

Proposed Budget FY 2021-22 and 2022-23

CINDY CZERWIN

ADMINISTRATIVE SERVICES DIRECTOR



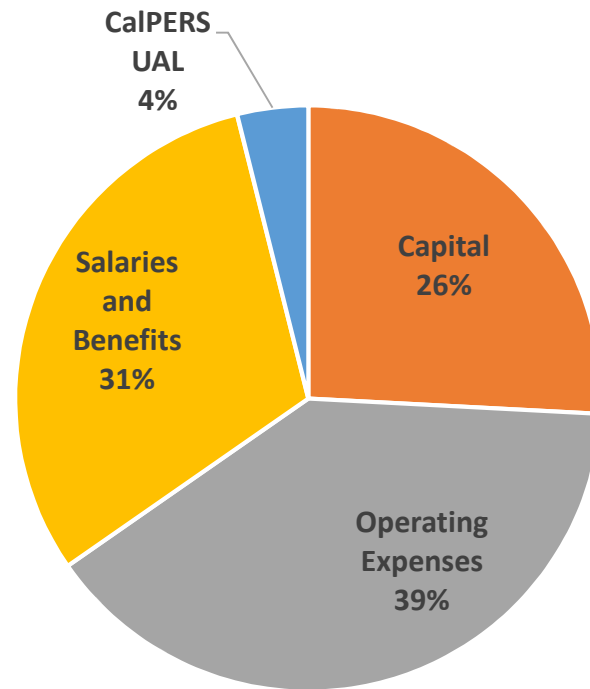
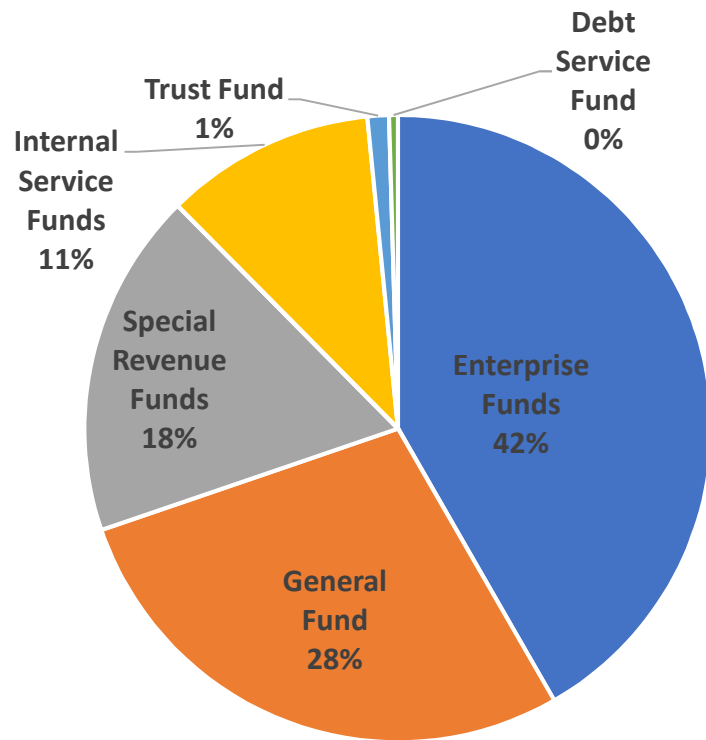
Actions

Today: Approve an ordinance increasing the compensation for each member of the City Council

Next Week:

- 1) Approve a resolution adopting the FY 2021-22 budget
- 2) Approve a resolution establishing a CalPERS smoothing reserve with a \$1 million starting balance
- 3) Adopt the resolution continuing the Voluntary Time Off program for Fiscal Year 2021-22 allowing employees to reduce their work week by no more than 8 hours per week
- 4) Approve a resolution adopting various rates and fees at the Airport
- 5) Approve a resolution adopting facility rental fees at the PCS department
- 6) Approve a resolution establishing the GANN limit for Fiscal Year FY 2021-22
- 7) Adopt an ordinance to instruct Santa Cruz County to levy and collect property tax for fiscal year beginning July 1, 2021 to June 30, 2022 for the Retirement Fund
- 8) Adopt a resolution to authorize the expenditure of low and moderate-income housing funds
- 9) Find that the use of taxes allocated from the Watsonville 2000 Redevelopment Project benefit the project area

Total Budget \$182,133,470



GF Revenue Assumptions

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	
Revenues	Actual	Projection	Proposed	Proposed	Assumption
Property Tax	12,712,164	12,819,345	13,287,103	13,665,969	3.6% Growth
Sales Tax	10,842,869	11,779,093	12,080,264	12,484,443	2.6% Growth
Utility	4,264,876	4,012,088	4,132,451	4,256,424	3.0% Growth
Hotel	991,893	683,990	1,173,440	1,208,643	FY 19 levels
Transfer In	3,594,119	3,900,255	4,126,938	4,146,299	3.5% Growth
Other Revenues	5,101,302	4,315,015	4,947,812	5,067,229	2.0% Growth
	37,507,223	37,509,786	39,748,008	40,829,008	
CDD	1,174,548	1,531,000	1,864,000	1,801,000	3 Year Average Inflated by CPI
Police	1,662,061	902,402	1,302,000	1,322,020	FY 19 levels
Fire	314,800	1,439,444	469,200	489,051	Historical Average
PCS	674,906	481,623	791,250	1,062,500	FY 19 levels
PW	97,243	118,117	299,179	304,321	Historical Average
Other	3,117,521	3,332,856	2,903,031	2,997,522	3.0% Growth
Total GF Revenue	44,548,302	45,315,228	47,376,668	48,805,422	3.9% Growth

Optimistic Forecast

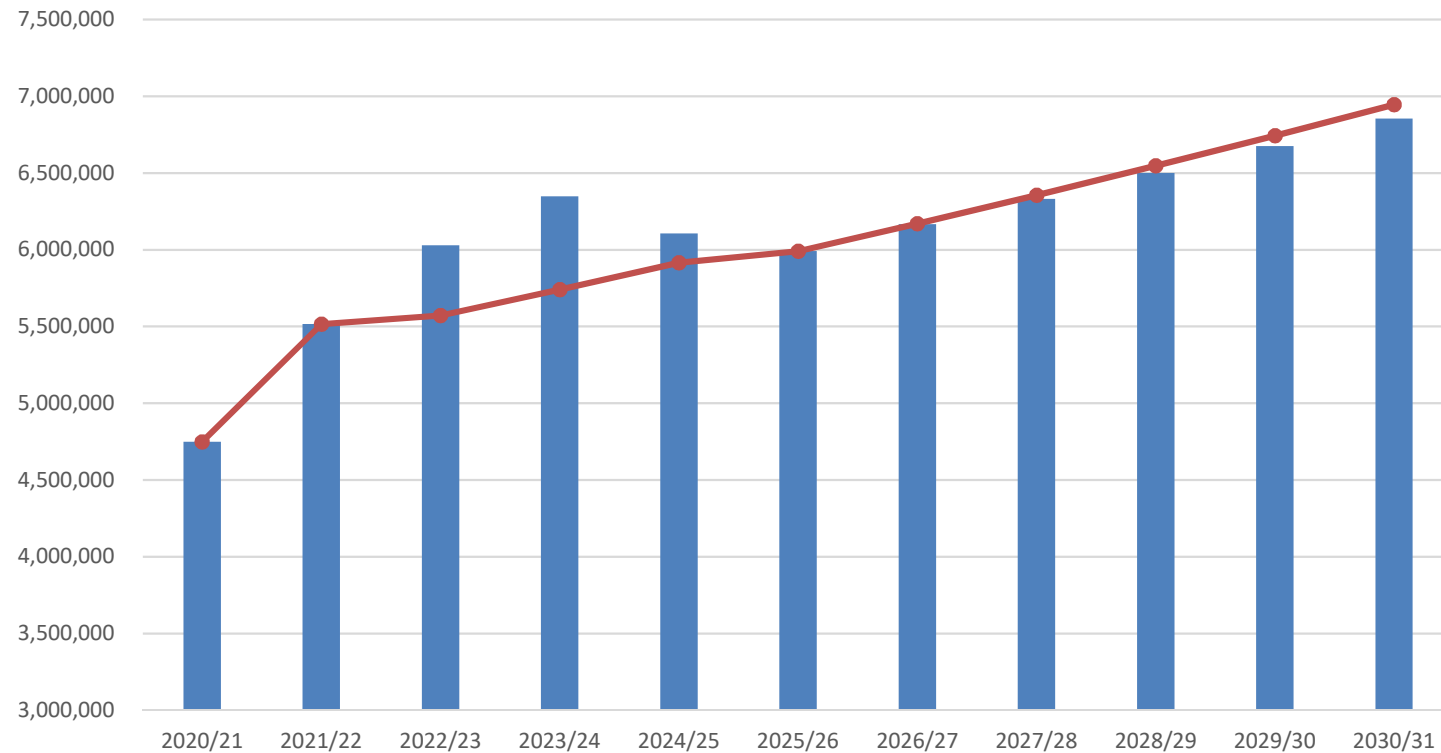
- Property Tax assumes volume and price of new sales makes up for low CPI
- Sales Tax assumes auto sales stays high and full recovery of restaurants and hotels
- Hotel Tax assumes full recovery
- Assumes CDD demand stays high
- Assumes \$442,000 in ARPA money to help fund PCS recovery until their and our revenues fully recover

Expenditure Assumptions

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	
Expenditures	Actual	Original Budget	Proposed	Proposed	Assumption
SALARY	23,099,704	21,975,764	24,025,297	25,022,356	
CalPERS UAL	4,370,868	4,748,973	5,553,068	6,069,875	Per CALPERS
CalPERS Normal Cost	2,727,582	2,487,178	2,987,961	3,122,410	Per CALPERS
OTHER BENEFITS	4,227,373	4,071,031	4,317,690	4,412,076	5% increase on Health
Total Salary and Benefits	34,425,527	33,282,946	36,884,016	38,626,717	

- Salary Assumes
 - Restoration of furloughs
 - Restoration of VTOs
 - Contract Increases
 - Annualized positions added at mid year
 - 1 new position in public works, 1 new position PCS
 - Various reorganized positions

CalPERS UAL

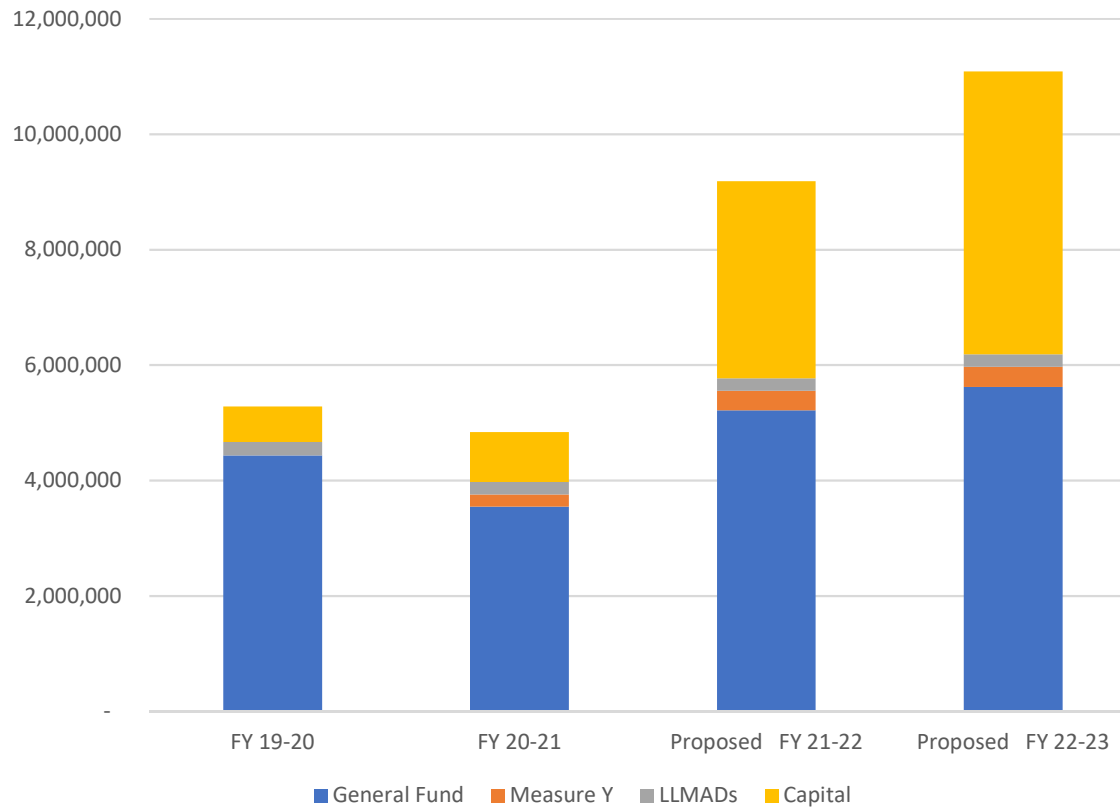


Requesting \$1 million for a CalPERS smoothing reserve

GF Department Changes

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	% Increase
	Actual	Original Budget	Proposed Budget	Proposed Budget	from FY 2020-21
CITY CLERK	802,344	916,149	1,205,357	1,053,243	31.6%
COMMUNITY DEVELOPMENT	2,333,698	1,877,969	2,916,910	2,909,995	55.3%
FINANCE	1,579,219	1,590,665	1,711,099	1,778,653	7.6%
FIRE	7,538,289	7,150,127	7,956,138	8,306,447	11.3%
GENERAL GOVERNMENT	1,818,098	2,284,873	2,435,519	2,511,633	6.6%
INNOVATION & TECHNOLOGY	1,539,546	-	-	-	
LIBRARY	551,899	541,484	629,485	638,284	16.3%
NON DEPARTMENTAL	2,180,881	2,301,470	2,759,123	2,772,985	19.9%
PARKS & COMM SERVICES	4,363,873	3,408,817	5,216,337	5,622,022	53.0%
POLICE	18,398,200	18,951,725	20,278,271	21,141,109	7.0%
PUBLIC WORKS	1,428,184	1,410,113	1,625,627	1,668,240	15.3%
Total	42,534,231	40,433,392	46,733,866	48,402,612	15.6%

PCS Department



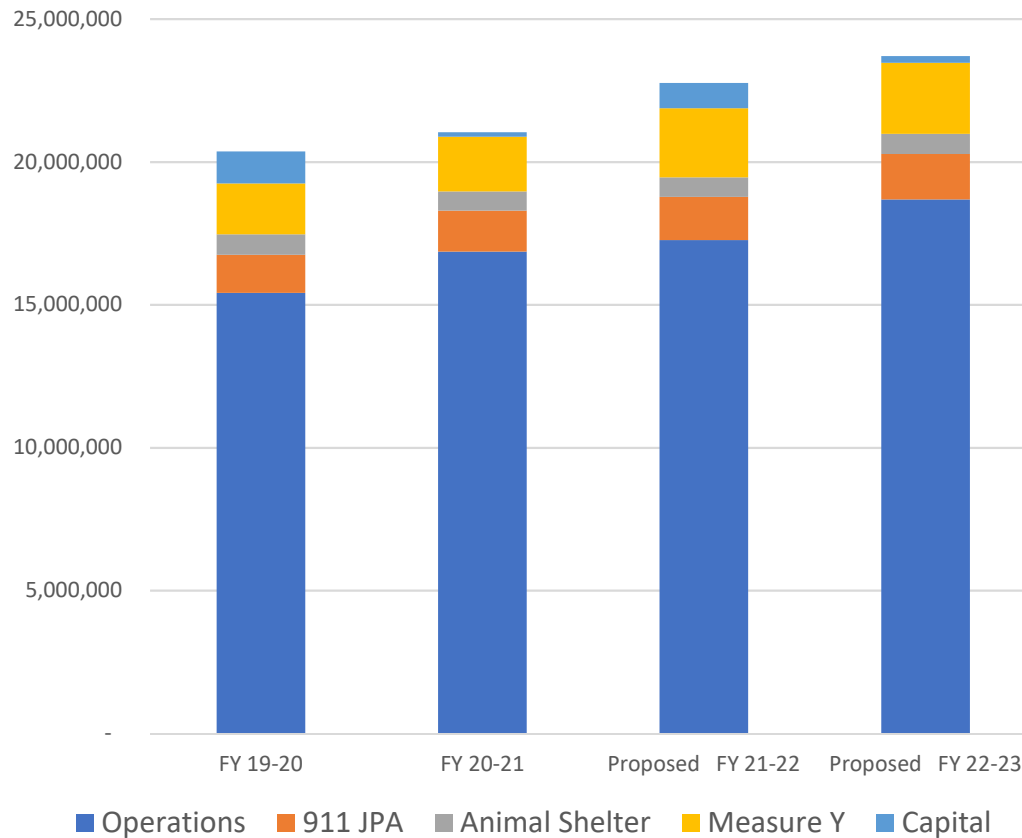
94% Increase in
Total Budget

45% Increase in
Operating
Budget

PCS Budget Details

	FY 19-20	FY 20-21	Proposed FY 21-22	Change	Proposed FY 22-23
General Fund	4,429,843	3,546,317	5,216,337	1,670,020	5,622,022
		Salaries and Benefits		565,239	
		Temp Salaries		373,538	
		Contract Services		345,723	
		Utilities, Materials and Supplies, Other		385,520	
Measure Y	-	208,800	338,400	129,600	345,168
		Increase Youth Center After Hours		35,330	
		Parks Increase Measure Y		94,270	
Capital	618,000	868,000	3,419,957	2,551,957	4,901,335
Total	5,047,843	4,623,117	8,974,694	4,351,577	10,868,525

Police Department



8% Increase overall

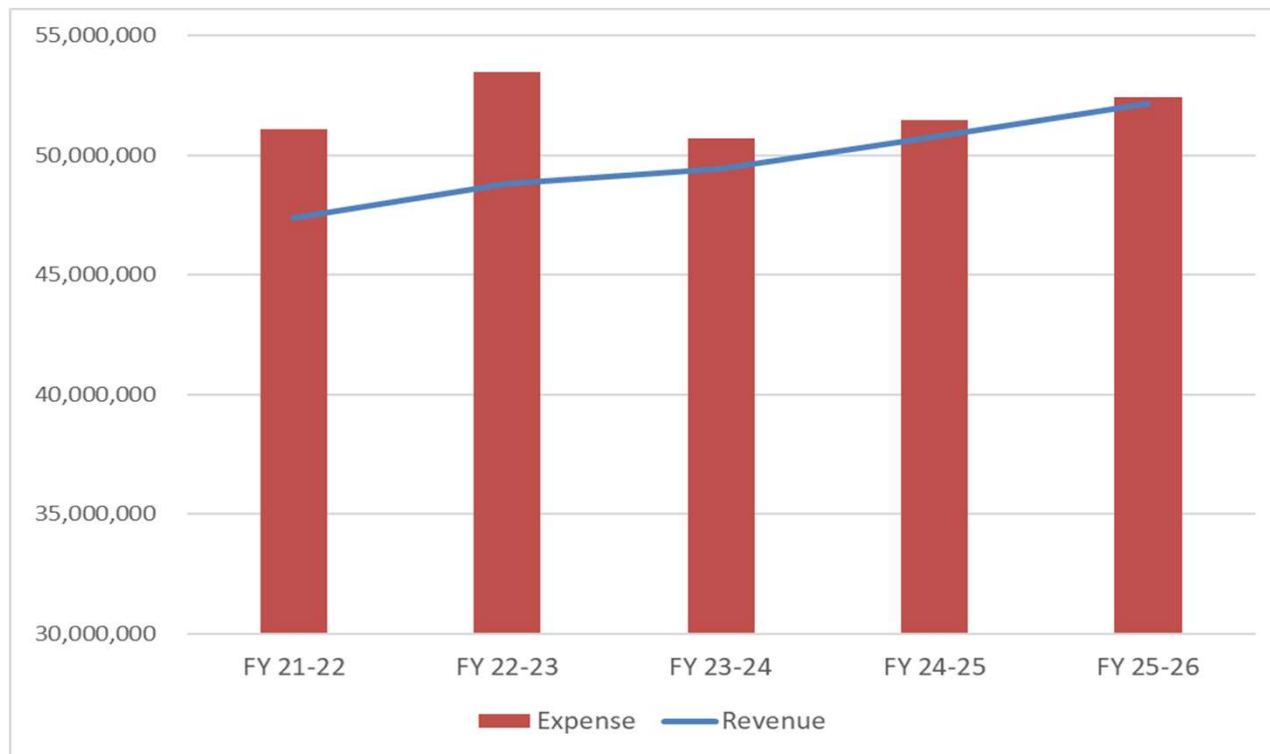
4.7 % increase in
Operating Budget

Program	Proposed FY 21-22	
UAL	2,438,238	12.0%
911 JPA	1,511,563	7.5%
Animal Shelter	686,585	3.4%
PAL	436,375	2.2%
Subtotal	5,072,761	25.0%

Police Department Detail

	FY 19-20	FY 20-21	Proposed FY 21-22	Change	Proposed FY 22-23
General Fund	18,445,173	19,061,725	20,278,271	1,216,546	21,141,109
		Police UAL Increases		406,269	
		MOU Related Increases		420,459	
		911 JPA and Animal Shelter		88,853	
		Utilities, Fuel, Insurance		218,627	
		PAL		82,338	
Measure Y	1,832,302	1,914,596	2,413,190	498,594	2,486,264
		New Administrative Positions		154,195	
		Mental Health Counselor		77,000	
		Restoration of Caminos and Student Intern program		110,000	
		Specialized Materials, Training, Other		157,399	

General Fund 5-Year Plan



	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Revenue	47,376,668	48,805,422	49,423,890	50,771,375	52,172,639
Expense	51,103,353	53,455,095	50,683,349	51,465,981	52,413,160
Net Difference	(3,726,685)	(4,649,673)	(1,259,459)	(694,606)	(240,520)

Measure Y

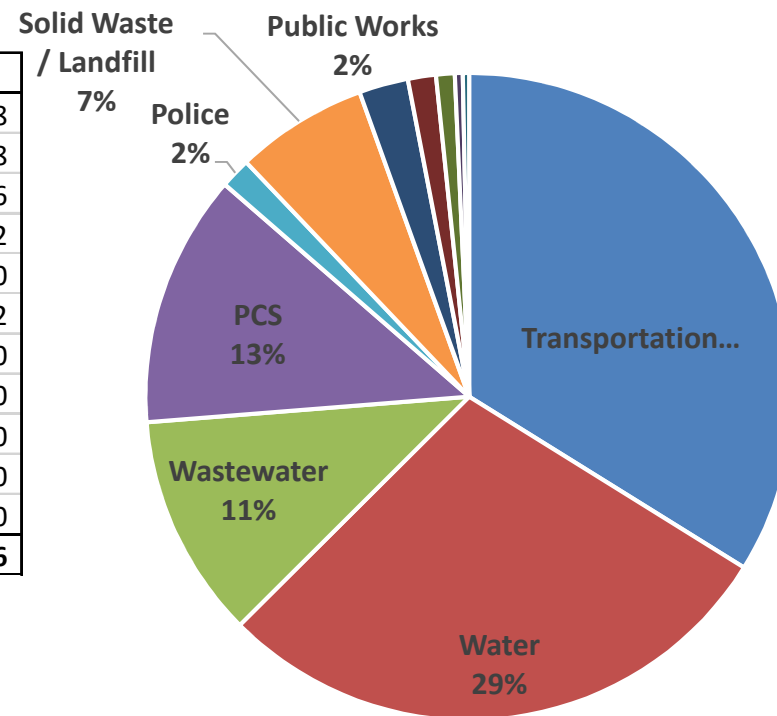
MEASURE Y - FY 2021-22 BUDGET SUMMARY					
	54%		38%		8%
Revenues	Police		Fire		PCS
Measure G	\$ 2,378,393	\$	1,673,684	\$	338,400
Interest / Other	\$ 35,100	\$	15,000		\$ 50,100
Total Revenues	\$ 2,413,493	\$	1,688,684	\$	338,400
					\$ 4,440,577
Expenses					
Operations	\$ 2,413,493	\$	1,724,317	\$	338,400
Capital	\$ 765,000	\$	404,000	\$	-
Reappropriated Capital	\$ 125,447	\$	75,000	\$	-
Total Expenses	\$ 3,303,940	\$	2,203,317	\$	338,400
					\$ 5,845,657
Revenue - Expenses	\$ (890,447)	\$	(514,633)	\$	-
Est. Reserves 06/30/2021	\$ 2,053,341	\$	1,372,781	\$	130,656
					\$ 3,556,778
Net Reserves 06/30/2022	\$ 1,162,894	\$	858,148	\$	130,656
	49%		51%		39%
					49%

Other Funds

	0250- LIBRARY	0790-IT ISF	0730- AIRPORT	0710- WASTE WATER	0720- WATER	0740-SOLID WASTE	0741- LANDFILL CLOSURE
Projected Fund / Cash 6/30/2021	1,366,989	1,498,671	650,878	11,506,388	25,849,439	5,673,636	4,164,652
FY 2021-22							
Total Resources	3,705,459	3,497,761	3,951,476	16,530,385	21,569,685	16,031,004	150,761
Total Uses	3,866,242	4,475,991	3,874,938	24,145,737	30,663,012	16,338,896	841,361
Surplus / (Shortfall)	(160,783)	(978,230)	76,538	(7,615,352)	(9,093,327)	(307,892)	(690,600)
FY 2022-23							
Total Resources	3,782,752	3,602,694	3,721,731	17,110,953	21,905,221	16,050,049	150,761
Total Uses	3,790,881	3,293,438	3,721,731	18,014,791	29,835,262	15,894,525	2,751,761
Surplus / (Shortfall)	(8,129)	309,256	0	(903,838)	(7,930,041)	155,524	(2,601,000)
Projected Fund / Cash 6/30/2023	1,198,077	829,697	727,416	2,987,198	8,826,071	5,521,268	873,052

Capital Improvement Program

	FY 2021/22	FY 2022/23	Total
Transportation	6,234,128	16,035,000	22,269,128
Water	5,588,540	13,278,868	18,867,408
Wastewater	4,864,468	2,501,448	7,365,916
PCS	3,419,957	4,901,335	8,321,292
Police	765,000	235,000	1,000,000
Solid Waste / Landfill	743,300	3,594,582	4,337,882
Public Works	705,000	916,000	1,621,000
IT	675,000	240,000	915,000
Fire	404,000	209,000	613,000
Library	250,000	10,000	260,000
Airport	45,000	165,000	210,000
	23,694,393	42,086,233	65,780,626



Transportation – Gas Tax, SB1, Measure D, Grants



Safe Routes to School



Freedom Blvd



Road Maintenance

General Fund CIP Process

This year is an update to a more extensive process completed last year

General Fund Guiding Principles

To group like projects together as much as possible in order to create efficiencies by collaborating across the City;

To match or sync up with grant or other funding activities occurring at the same time; and

Projects required by changes in law or operational necessity.

Maximize the use of fund balance from other available funds to preserve General Fund for projects with no other funding options

General Fund Capital

	FY 2021/22	FY 2022/23	FY 2023-24	FY 2024-25
Total	3,803,957	5,052,482	1,003,000	1,045,000
PCS	3,178,957	4,437,482	568,000	935,000
Ramsay	2,953,957	4,207,482	290,000	



- Proposing \$7.5 million across various funds
- To fund design of Master Plan Elements
- Construction of Soccer Field, Dog Park, Infrastructure / Greening Improvements
- Hope is to leverage other funds to stretch this with time

Public Input

Community Wide Survey Jan 8 - Feb 16,

- Presented to council on March 23
- 770 Completed Surveys. Statistically Significant

Budget Input Survey, live from March 22 - April 15

- 63 responses, 47 from Watsonville. Not statistically Significant

Budget 101 Sessions, March 25 and 27

Strategic Plan and Budget Townhalls,

- April 22, 24, 30, May 5, and May 10
- About 45 distinct participants



Community Wide Survey –

Key Findings

Prevalent issues:

- Drug use (85.2%)
- Crime (83.5%)
- Gang Activity (81.4%)
- Housing insecurity and homelessness (94.5%)

Needs:

- Programs to reduce crime, drugs and gangs (87.4%)
- Downtown development (94.5%)
- Job creation (95.5%)
- Road improvement (95.5%)

Key Recommendations

- Prioritize community safety improvements and crime reduction in strategic planning
- Focus on Public Works projects on paving and repairing streets and roads
- Focus retaining millennial and generation Z residents
- Conduct follow up survey consistently

Budget Survey

	Q1: \$100k Ongoing	Q2: \$1 million one-time	Q3: What Else
Parks and Outdoor Spaces	17	8	6
Street Safety and Beautification	15	15	3
Youth Programming	14	3	5
Downtown Revitalization	11	17	6
Capital Infrastructure	4	5	4
Environmental / Climate Change	4	0	0
Affordable Housing	0	7	0
No more / Decrease Police	0	0	10

Townhalls

- Investment in our youth through recreation and other programming
- Equity and targeted investments toward individuals or communities most in need
- Invest in our non-profit support partners
- To look for ways to find non-sworn response to some types of police calls
- To meet basic needs such as housing and food
- To really listen to the community

Takeaways

- We have an opportunity to become structurally balanced
- We have an opportunity to tackle some big one-time capital projects
- There is far more demand than capacity. We will not be able to restore all that we reduced
- Operations are stretched thin
- A need to explore revenue opportunities
- Still economic uncertainty ahead
- There will be a separate process for planning and budgeting for the American Rescue Plan

Today's Action

Approve an ordinance increasing the compensation for each member of the City Council from \$578.81 to \$607.75 per month as allowed for under Government Code Section 36516.

- Total cost: \$2,430.96
- Council did not increase salaries last year
- \$10 per month will go to life insurance, \$18.88 to salary

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Any
Questions