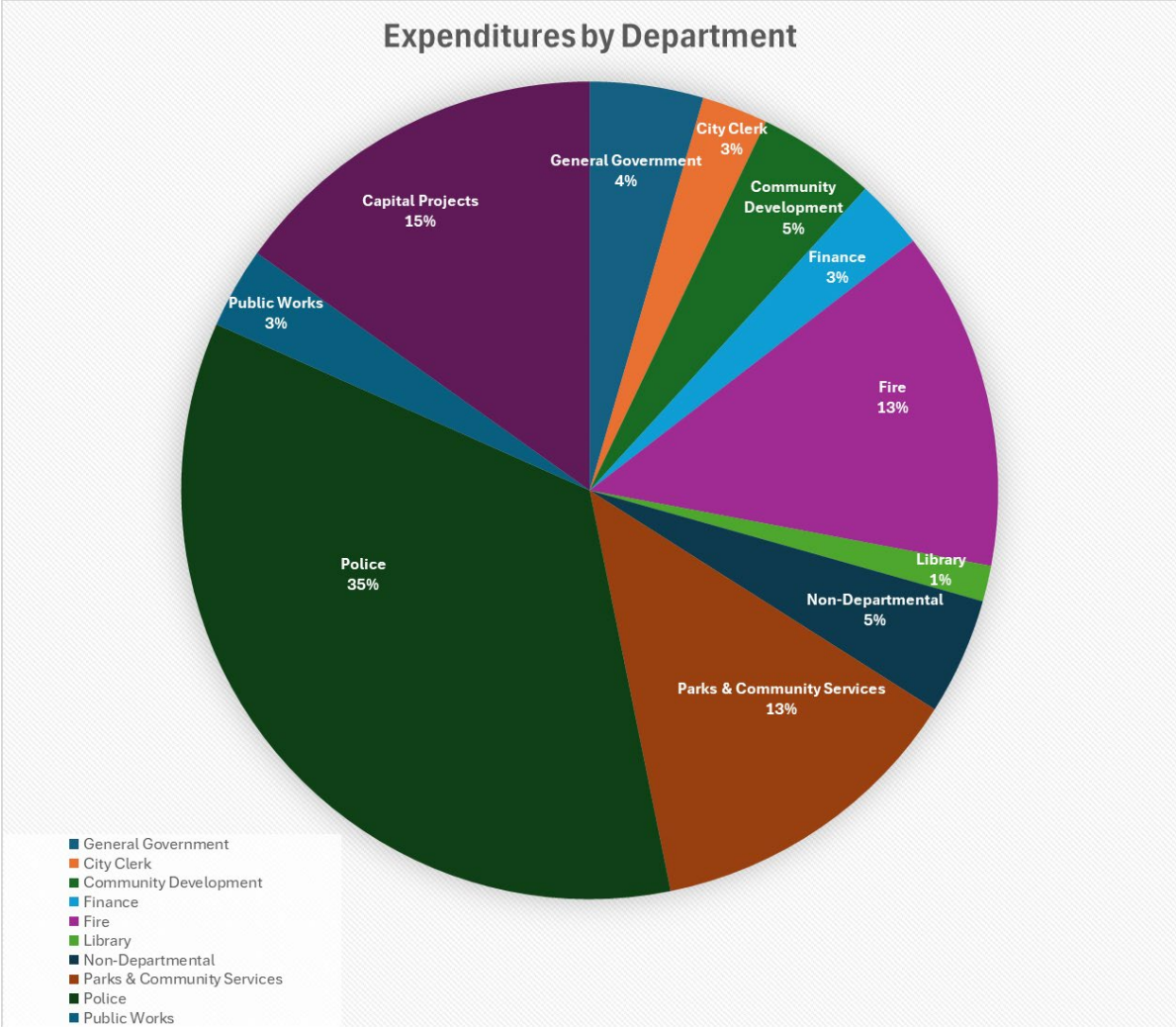
General Fund Revenues

Top Revenue Sources



■ Property Tax ■ Sales Tax ■ Other ■ Use of Money and Property ■ Charges for Services ■ Misc

General Fund by Department



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
<i>Removal of positions with fund balance</i>	
144,839	Redevelopment Manager
93,841	Parking Control Officer
1,324,840	TOTAL

Capital Improvement Program

FY 24/25 through FY 28/29

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	3,000,000	600,000	700,000	800,000
COMPUTER REPLACEMENT FUND	125,005				
TOTAL GENERAL FUND	4,334,825	12,228,000	8,505,000	5,027,400	5,635,000
SPECIAL REVENUE FUNDS					
CDBG	560,000	-	-	-	-
CIVIC CENTER	289,000	75,000	75,000	75,000	75,000
LIBRARY	30,000	-	-	-	-
GRANTS	642,000	10,541,000	6,863,000	-	-
CANNABIS	-	-	-	-	-
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	1,282,595	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	6,624,465	16,738,000	12,927,000	4,244,000	4,254,000
ENTERPRISE FUNDS					
AIRPORT	756,000	400,000	878,000	345,000	1,437,000
WASTEWATER	12,934,243	26,360,408	14,725,900	1,989,454	450,000
WATER	10,924,374	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	80,000	-	-	-	-
TOTAL ENTERPRISE FUNDS	25,945,617	49,445,286	35,571,381	34,560,001	24,689,945
TOTAL	36,904,907	78,411,286	57,003,381	43,831,401	34,578,945

"Spending Priorities"

"Roads, Reading, Recreation & Resiliency"

NATURE CENTER BUILDING	\$1,838,600.00
STREETS PROJECTS	\$2,439,428.00
FIELD SERVICES EQUIPMENT/VEHICLES	\$317,606.00
PARKS PROJECTS	\$800,000.00
LIBRARY DESIGN DOCUMENTS ARCH	\$214,000.00
	\$5,609,634.00



MEASURE
R
COMMUNITY INVESTMENT
TAX MEASURE

Other Funds



Other Funds

<u>0250</u>	<u>0262</u>	<u>0305</u>	<u>0306</u>	<u>0310</u>	<u>0312</u>
LIBRARY	ARPA FUND-AMERICAN RELIEF PLAN	GAS TAX	SB 1 - GAS TAX FUNDING	SALES TAX MEASURE Y	MEASURE D - TRANSPORTATION FUND
4,636,759	8,988,031	1,413,546	1,100,000	5,539,100	1,178,000
-	-	-	-	-	-
4,636,759	8,988,031	1,413,546	1,100,000	5,539,100	1,178,000
4,468,298	622,037	1,050,395	-	5,253,435	-
300,000	10,844,742	1,148,755	3,423,540	2,404,311	5,438,371
163,474	-	-	-	-	-
-	-	-	-	-	-
4,931,772	11,466,779	2,199,150	3,423,540	7,657,746	5,438,371
(295,013)	(2,478,748)	(785,604)	(2,323,540)	(2,118,646)	(4,260,371)
1,826,435	9,521,252	(35,604)	426,460	331,354	(260,371)

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	Enterprise Total
36,109,971	26,473,508	4,644,882	22,403,870	-	81,850	89,714,081
-	-	-	-	-	-	-
36,109,971	26,473,508	4,644,882	22,403,870	-	81,850	89,714,081
18,837,126	18,236,112	4,238,345	16,804,739	247,761	77,128	58,441,211
22,998,688	25,738,902	756,000	2,961,304	8,723,954	-	61,178,848
202,513	31,651	5,056	45,836	-	-	285,056
485,078	13,888	23,037	733,521	-	-	1,255,524
42,523,405	44,020,553	5,022,438	20,545,400	8,971,715	77,128	121,160,639
(6,413,434)	(17,547,045)	(377,556)	1,858,470	(8,971,715)	4,722	(31,446,558)
4,549,390	10,939,232	122,444	16,074,720	-	279,722	31,965,508

Solid Waste Commercial Contamination Fee



Organics container with lots of plastic trash, 2nd notice



Recycle container full of trash, 3rd notice



Trash container with lots of recycle, 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



Opportunities



Questions

- Marissa Duran, Finance Director
- 831-768-3471
- Marissa.duran@watsonville.gov
- <https://www.watsonville.gov/DocumentCenter/View/23447/Budget-FY-24-25-Draft->