City of Marina FY 2021-22 & 2022-23 Mid-Cycle Budget Adjustments

May 3, 2022

Mid-Cycle Budget Adjustments

- 2-Year Budget Cycle Process
- Adopted FY 2021-22 and 2022-23 Budgets
- Recommended Budget Adjustments – Ongoing vs One-time
- Measure X Revenues
- Priority List Updates

Two-Year Budget Cycle

- The 2-year cycle allows for better long-term financial and strategic planning and a more efficient budget process
- We are currently in the first year of the Fiscal Year 2021-22 and 2022-23 Two-year budget cycle
- As we enter the second year of the cycle, staff has identified adjustments to be incorporated into the budget
    - Some of these adjustments will affect our ongoing (structural) budget
    - Other adjustments will be one-time in nature and likely will not affect the next budget cycle

Adopted Structural Budgets

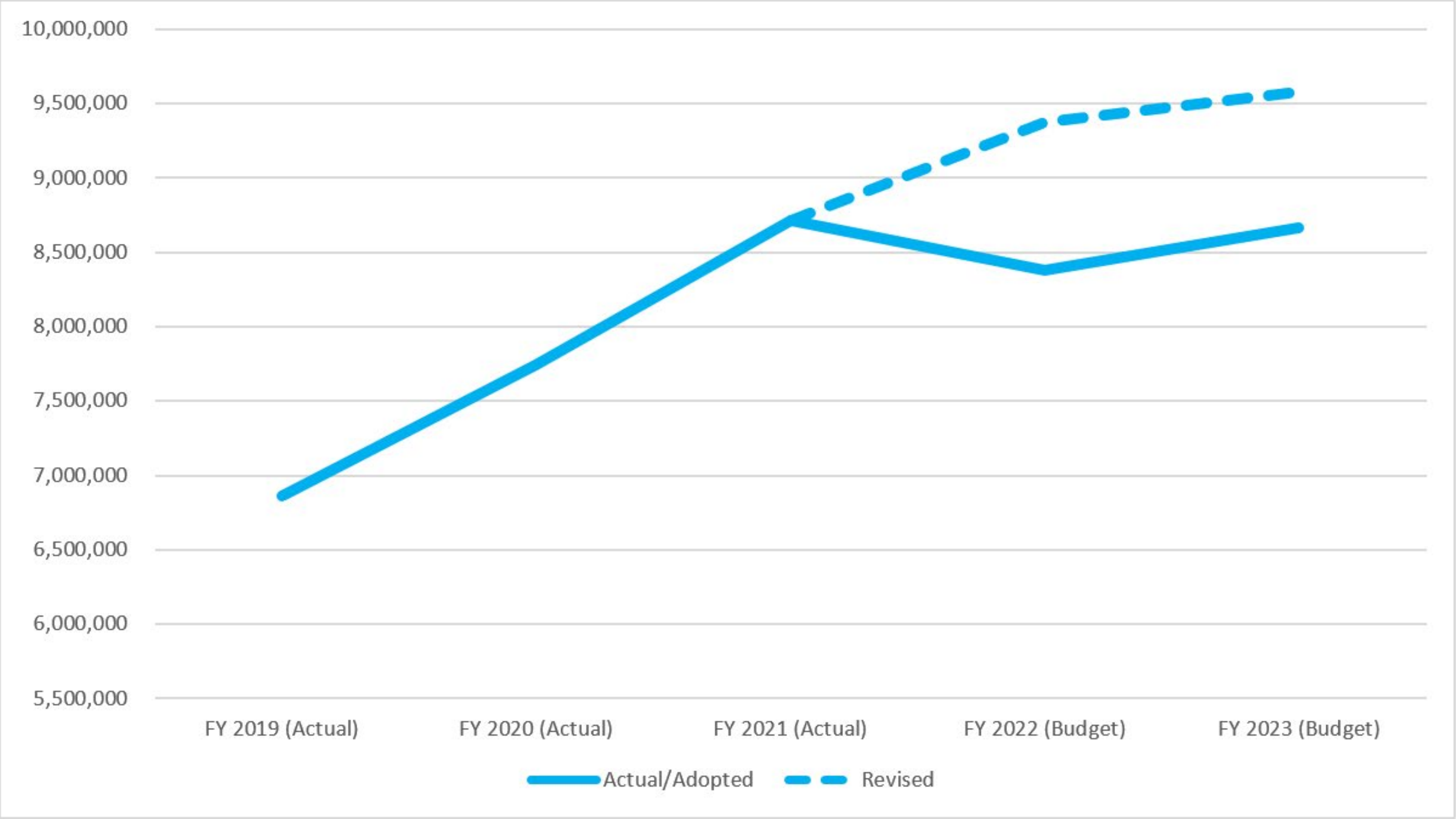
- Resolution 2012-46 requires the adoption of a balanced budget, defined as recurring annual expenses not exceeding recurring annual revenues
  - One-time transfers and expenditures are not factored into this balanced budget formula
  - We refer to this as a “structurally balanced” budget
  - Council can adopt an unbalanced budget and has done so in the past
- The previously adopted budget called for an annual structural deficit of about $470 thousand with the use of Unallocated Fund Balance to cover the deficit
- The adopted budgets included conservative revenue estimates due to the ongoing effects of the pandemic

	FY 2022 Adopted	**FY 2023 Adopted**
Revenues	27,300,504	27,666,998
Expenditures	(27,763,242)	(28,145,314)
Surplus/(Deficit)	*(462,738)*	*(478,316)*

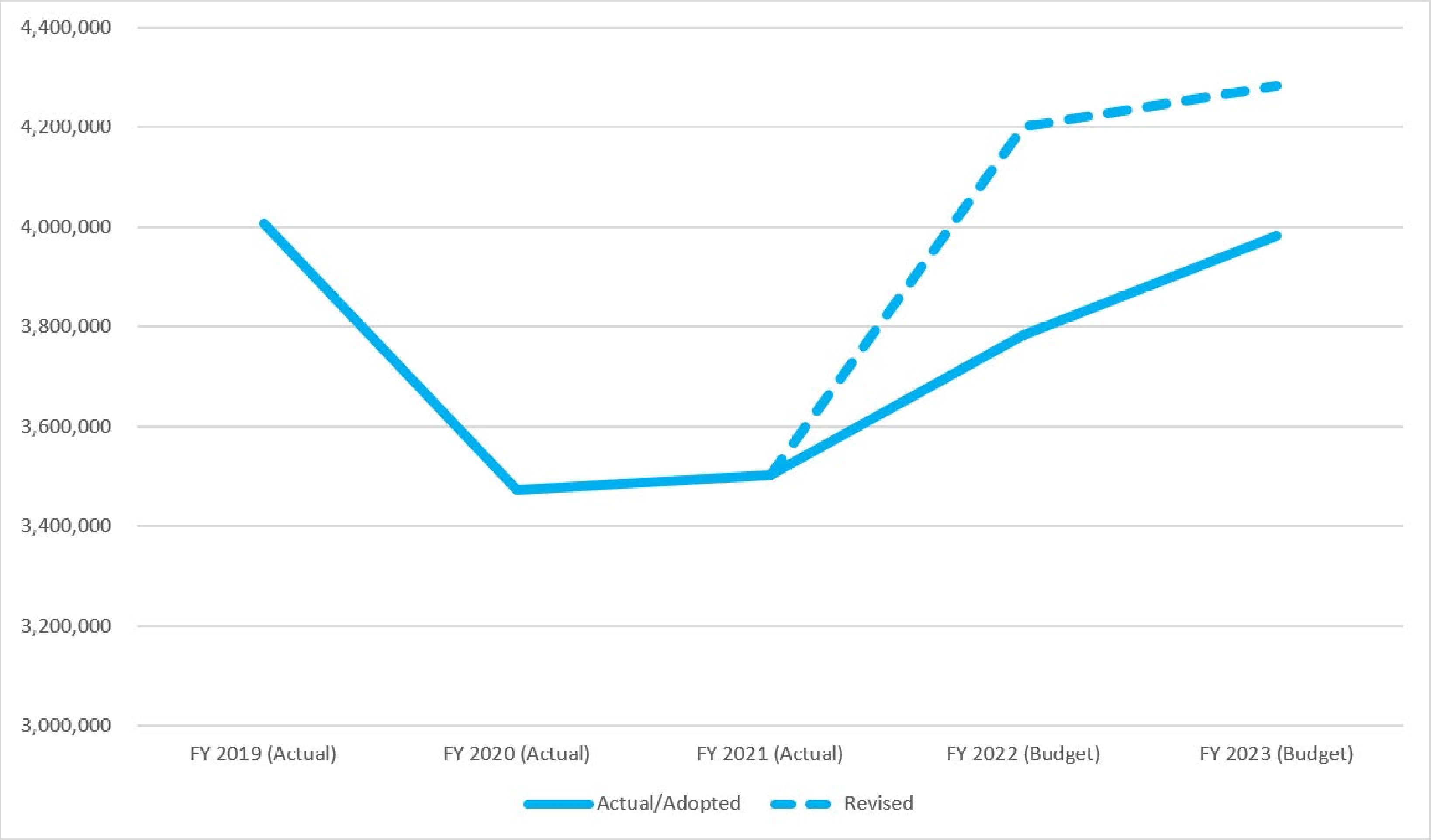
Mid-Cycle Budget Adjustments – Ongoing Revenues

- Property Tax has grown substantially
- Sales Taxes also remain strong and continue to outpace our current budget
- TOT is near pre-pandemic levels
- Cannabis Taxes were not previously budgeted but will now exceed $100 thousand for FY 2022

Sales Tax Revenues



TOT Revenues



Mid-Cycle Budget Adjustments – Ongoing Revenues

- Staff is recommending the following revisions to general fund revenues

	FY 2022 Adopted	FY 2022 Projected	*FY 2022 Variance*
Property Tax	6,804	7,590	*786*
Sales Tax	8,382	9,375	*993*
TOT	3,784	4,200	*416*
Cannabis Tax	-	125	*125*
Total	18,970	21,290	2,320

	FY 2023 Adopted	FY 2023 Projected	*FY 2023 Variance*
Property Tax	6,937	7,813	*876*
Sales Tax	8,666	9,575	*909*
TOT	3,983	4,284	*301*
Cannabis Tax	-	125	*125*
Total	19,587	21,797	2,211

CITY OF MARINA

** amounts shown in $ thousands*

Mid-Cycle Budget Adjustments – Ongoing Expenses

- Staff recommends a series of budget adjustments to capture changes in ongoing expenses, including:
  - + $700,000 – legal expenses related to groundwater litigation
    - These expenses were previously categorized as one-time for the balanced budget formula
  - + $350,000 – City Attorney legal expenses
    - This would bring the annual budget amount to $600 thousand/year
  - + $250,000 – Liability Insurance expenses
  - + $80,000 – CalPERS unfunded pension liability payments

Mid-Cycle Budget Adjustments – Structural Budget

- The revised budget would be balanced in accordance with Resolution 2012-46
- Staff currently projects an unallocated fund balance of $3.7 million with all recommended budget adjustments and projections factored in

	FY 2023 Adopted	**FY 2023 Revised**	***Variance***
Revenues	27,666,998	29,986,177	*2,319,179*
Expenditures	(28,145,314)	(29,678,314)	*(1,533,000)*
Surplus/(Deficit)	(478,316)	307,863	*786,179*

Mid-Cycle Budget Adjustments – Other Adjustments

- Staff also recommends one-time adjustments to capture non-recurring revenues and expenditures
- FY 21/22
  - Mutual Aid - ~$517,000, no net budget effect
  - General Plan Transfer Out - $265,000, one-time reconciliation, no net GF budget effect
  - Casa de Noche Buena contribution - ~$22,000, use of unallocated GF fund balance

Mid-Cycle Budget Adjustments – Other Adjustments

- Staff also recommends one-time adjustments to capture non-recurring revenues and expenditures
- FY 22/23
  - Access Control System - $130,000, use of unallocated GF fund balance
  - Shein Trust Funds rollover - $125,000, no net budget effect
  - CDD Document Scanning project - $53,000, use of unallocated GF fund balance
  - Public Works Riding Mowers - $30,000, use of unallocated GF fund balance
  - Casa de Noche Buena contribution - ~$22,000, use of unallocated GF fund balance

Measure X Revenues

- Staff also recommends adjustments to Measure X revenues
- These adjustments will provide the basis for future street repairs via a Measure X bond

	FY 2022 Adopted	FY 2022 Revised	*Variance*
Measure X Revenues	660,000	930,000	*270,000*

	FY 2023 Adopted	FY 2023 Revised	*Variance*
Measure X Revenues	660,000	950,000	*290,000*

City Council Priority List, 5/18/21

1) Hire staff necessary to accomplish budgeted action plans, priority lists and projects including:
   - Existing vacant positions
   - Launch working on Cypress Knolls by Feb. 2022 once General Plan consultant is on board and project is moving forward.
   - Complete Downtown Vitalization Plan by November 2021
   - Complete General Plan by 2023.
2) Plan with budget to repair identified 26 worst local streets within 3 years.
3) Plan with budget to identify:
   - At least $2.5 million to fix Marina Sports Center/Water City
   - $850,000 to begin upgrading Marina Equestrian Center
   - At least $3 million to upgrade existing City parks and open space areas within 3 years, while allowing maximum safe use of parks during upgrading construction.
4) Plan with budget improvements to Community Center, Teen Center/Skate Park within 5 years.
5) Plan to open pump track by July 2022.

City Council Priority List, 5/18/21, cont'd

6) Plan to open Sea Haven Park by November 2022.

7) Plan to begin construction of Dunes City Park by February 2022 and open by February 2023.

8) Hayes Circle land swap prior to November 2021.

9) Replace all broken and missing light posts by November 2021.

10) Annex East Campus and East Garrison before November 2022.

11) Broadband implementation to include feasibility study and other support actions toward implementation prior to June 2022

12) Racism study begin by February 2022. By September 1, 2021, develop RFP with task force; November 1, 2021 final RFP ready; select vendor by January 1, 2022; launch study by February 1. 2022.

Questions?