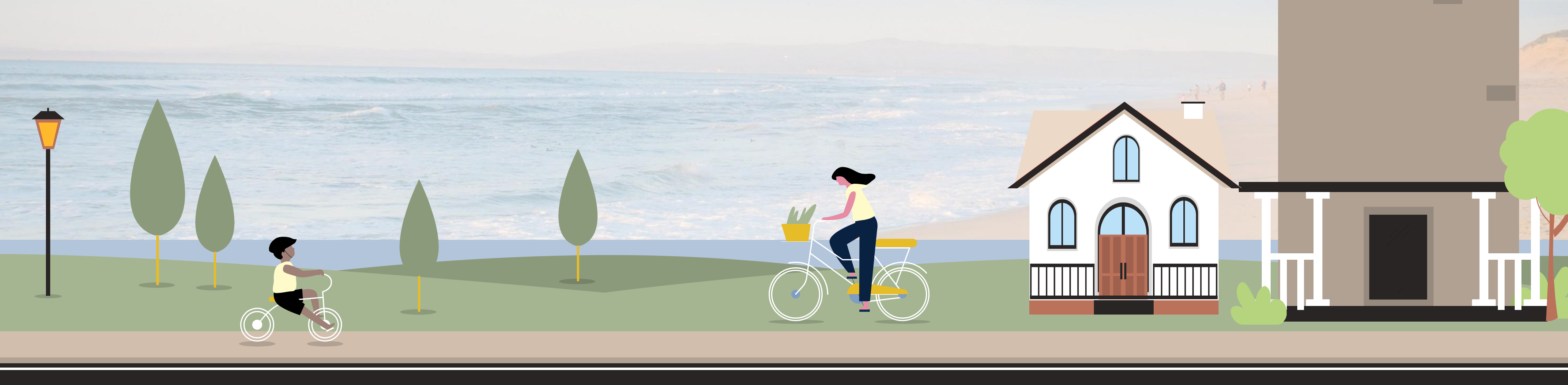
City of Marina

Community Outreach
Budget Meeting



Presentation Overview

Budget Information – Budget 101

Revenues and Expenditures

Capital Projects

What are some of the basics of City budgeting?

- The budget is considered a two-year operating plan
  - Financial and staffing resources are allocated towards identified priorities
  - <u>Community values, public input, and strategic retreat serve as the foundation</u>

- The are two budgets: An operating and capital budget
  - Operating budget supports day-to-day operations
  - Capital budget provides resources for infrastructure and assets, such as streets, parks, and facilities

- The City’s budget covers two fiscal years
  - Each fiscal year is from July 1 – June 30
  - Minor adjustments are made at mid-cycle to reflect updated information
  - Any significant adjustments can be made with City Council approval

City funds are audited annually to promote accountability and transparency

Developing the Budget

First stage in the budget cycle, but a continuous process

1. Finance prepares a fiscal forecast
2. Finance prepares “preliminary” revenue estimates
3. Departments submit supplemental requests

   and enter operating costs
4. Council Retreat
5. **Public Input**
6. Direction received from the retreat, along with public input will be used to identify budget priorities

- Revenues estimates are refined
- City Manager incorporates priorities into the Proposed Budget
- Public meeting in April/May to review major budget items
- Public meeting in June to review the Proposed Budget
- Reviewing and reporting on the budget is an on-going process

Structural Balanced Budget Formula

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 the balanced budget formula
- Referred to as a "structurally balanced" budget

Fiscal Year 24/25	
	Estimated
Revenues	$ 37,852,000
On-going expenses	37,490,000
	$ 362,000

Type of Funds

General Fund – Primary operating fund for City Services
Primarily supported through taxes, with fees to recover individual services
Supports: Police, fire, public works, recreation, community development, administration

Special Revenue Funds
Funds provided for a specific purpose, with use typically mandated by an external source
Examples: Gas Tax Fund, Measure X Fund, Public Facility Impact Fees

Enterprise or Proprietary Funds
Operates like a business, with costs recovered through fees
Examples: Airport, Preston Park Housing, Abrams B Housing

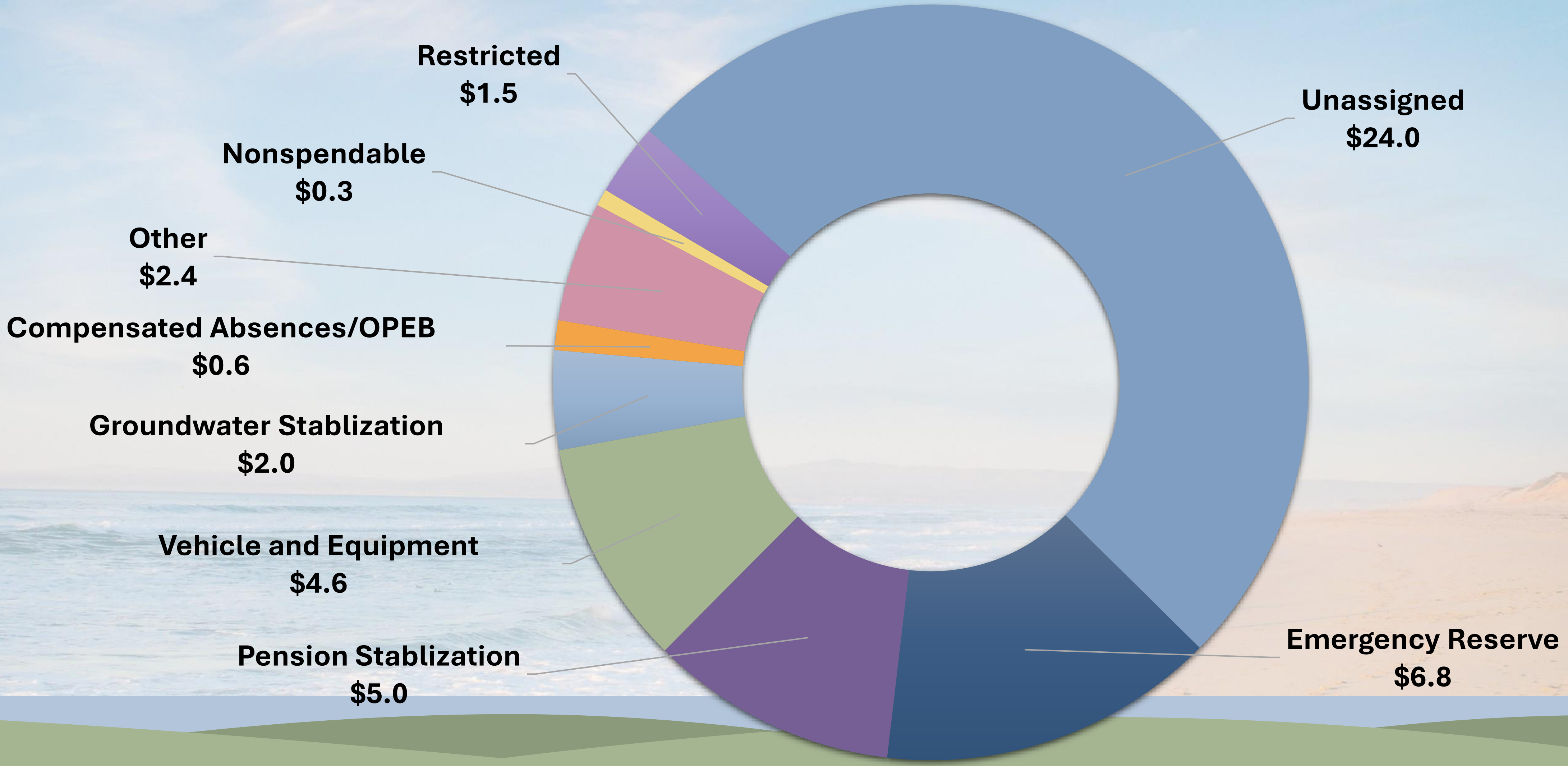
Capital Projects Funds
Receives fund from various sources to support capital improvements

Debt Service Funds
Processes debt payments, retains funds to meet debt requirements

Fiduciary Funds
Funds held in trust and administered by the City

General Fund Balance: $47.2 Million

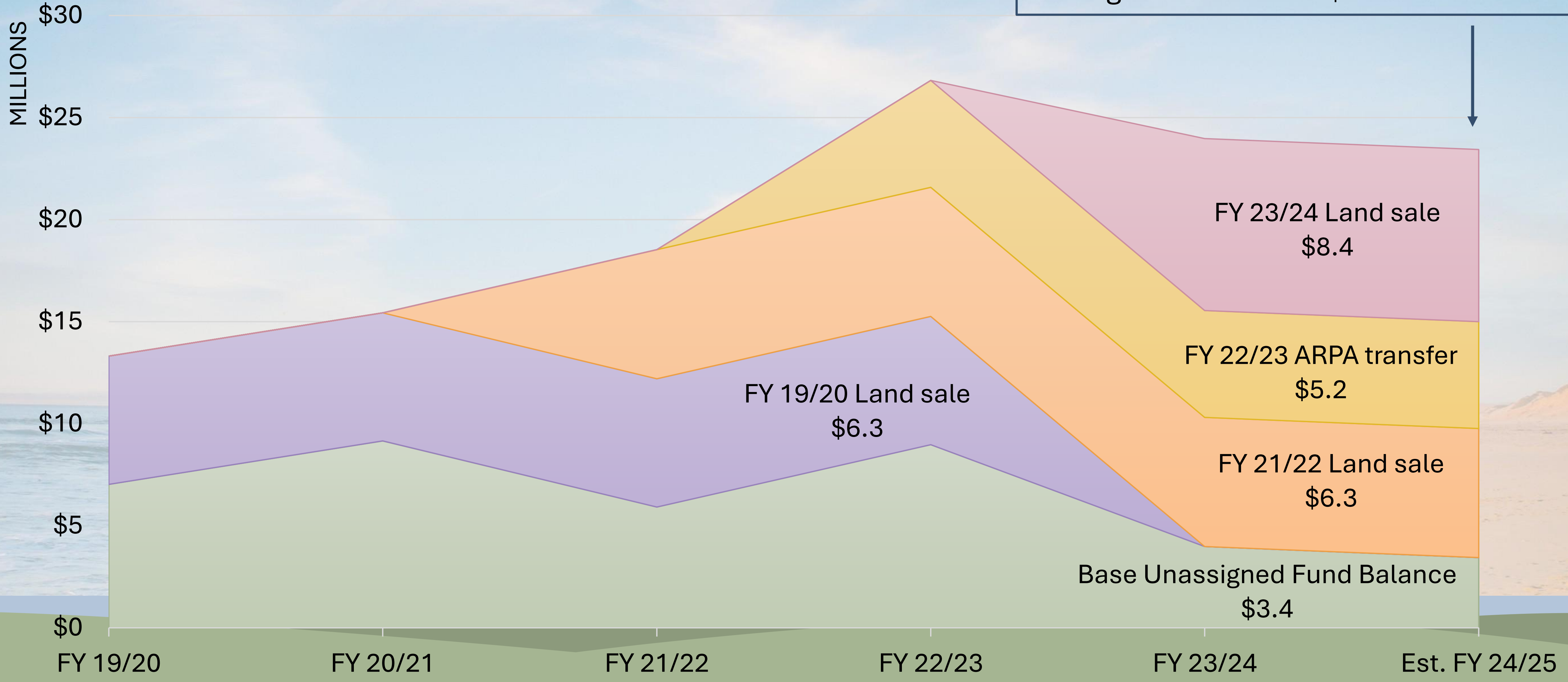
Fund balance classifications as of June 30, 2024



General Fund Unassigned Fund Balance

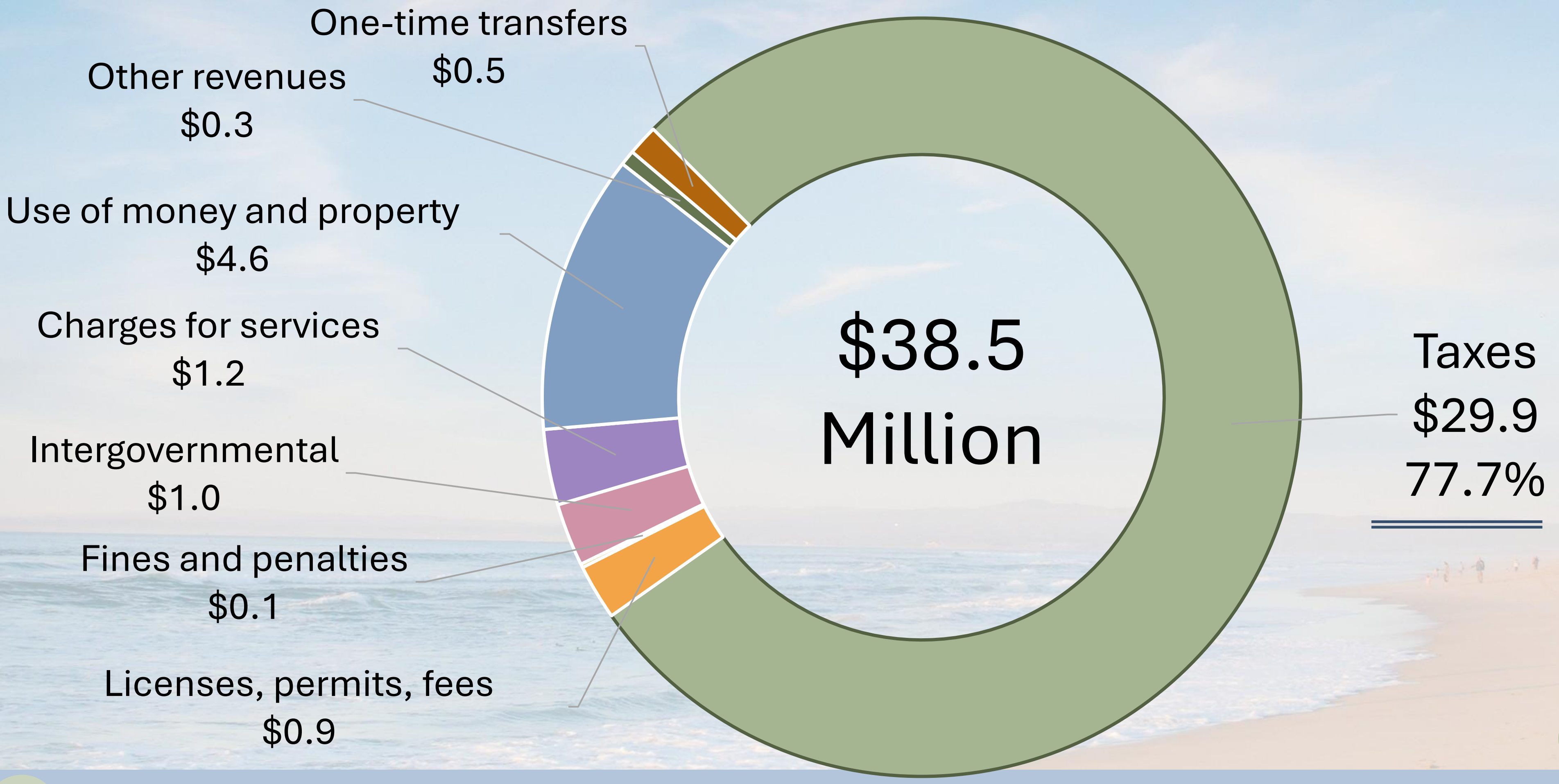
Includes information on contributions provided by one-time revenues

Preliminary estimated Fiscal Year 24/25 ending fund balance: $23.4 million



What sources support the General Fund?

Amount based on the Fiscal Year 24/25 Amended Budget



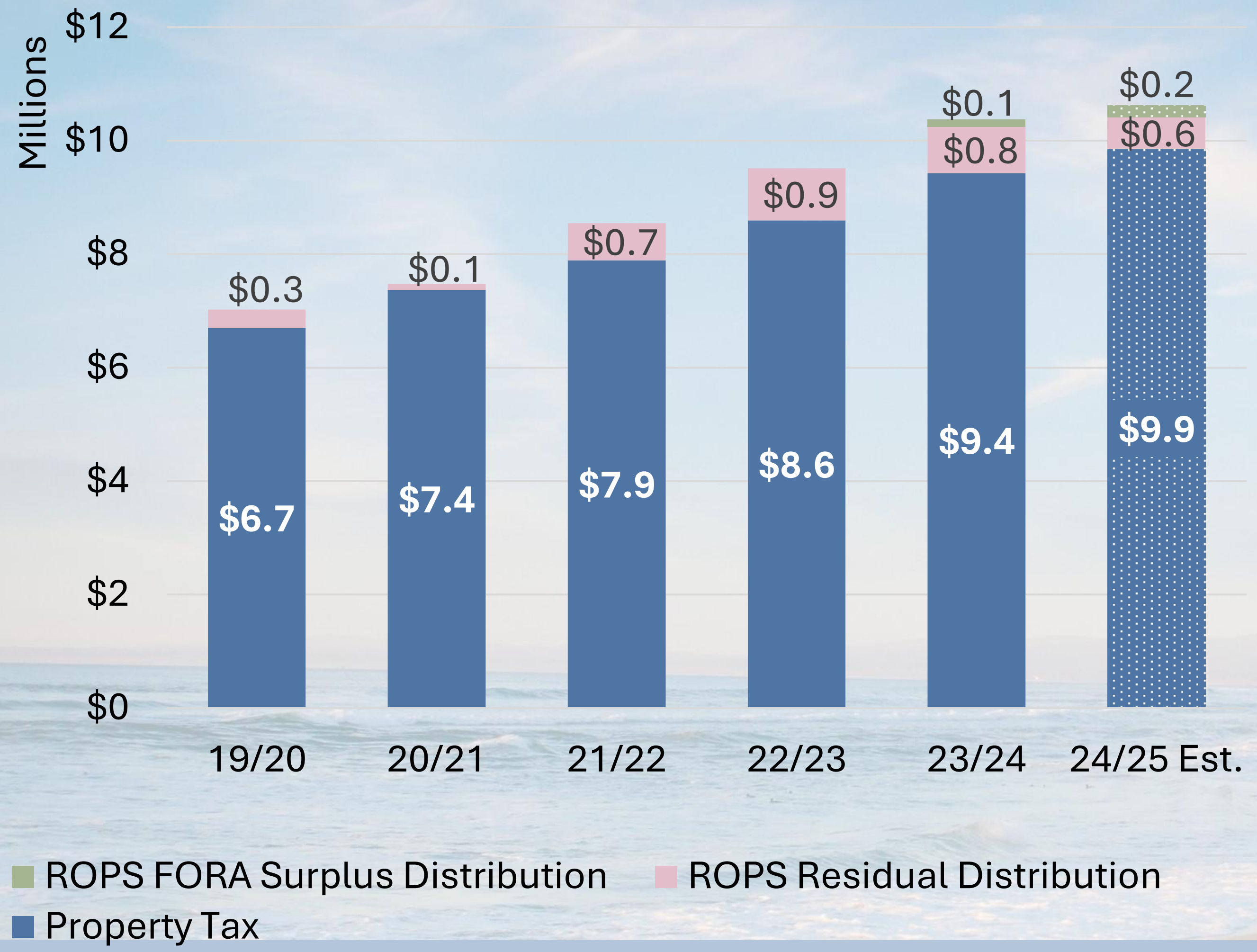
How have recently approved voter measures assisted the City?

- Measure N - Sales Tax Initiative approved in November 2018
  - Increased the local sales tax rate from 8.75% to 9.25% sales tax for fifteen years
  - Estimated Fiscal Year 24/25 revenues from tax increase: $2.3 million

- Measure P - Transient Occupancy or Lodging Tax approved in November 2018
  - Increased the tax rate from 12% to 14%
  - Estimated Fiscal Year 24/25 revenues from tax increase: $1 million

- Measure V – Marijuana Business Tax approved in November 2018
  - Authorizing a tax on marijuana businesses at rates of up to 5% of gross receipts
  - Estimated Fiscal Year 24/25 revenues: $320,000

Property Tax Trends



Sample Property Tax Calculation (1)	
Assessed home valuation	$500,000
Base tax at 1% of assessed valuation	$5,000

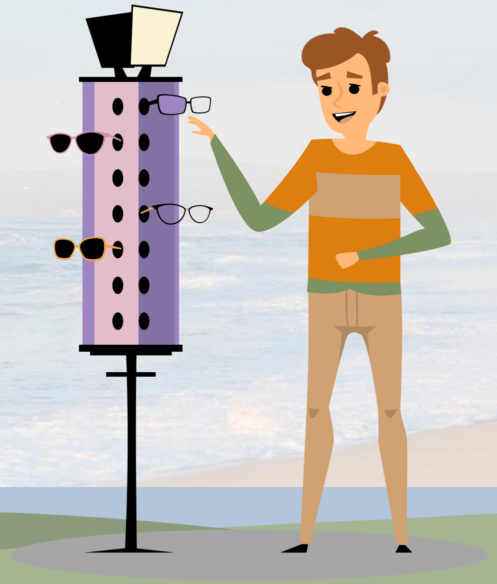
Allocation of Sample Property Tax Dollars		
City of Marina Share	**15%**	**$750**
Monterey Pen. Unified Schools	44%	2,200
Monterey County	14%	700
Educational Augmentation	15%	750
Monterey Peninsula College	5%	250
Other	7%	350
Combined Allocation		$5,000

(1) Excludes Redevelopment factors and additional debt service

Sales and Use Tax Trends

Sample Sales Tax Eligible Purchase in Marina

Sub-Total	$100.00
Sales Tax (9.25%)	**9.25**
Total Sale	$109.25



Sales Tax Paid: $9.25

State:	$6.000
City of Marina:	**2.500**
County:	0.250
TAMC:	0.375
MST:	0.125
Total	$9.250

Transient Occupancy Tax

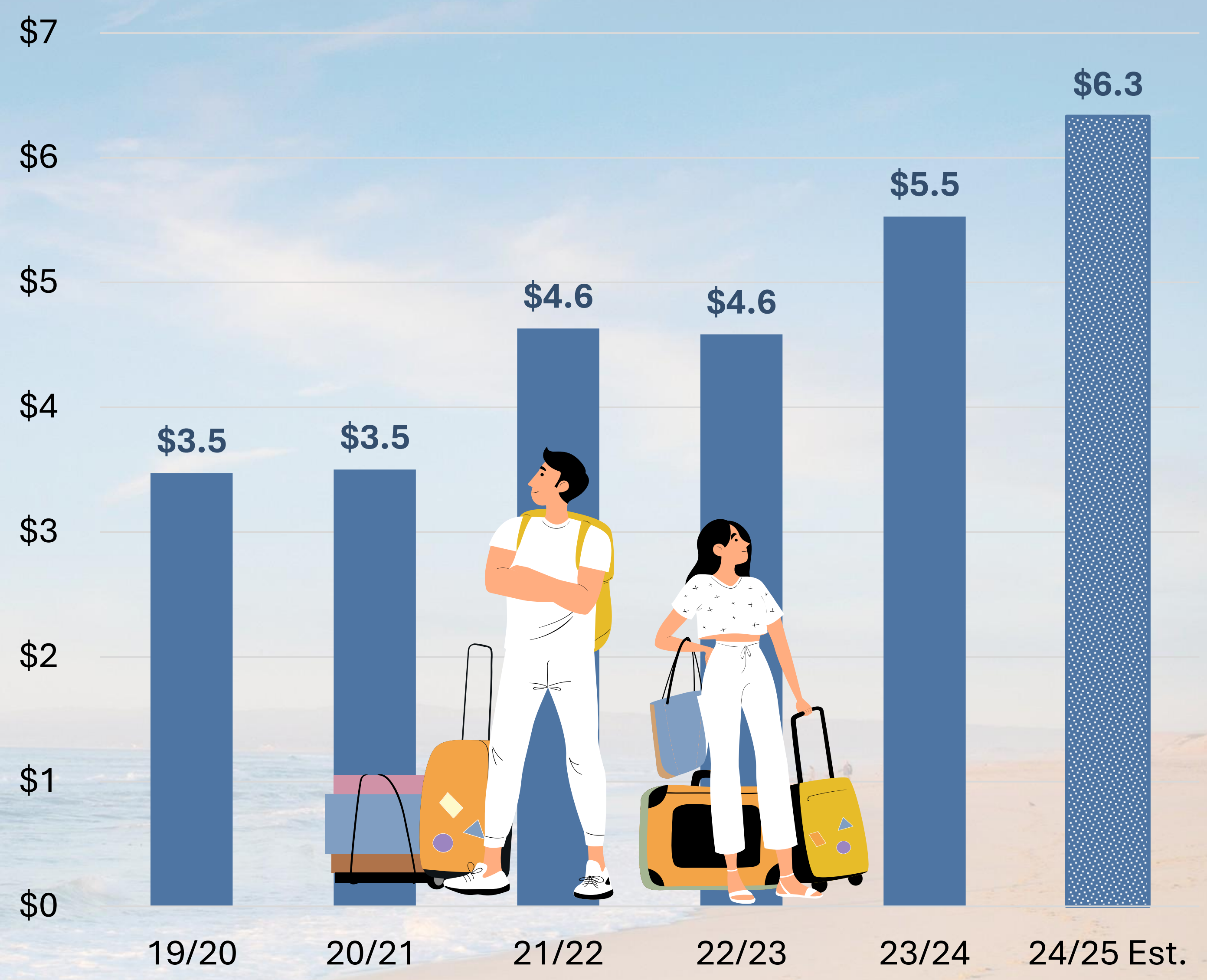
Current Tax Rate: 14%

Paid by the visitor

City of Marina Receives 100% of the TOT tax revenues

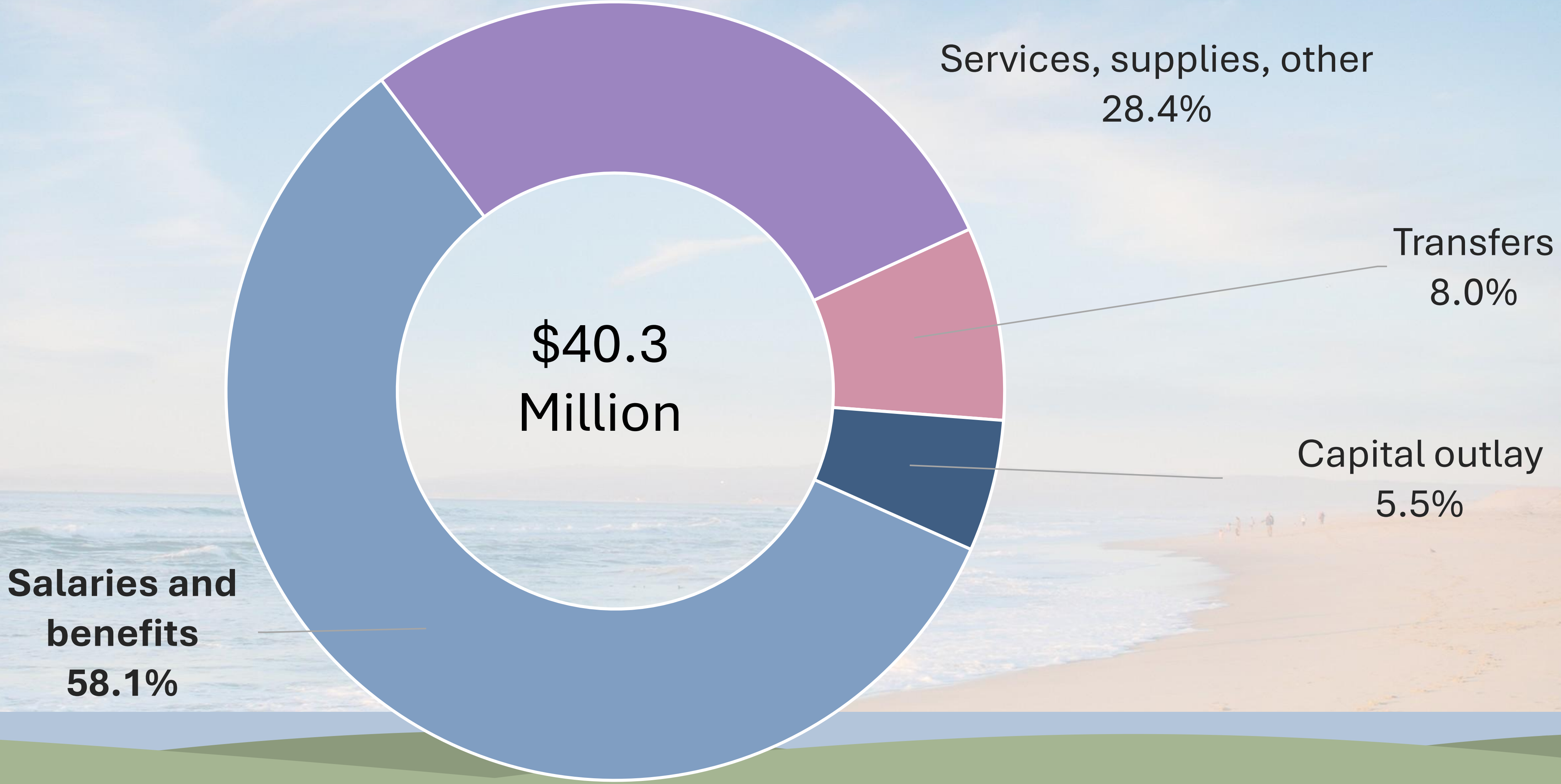
Fiscal Year 24/25 Est. $6.3 million

- **Original TOT Tax: $5 million**
- **Short-term rentals: $248,000**
- **Measure P: $1 million**



How are the General Fund expenditures spent?

Amount based on the Fiscal Year 24/25 Amended Budget



How much is currently budgeted for each department?

Excludes capital outlay and capital transfers of $5.4 million

City Council
Budget: $56,000 or 0.16%

City Manager/HR/Risk
Budget: $4.0 million or 11.5%

Information Technology
Budget: $350,000 or 1.0%

Finance
Budget: $1.3 million or 3.8%

City Attorney
Budget: $800,000 or $2.3%

Police
Budget: $10.0 million or $28.7%

Fire
Budget: $5.7 million or 16.2%

Public Works / Engineering
Budget: $3.9 million or 11.3%

Planning / Building
Budget: $2.5 million or 7.3%

Economic Development
Budget: $335,000 or 1%

Recreation and Culture
Budget: $1.6 million or 4.6%

City Non-Department
Budget: 4.2 million or 12.2%

Factors Impacting City Finances

- Economic uncertainty
- Inflation outpacing revenue growth
- Significant backlog of deferred maintenance
- Labor agreements and negotiations in a competitive market
- Liability, property, and workers compensation insurance costs
- Legal expenditures associated with groundwater stabilization
  - Estimated costs from FY17/18 through FY 24/25: $ 15.8 million

Capital Projects and Resources

Key Capital Resources and Uses

		Special Revenue Funds – Restricted Use			Specific Purpose
Typical Resources	•General Fund •Grants •Contributions	•Measure X •Road Maint. and Rehabilitation (SB1)	Public Facility Impact Fees	FORA Dissolution Fund	•Airport Fund •Grants
Capital Uses	Streets Sidewalks Facilities Parks Environmental	Streets Sidewalks	Infrastructure, parks, and facilities that are impacted by new development	Blight removal, habitat management, and redevelopment projects in the former Ford Ord area	Airport improvements

Active Projects

88

Funded Capital Projects

$138.3

Million in Funding

Streets, Sidewalks
31 Projects
$83.4 million
60%

Parks
10 Projects
$26.9 million
19%

Facilities
34 Projects
$15.8 million
12%

Environmental
2 Projects
$8.0 million
6%

Planning
6 Projects
$3.1 million
2%

Systems, Other
5 Projects
$1.2 million
1%

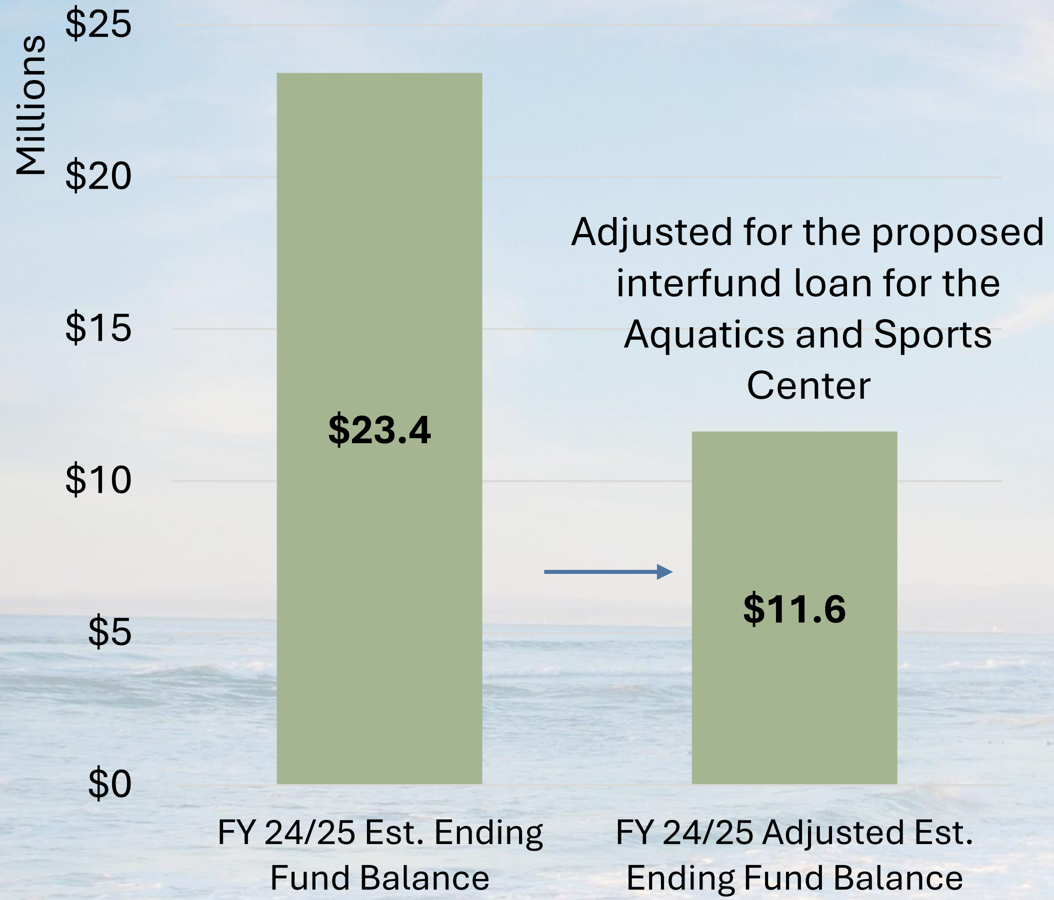
FORA Dissolution Fund

- Restricted for blight removal, habitat management, and redevelopment projects in the former Fort Ord area
  - Funding for the Aquatics and Sports Center

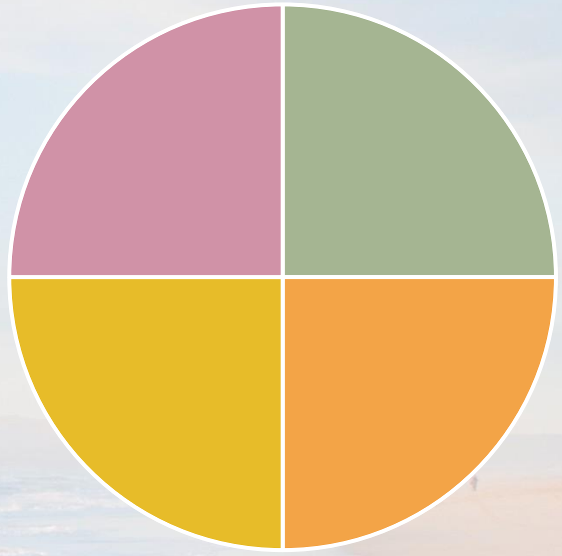
Public Facility Impact Fees
Fiscal Year 24/25 Preliminary Estimated Ending Fund Balance

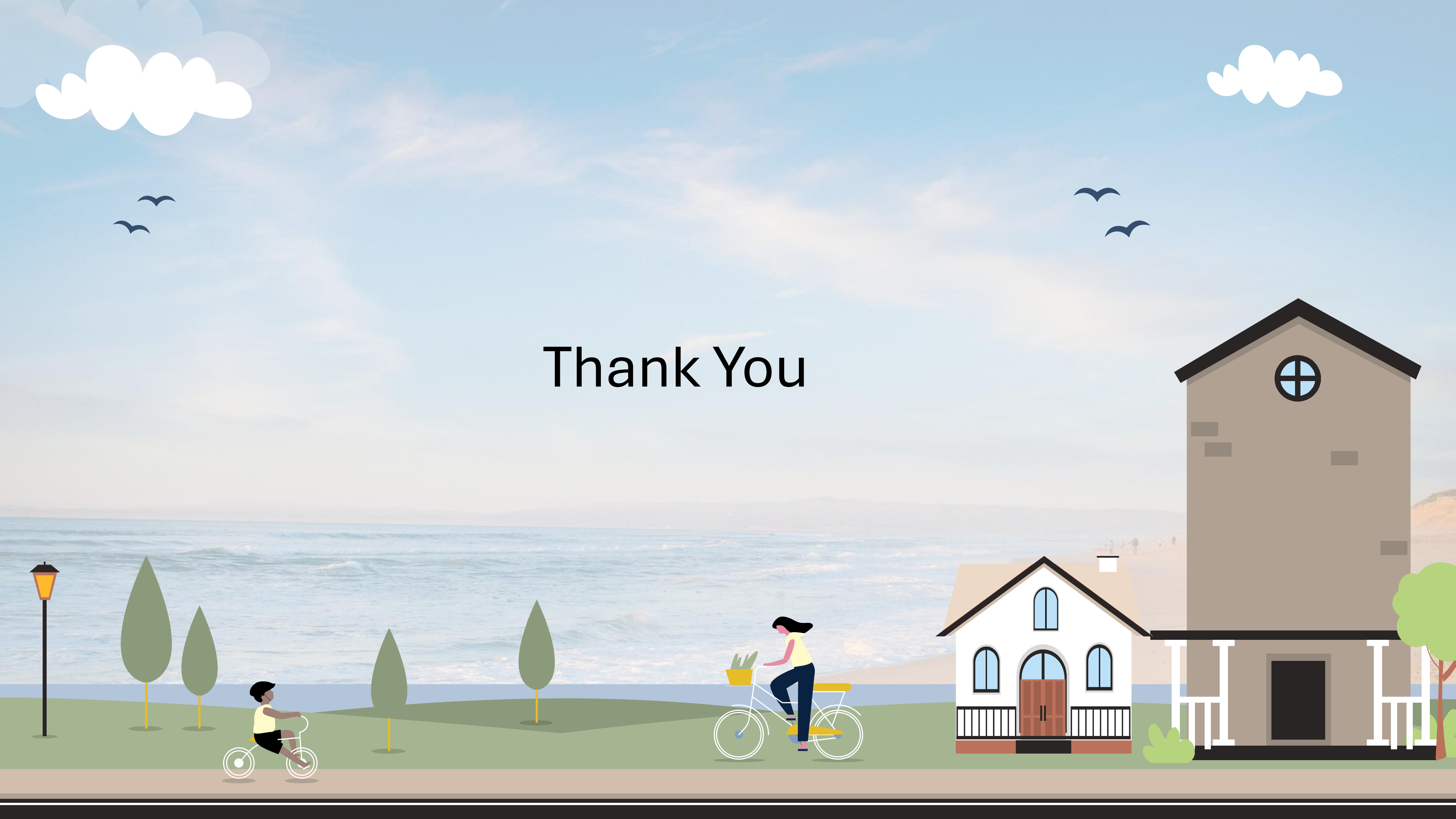
Fiscal Year 24/25	Intersections	Roadways	Parks	Public Facilities	Public Safety	Total
Beginning Fund Bal.	$1,443,748	$7,121,346	$6,808,835	$6,209,775	$1,606,508	$23,190,212
Est. Revenues	408,681	1,269,161	1,432,153	684,539	187,256	3,981,791
Capital Transfers	(10,000)	(10,000)	(4,960,000)	(10,000)	(10,000)	(5,000,000)
Est. Ending Fund Bal.	$1,842,429	$8,380,507	$3,280,988	$6,884,314	$1,783,764	$22,172,003

Considerations……



What would you consider the top priorities in the next two year budget cycle?




Thank You