



# City of Huntington Beach Proposed FY 2024/25 Budget Review

City Council Study Session  
May 21, 2024

**SUPPLEMENTAL  
COMMUNICATION**

Meeting Date: 5/21/24

Agenda Item No.: 1 (24-349)

# Presentation Overview

- **FY 2023/24 General Fund Budget Update**
- **Proposed FY 2024/25 General Fund Budget Review**
- **Proposed FY 2024/25 Capital Improvement Budget Review**
- **Proposed FY 2024/25 Opioid Settlement Spending Plan**
- **Key Budget Considerations for FY 2024/25**
- **Next Steps – FY 2024/25 Budget Approval**





# **FY 2024/25 General Fund Budget Update**



## **Proposed FY 2024/25 General Fund Budget Review**

# FY 2024/25 General Fund Proposed Budget Review

- Proposed FY 2024/25 General Fund Budget is structurally balanced, with a projected \$132K surplus

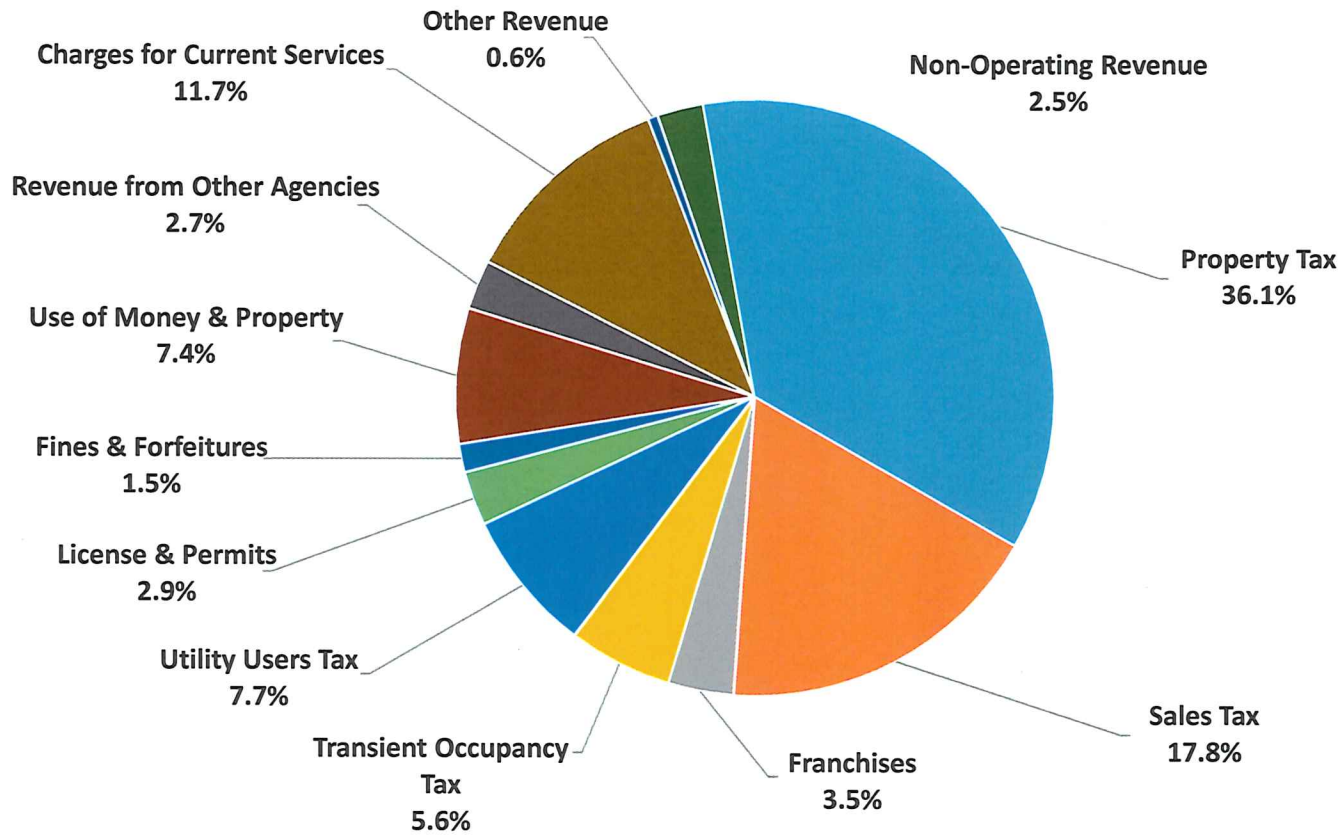
General Fund (Fund 100) <i>(in thousands)</i>	Proposed FY 24/25
Revenues (recurring)	\$292,888
Revenues (one-time) *	6,877
<b>Total Revenues</b>	<b>299,765</b>
Personnel Costs	190,858
Operating Costs	57,374
Non-Operating Costs **	51,401
<b>Total Expenditures</b>	<b>299,633</b>
<b>Surplus / (Deficit)</b>	<b>\$132</b>

\* GF portion of Waterfront allocation, of which 25% is being transferred to the Section 115 Trust, 23% is being transferred to the Equipment Replacement Fund, 15% is being transferred to the Workers' Compensation Fund and 37% is being transferred to the General Liabilities Fund

\*\* Includes Debt Service, Capital Expenditures, and Transfers

- Continued Infrastructure Investments in FY 2024/25
  - General Fund transfer to the Infrastructure Fund totals \$14.5M
  - CIP budget totals \$35.3M (decrease from prior year of \$41.2M due to \$4.5M of AES projects in FY 2023/24)

# FY 2024/25 General Fund Proposed Revenues - \$299.8M

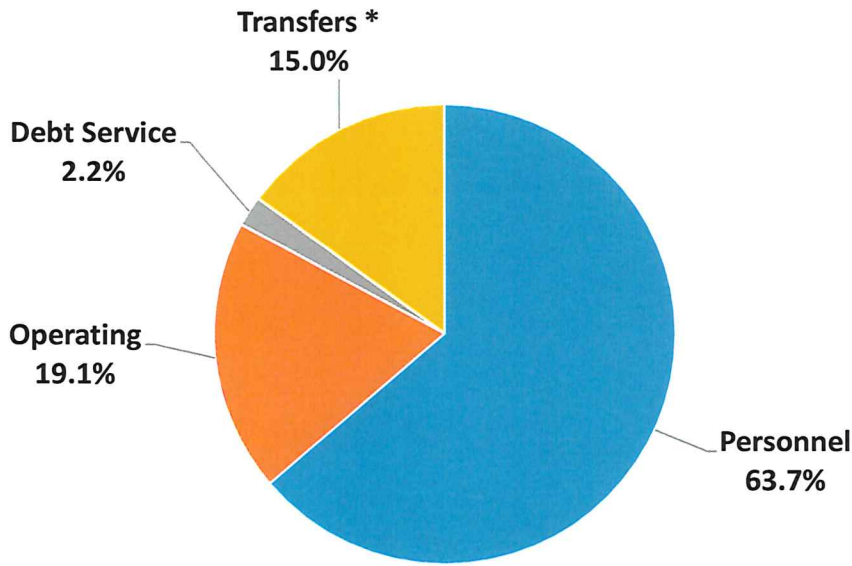


## **FY 2024/25 General Fund Proposed Revenues - \$299.8M**

- **Major revenue variances include: (update based on projected)**
  - **Property Tax:** \$108.2 million (3.8% or \$3.3 million increase)
    - Higher assessed valuations as of January 1, 2024 versus prior fiscal year
  - **Revenue from other Agencies:** \$8.1 million (200.5% or \$5.0 million increase)
    - Expected reimbursement of \$5.5 million from participation in the Voluntary Rate Range Intergovernmental Transfer (VRRP IGT) Program. These revenues are partially offset by \$2.3 million of expenditures related to program participation, for anticipated net revenues of approximately \$3.3 million.
  - **Non-Operating Revenue:** \$7.5 million (173.8% or \$4.7 million increase)
    - FY 24/25 includes one-time transfer of \$6.9 million for first repayment related to the Waterfront Loan Superior Court Judgement
    - Partially offset by FY 23/24 one-time revenues of \$2.3 million for Emerald Cove Superior Court Judgement

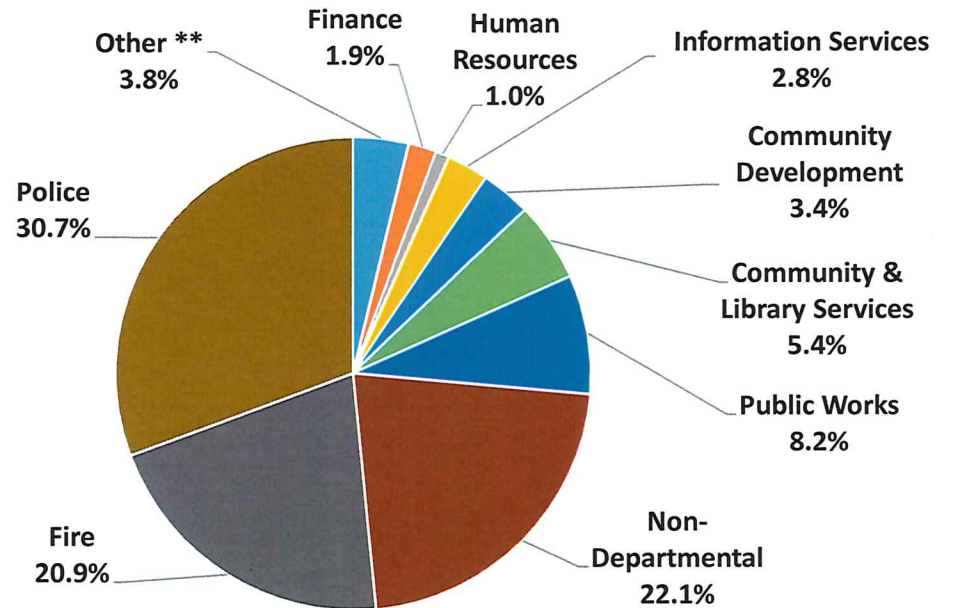
# FY 2024/25 General Fund Proposed Expenditures - \$299.6M

**BY CATEGORY**



\* Transfers include Infrastructure, Equipment, General Liability & Section 115 Trust Transfers

**BY DEPARTMENT**



\*\* Other includes City Council, City Manager, City Attorney, City Clerk, and City Treasurer



## **FY 2024/25 General Fund Proposed Expenditures - \$299.6M**

- **Major expenditure variances include:**

- **Personnel:** \$90.9 million (4.7% or \$8.6 million increase)

- Increase to PERS Normal Cost and PERS UAL
- Continuing impacts from FY 23/24 MOU updates
- Addition of 4 FTEs (more details on following slide)

- **Operating:** \$57.4 million (-2.6% or \$1.56 million decrease)

- Citywide effort to realign costs and preserve funding for contractual increases and inflationary demands related to the provision of core services

# Recommended FY 2024/25 Authorized Positions

- Staff is proposing 4 new positions in the FY 2024/25 Budget:

## Community Development Department

- (1) Building Inspection Supervisor to provide staff supervision and oversight of complex residential and commercial projects (General Fund)

## Fire Department

- (1) Limited-term Management Aide to serve as a community engagement coordinator (Opioid Funds)

## Police Department

- (1) Real Time Crime Center Supervisor to oversee the proactive monitoring of available technology and information systems resources to aid in the prevention of crime (General Fund)

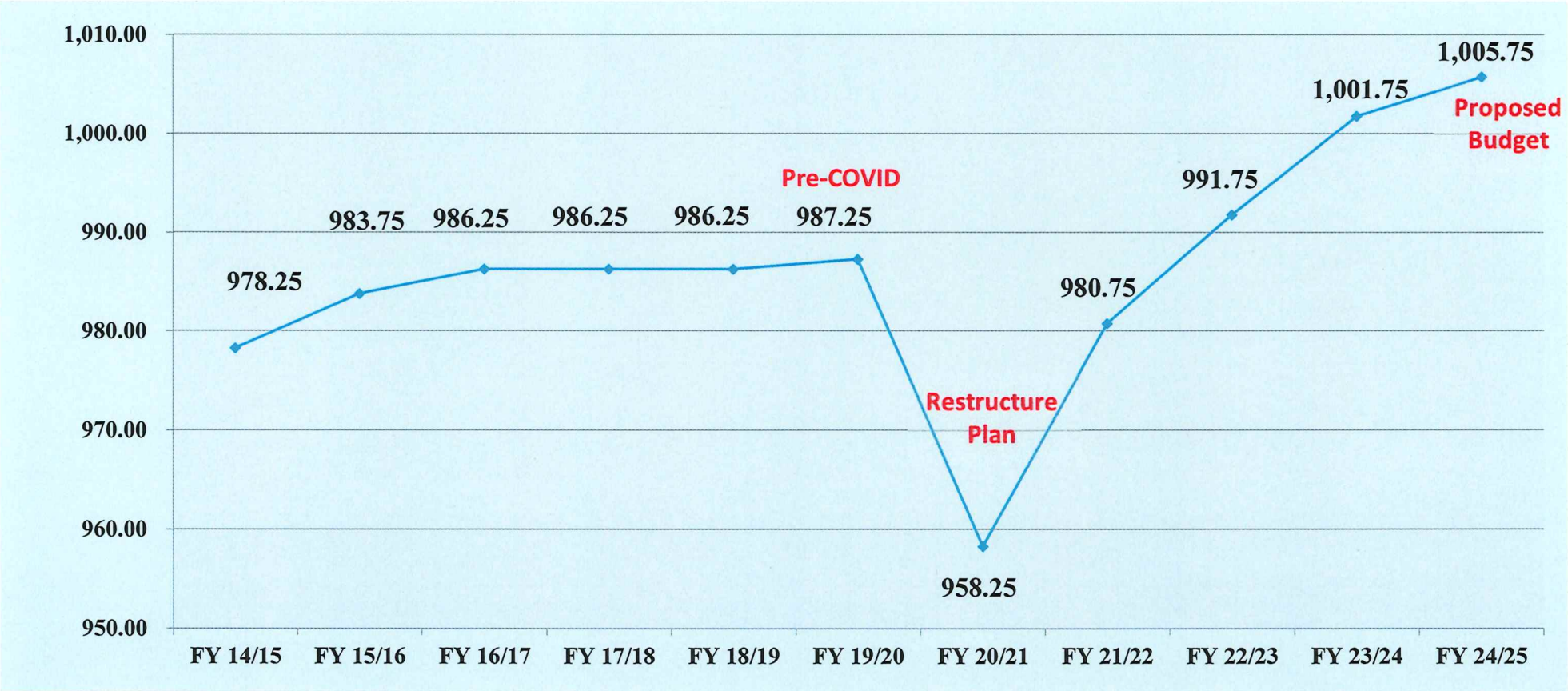
# Recommended FY 2024/25 Authorized Positions

- Staff is proposing 4 new positions in the FY 2024/25 Budget:

## Public Works Department

- (1) Fleet Maintenance Crew Leader to coordinate fuel sites and fuel system compliance (General Fund)
- (1) Senior Mechanic to meet demand for heavy equipment and safety fleet vehicle maintenance and repairs (General Fund)
- (-1) Non-General Fund position restructuring:
  - Upgrade of 1 vacant Capital Projects Administrator to Capital Projects Supervisor to oversee construction project management and contract administration
  - Upgrade of 1 vacant Deputy Director of Public Works to Deputy Public Works Director / City Engineer
  - Elimination of City Engineer position (-1)

# FY 2024/25 Full Time Equivalent – All Funds



# General Fund Long-Term Financial Plan

## 6.1% CalPERS Return FY22/23

(in thousands)	Actual FY22/23	Projected FY23/24	Proposed FY24/25	Projected FY25/26	Projected FY26/27	Projected FY27/28
Revenue (Recurring)	277,069	279,775	292,888	294,366	301,718	309,310
Revenue (One-Time)*	35,648	5,470	6,877	-	-	-
Planned Use of Reserves	-	8,804	-	-	-	-
<b>Total Sources of Funds</b>	<b>312,717</b>	<b>294,049</b>	<b>299,765</b>	<b>294,366</b>	<b>301,718</b>	<b>309,310</b>
Expenditures less UAL	254,720	264,960	274,435	281,813	290,201	297,443
CalPERS UAL	4,891	5,000	5,215	8,981	12,727	16,458
POB Payment	13,663	13,276	13,106	12,750	12,537	12,537
One-Time Expenditures	18,721	8,804	6,877	-	-	-
<b>Total Expenditures</b>	<b>291,995</b>	<b>292,040</b>	<b>299,633</b>	<b>303,544</b>	<b>315,465</b>	<b>326,438</b>
Restricted Reserves	16,978	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>\$3,744</b>	<b>\$2,009</b>	<b>\$132</b>	<b>(\$9,178)</b>	<b>(\$13,747)</b>	<b>(\$17,128)</b>

\* FY 22/23 one-time revenue consists of \$29.6M in American Rescue Plan Act funding and \$1.8M in transfers from the Housing Agreement and Triple Flip fund. FY 23/24 one-time consists of General Fund portion of Emerald Cove settlement.

- Current forecast requires use of Section 115 Trust reserves (per UAL Policy) starting in FY 25/26.

# **FY 2024/25 Future General Fund Proposed Revenue Enhancements**

## **➤ EMS Cost Recovery Fee Adjustment**

- The City's EMS fees were last updated in 2021
- Based on a third-party assessment coordinated by the Fire Department, staff will propose adjustments to the City's EMS fees

## **➤ Master Fee and Charges Schedule Adjustments**

- The City is in the process of completing a comprehensive fee study based on the FY 2023/24 Adopted Budget
- Last fee study was completed in 2016
- Staff will propose adjustments to the City's Master Fee and Charges Schedule



# FY 2024/2025 Capital Improvement Program (CIP)



# FY 2024/25 CIP BUDGET

## ➤ Budget

➤ New Appropriations:	\$ 35.3 Million
➤ Continuing Appropriations:	<u>\$ 8.1 Million</u>
Total	\$ 43.4 Million

## ➤ Funding sources proposed:

- General/Infrastructure Fund (\$30M requested - \$8M recommended)
- Enterprise Funds (*Water and Sewer*)
- Special Revenue Funds (*Measure M, Gas Tax, Prop 42, RMRA, PEG, Park DIF, Quimby, TIF*)
- Grants/Other (*CDBG, OCTA*)



# DRAINAGE \$300K

- Tide Check Valves \$300k (INFR FUND)



# FACILITIES \$4.9M

- PD South Substation Move \$109k (INFR FUND)
- Newland House Museum Rehabilitation \$100k (INFR FUND)
- Park Bench Café Roof & Siding Repair \$110K (INFR FUND)
- Main Street HVAC Installation \$650k (INFR FUND)
- Library Master Plan \$400k (CLS FUND)
- Upgrade Central Plant Cooling Tower at Civic Center \$768k (INFR FUND)
- Civic Center Leak Assessment \$100k (INFR FUND)
- Facilities Master Plan \$600k (INFR FUND)
- Fueling Station Canopies (Phase 2) \$410k (INFR FUND)
- Replace R22 Air Conditioning Equipment \$150k (INFR FUND)
- Downtown Parking Structure \$923k (INFR FUND)
- Gothard and Murdy Fire Butler Bldgs \$600K (INFR FUND)



# NEIGHBORHOOD \$7.1M

- Residential Curb Ramps \$700k (Measure M, CDBG FUND)
- Residential Concrete/Tree/Overlay/Slurry \$6.35M (GAS TAX, INFR FUND, Sewer and Water, Measure M)



# PARKS AND BEACHES \$4.6M

- Edison Park Reconfiguration \$2M (Park)
- 9<sup>th</sup> Street Playground \$120k (INFR FUND)
- Softball Field Improvements \$565k (Park)
- Huntington Central Park Master Plan Update \$181k (Park)
- Langenbeck Park Playground Improvements \$300k (Park)
- Pleasant View Park Playground Improvements \$600k (Park)
- Discovery Well Park Pump Replacement \$90k (INFR FUND)
- Beach Restroom Analysis \$200k (INFR FUND)
- PCH & 6<sup>th</sup> Street Pedestrian Ramp \$65k (INFR FUND)
- Huntington Harbour Bulkhead \$400k (INFR FUND)
- Bluff Top Pathway Area Lighting \$64k (INFR FUND)



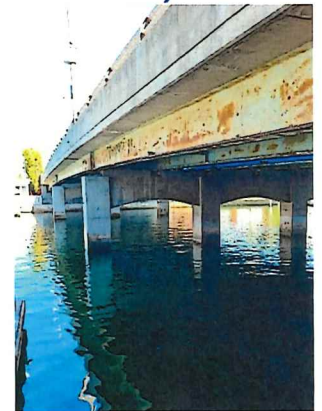
# SEWER IMPROVEMENTS \$2M

- McFadden Sewer Lift Station Improvements (Continuing) \$2M (Sewer Fund)



# STREETS & TRANSPORTATION \$8.2M

- ADA Improvement Program \$250k (INFR FUND)
- Fiber Optic Master Plan \$100k (INFR FUND)
- Citywide Mobility and Corridor Improvements \$155k (TRAFFIC)
- Downtown Street Lighting \$400k (INFR FUND)
- Arterial Rehabilitation \$6M (RMRA, MEAS M)
- BPMP (Gilbert Bridge Design Only) \$424k (GRANT)
- Bridge Preventative Maintenance (Bolsa) \$655k (MEAS M)
- Main Street Specific Plan Improvements \$250k (INFR FUND)



# WATER IMPROVEMENTS \$9.4M

- Annual Water Main Replacement (Design) \$150k (WATER)
- Peck Reservoir Roof Replacement (Design) \$500k (WATER)
- Water Treatment for Well 3A \$2.2M (WATER)
- Well 4 Rehabilitation \$1.5M (WATER)
- Well 14 Drilling and Casing Project (Design) \$250k (WATER)
- Well 14 Storm Drain (Design) \$50k (WATER)
- Well 14 Well House (Design) \$500k(WATER)
- WOCWB OC9 Cathodic Protection \$3.7M (WOCWB)
- OC35 Seal Beach Vault Relocation \$50k (WOCWB)
- Water Production Building Rehabilitation \$479k (WATER)





# **FY 2024/25 Opioid Settlement Spending Plan**



## **Janssen & Distributors Settlement and NOAT II CA Bankruptcy Funds**

- The Fire Department proposes year 1 spending plan of \$893,400 from the Janssen and Distributors (J&D) Opioid Settlement Funds and the NOAT II (Local Government Share) California Bankruptcy Funds to be expended in accordance with Exhibit E of the J&D settlement agreements and the California Mallinckrodt Statewide Abatement Agreement.
- Expenditure of settlement and bankruptcy funds in future fiscal years will be programmed into future year budgets to ensure timely use of the funds.
- These funds will be used for high-impact abatement activities and other approved uses. Fire will track expenditures to maintain compliance with the settlement agreements with the assistance of the Finance Department.

# Allowable Expenditures

- 50% or more of the funds from the CA Abatement Accounts Fund will be used for high-impact abatement activities
- Other funds will be applied to approved opioid remediation uses

**Table 1: High Impact Abatement Activities (HIAA)**

No.	Activity
1	Provision of matching funds or operating costs for substance use disorder (SUD) facilities within the <a href="#">Behavioral Health Continuum Infrastructure Program (BHCIP)</a>
2	Creating new or expanded SUD treatment infrastructure <sup>2</sup>
3	Addressing the needs of communities of color and vulnerable populations (including sheltered and unsheltered homeless populations) that are disproportionately impacted by SUD
4	Diversion of people with SUD from the justice system into treatment, including by providing training and resources to first and early responders (sworn and non-sworn) and implementing best practices for outreach, diversion and deflection, employability, restorative justice, and harm reduction
5	Interventions to prevent drug addiction in vulnerable youth
6	The purchase of naloxone for local entities including for distribution and efforts to expand access to naloxone for opioid overdose reversals.

## Key Positions for Success

- Proposal to cover 100% of the costs for a part-time chief medical officer (contractor) with opioid settlement funds in year one to build up the program
  - The chief medical officer will create programs to provide substance use disorder (SUD) healthcare and community engagement services
  - The goal is for the groundwork laid in year one to support ongoing efforts and generate additional revenue streams for subsequent years
- Proposal to cover 100% of the cost of a full-time Community Engagement Coordinator (Management Aide)
  - Limited-term role dependent upon continued opioid settlement funding

# Detailed Expenditure Plan – Year 1

Description	Total Costs	Opioid Settlement Portion	Existing Funding	City Strategic Plan Priority 1 Deliverable	Notes
1 FTE Community Engagement Coordinator (Management Aide)	\$120,000	\$120,000	\$0	8.A.7	This is a limited-term grant-funded position that depends upon continued settlement funds. The proposal is for 100% of the costs for a new position to be funded by opioid settlement funds.
0.50 Contracted Nurse Educator (UCLA)	\$86,400	\$43,200	\$43,200	8.A.1	Existing funding is from the current agreement for 10 hours per week. The proposal is to add 10 hours per week, with the added costs to be covered by opioid settlement funds.
1 FTE Community Engagement Analyst (Management Analyst- Not a new position)	\$157,000	\$78,500	\$78,500	8.A.9	Existing funding is from an FTE Management Analyst position. The proposal is for 20 hours per week (50%) of costs to be covered by opioid settlement funds. Savings to be returned to the general fund.
0.50 Contracted Medical Director/Chief Medical Officer	\$167,500	\$167,500	\$0	8.A.1	The proposal is for 20 hours per week (100%) of costs to be covered by opioid settlement funds.
Equipment & Supplies (operational and educational), to deliver SUD prevention and response services	\$384,200	\$384,200	\$0	8.A.1	The proposal is to fully fund with opioid settlement funds for a year-one purchase and not a recurring amount. Unused funds will roll over into subsequent years.
Training, public education, and outreach multimedia development	\$100,000	\$100,000	\$0	8.A.1, 8.A.7	The proposal is to fully fund needed equipment and supplies through the public affairs office.
<b>Year One Total</b>	<b>\$1,015,100</b>	<b>\$893,400</b>	<b>\$121,700</b>		



## **Key Budget Considerations for FY 2024/25**

# City Council Direction and Feedback Requested

- **City Council feedback of the proposed FY 2024/25 Budget is requested, especially as it relates to:**
  - 1) Addition of 4 FTEs across various departments
  - 2) General Fund portion of Waterfront Loan Settlement totals \$6.9 million, transferred as follows:
    - 25% or \$1.7 million to the Section 115 Trust
    - 23% or \$1.6 million to the Equipment Replacement Fund
    - 15% or \$1 million to the Workers' Compensation Fund
    - 37% or \$2.6 million to the General Liabilities Fund
  - 3) Fire Department Year 1 spending plan for Opioid Settlement Funds





## **FY 2024/25 Budget – Next Steps**

# **FY 2024/25 Budget Next Steps**

- **Based on City Council feedback tonight, staff will make requisite adjustments to the proposed FY 2024/25 Budget**
- **Revised budget will be brought back for formal City Council consideration / adoption on June 4th**





**Questions?**

