



CITY OF GARDEN GROVE FY 2020-21 PROPOSED BUDGET AMENDMENT

JUNE 9, 2020



Measurable Accomplishments

Public Safety

- Transitioned to OCFA
- Created New Parking Enforcement Team

Economic Development

- Opened new businesses including SteelCraft, Nova Kitchen, Planet Fitness etc.
- Construction underway for projects such as BN Group Hotel, Garden Brook Senior Village, West Grove Center

Financial Sustainability

- Adopted Pension Funding Policy
- Adopted General Fund Reserve Policy

Community Engagement & Transparent Government

- Adopted Parks Master Plan
- Approved Community Workforce Agreement

Financial Year-End Overview FY 2019-20

General Fund - Revenue & Expenditures (In Millions)

Revenues (In Millions)	FY 2019-20 Adopted	FY 2019-20 Est. Year-End
Sales Tax	\$ 41.7	\$ 39.8
Transient Occupancy	26.5	\$ 18.2
Property Tax	28.5	\$ 31.1
Other	37.5	\$ 40.3
Total Revenue	\$ 134.2	\$ 129.4

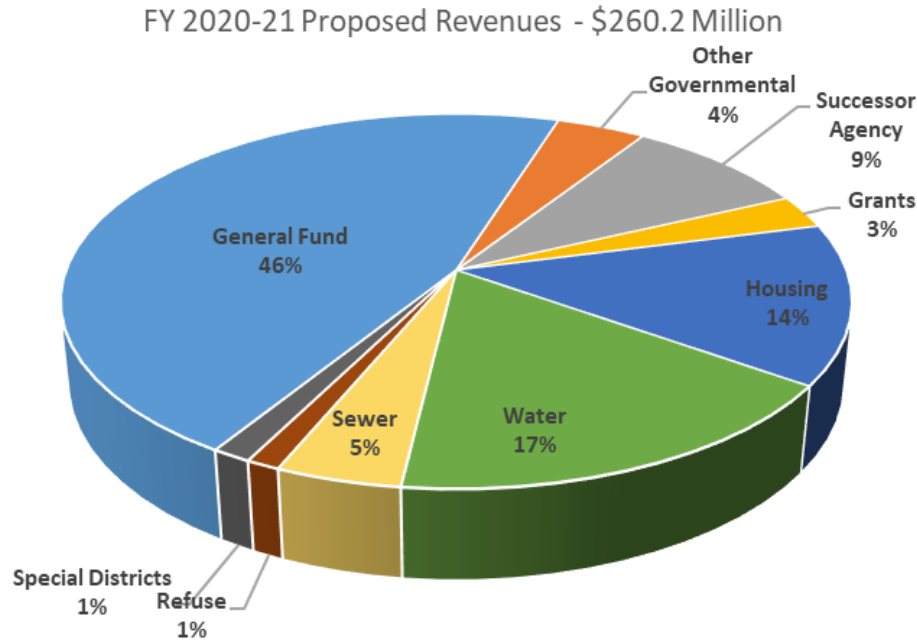
FY 2019-20 Year End

Total Est. Revenue	\$ 129.4
Less Est. Expenditure	<u>(126.2)</u>
Est. Year-End Surplus	<u>\$ 3.2</u>

Expenditure	Amended Budget	Estimated FY2019-20 (as of 5/29/20)
Salaries and Benefits	\$ 81.5	\$ 78.0
Contractuals	30.0	30.0
Commodities	2.0	2.6
Internal Service Funds/Debt	12.1	12.1
Capital	2.1	2.1
Transfers	1.4	1.4
Total Expenditures	\$ 129.1	\$ 126.2

Fiscal Year 2020-21 – All Funds At A Glance

Revenue

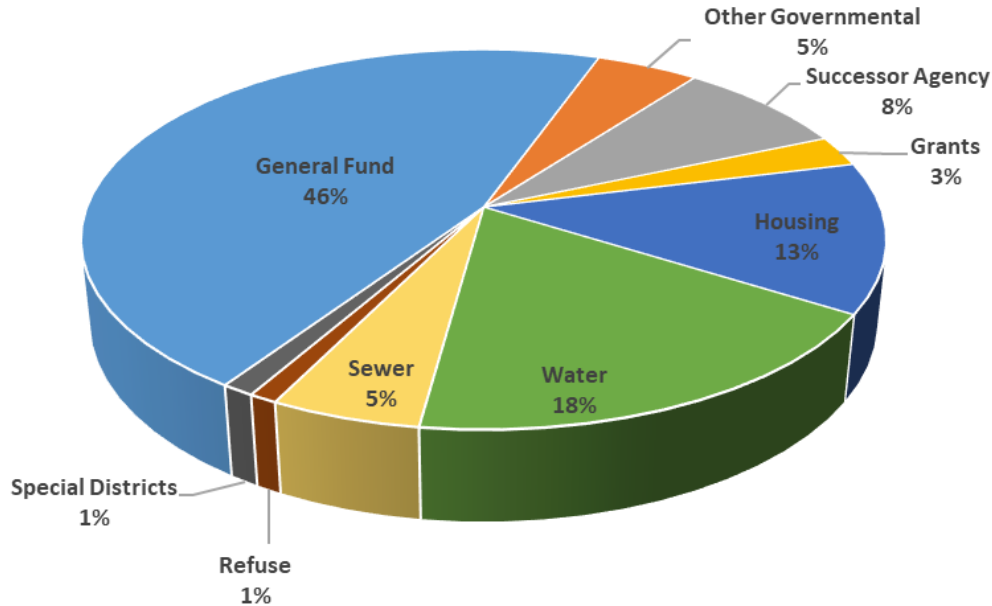


Fund Type	Adopted Budget (In Millions)	Proposed Amended Budget (In Millions)
General Fund	\$ 137.0	\$ 119.7
Other Governmental	11.2	11.1
Successor Agency	15.0	23.2
Grants	4.9	7.5
Housing	36.0	36.0
Water	38.2	44.5
Sewer	11.5	11.5
Refuse	3.2	3.1
Special Districts	5.9	3.6
Total	\$ 262.9	\$ 260.2

Fiscal Year 2020-21 – All Funds At A Glance

Expenditures

FY 2020-21 Proposed Expenditure - \$282.7 Million



Fund Type	Adopted Budget (In Millions)	Proposed Amended Budget (In Millions)
General Fund	\$ 132.5	\$ 130.2
Other Governmental	13.4	13.7
Successor Agency	15.0	23.2
Grants	4.7	7.4
Housing	36.0	36.2
Water	41.4	51.6
Sewer	13.8	14.6
Refuse	2.5	2.8
Special Districts	5.0	3.2
Total	\$ 263.1	\$ 282.8

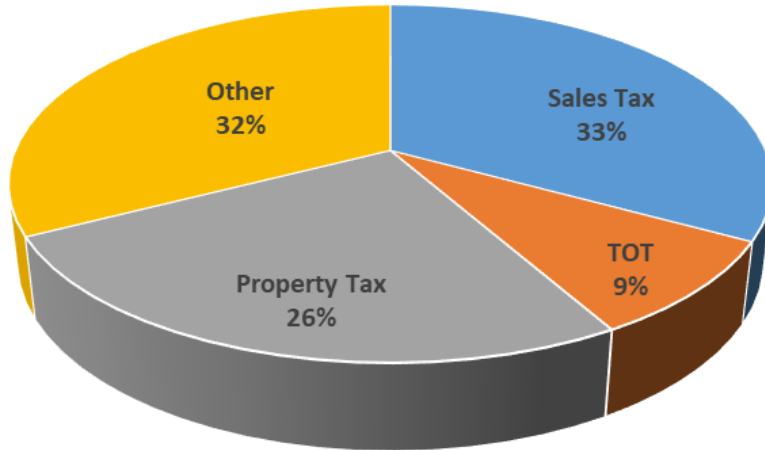
Proposed Budget - General Fund

Fiscal Year 2020-21 Proposed Amended Budget

Sources

Where do funds come from?

FY 2020-21 General Fund Sources - \$119.7M



Revenues (In Millions)	Adopted Budget	Amended Budget	Change	% Change
Sales Tax	\$ 42.3	\$ 39.5	\$ (2.8)	-7%
Transient Occupancy	27.0	\$ 10.5	(16.5)	-61%
Property Tax	29.3	\$ 30.7	1.4	5%
Other	38.4	\$ 39.0	0.6	2%
Total Revenue	\$ 137.0	\$ 119.7	\$ (17.3)	-13%

FY2020-21 Proposed Amended Budget General Fund

Budget Amendments – Major Additions

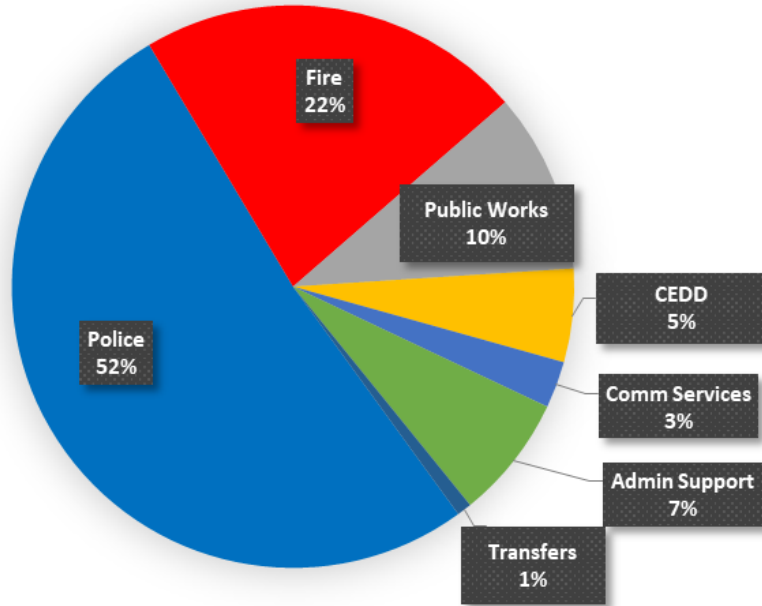
- Addition of 2 CSOs and Equipment Charges to Neighborhood Traffic Unit (Approved by Council in December 2019) (\$266K)
- Increases to General Fund Subsidy for Street Lighting (\$73K)
- Regulatory Training for Building Division (\$56K)
- Contractual Obligations (\$116K)
- Water Charges for City Buildings, Parks, and Medians (\$485K)
- Revenue Generating Efforts (i.e. plan check/inspection, investment advisory, and citation collection services) (\$300K)

FY2020-21 Proposed Amended Budget General Fund

Budget Amendments – Budget Reductions

- Defunding of 22 Vacant Positions (\$2.1 Million)
- Decreasing Contributions to City's Fleet Internal Service Fund by 16% (\$836K)
- Reduction to Training & Conferences by 30% (\$58K)
- Reductions to Temp/Seasonal Staffing Level and Recreation Programs (\$210K)

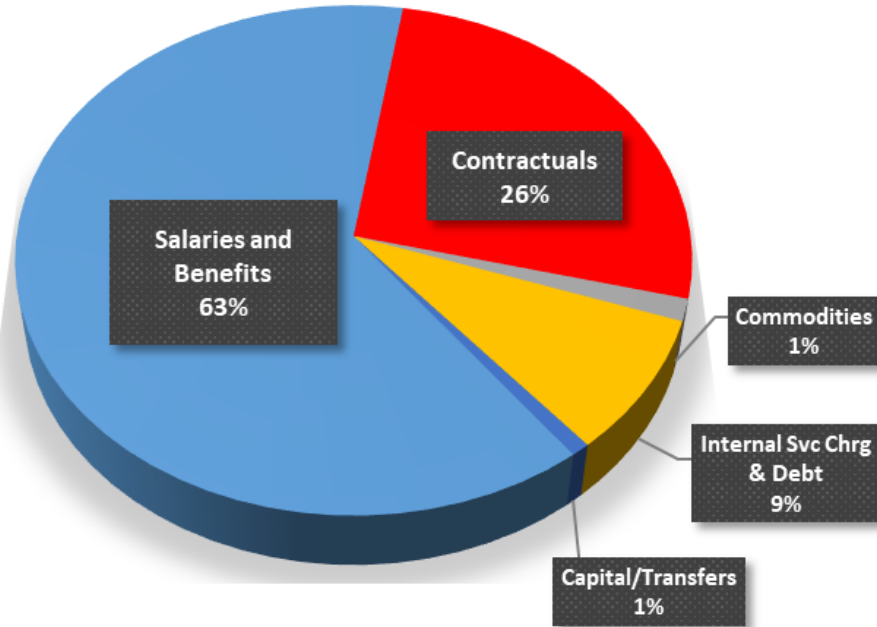
FY2020-21 Proposed Amended Budget by Department - General Fund



As a result of the passing of Measure O in November 2018, increases in expenditures were made to Public Safety.

Department	Adopted FY 2020-21 (In Millions)	Proposed Amended Budget (In Millions)
City Manager	\$ 2.5	\$ 2.3
Finance	4.3	4.1
Comm & Econ Dev	7.1	7.0
Public Works	13.9	13.5
Comm Services	3.5	3.5
Fire	29.1	28.6
Police	67.7	67.1
City Attorney	0.9	0.9
Human Resources	1.5	1.4
Information Tech	0.9	0.7
Transfers	1.1	1.1
Total Expenditures	\$ 132.5	\$ 130.2

FY2020-21 Proposed Amended Budget by Expenditure Type – General Fund



Expenditure Type	Adopted FY 2020-21 (In Millions)	Proposed Amended Budget (In Millions)
Salaries and Benefits	\$ 83.9	\$ 82.0
Contractuals	33.6	34.1
Commodities	1.8	1.8
Internal Svc Chrg & Debt	12.0	11.2
Capital/Transfers	1.2	1.1
Total Expenditures	\$ 132.5	\$ 130.2

Citywide Position Count

FY 2019-20 and FY 2020-21

	Adopted FY 2019-20	Added During FY 2019-20	Defunded Positions FY 2020-21	Amended FY 2020-21
Public Safety				
Police - Sworn	182	0	0	182
Police - Non Sworn	70	2	(3)	69
Total Police	252	2	(3)	251
Fire - Sworn	1	0	0	1
Total Fire	1	0	0	1
Total Public Safety	253	2	(3)	252
City Manager	33	0	(1)	32
Finance	35	0	(4)	31
Comm & Econ Dev.	34	0	(1)	33
Public Works	154	1	(10)	145
Comm Svcs.	20	0	0	20
Human Resources	10	0	(1)	9
Info Technology	19	0	(2)	17
Total Non Safety	305	1	(19)	287
City Total	558	3	(22)	539

FY2020-21 Proposed Amended Budget General Fund

Balancing Measures

General Fund	Adopted FY 2020-21 (In Millions)	Proposed Amended Budget (In Millions)
Revenue	\$ 137.0	\$ 119.7
Expenditures	(132.5)	(130.2)
Surplus/(Deficit)	\$ 4.5	\$ (10.5)
Balancing Measures for FY 2020-21		
Reserve for Legal Costs		\$ 0.5
Fleet Fund Reserve for Fire Equip		2.5
FY 2019-20 Estimated Surplus		3.2
General Fund Unreserved Fund Balance		4.3
Total One-Time Sources		\$ 10.5



Fiscal Year 2020-21
Continuation Budget
Component Units & Water Utility

FY2020-21 Proposed Amended Budget Housing Authority

Budget Highlights

- Federally funded through the Department of Housing and Urban Development (HUD)
- Rental subsidies up to 2,337 low-income families
- Outreach activities to tenants, landlords, and others
- Conduct initial and planned annual inspections
- Continue family self-sufficiency program
- Maintain owned properties
- Monitor Former Agency Affordable Housing Agreements

FY 2020-21 Proposed Amended Budget Housing Authority (\$ in '000)

	FY 2020-21 Adopted	Proposed Amended Budget
Sources		
Beginning Fund Balance	\$ 561	\$ 934
Housing Allocation	35,975	35,975
Total Resources	36,536	36,909
Uses		
Voucher Program	(32,570)	(32,569)
Family Self Sufficiency Program	(143)	(143)
Property Management	(147)	(147)
City Administration	(3,115)	(3,306)
Total Uses	(35,975)	(36,165)
Balance	\$ 561	\$ 744

FY 2020-21 Proposed Amended Budget

Garden Grove Successor Agency

Budget Highlights

- Reduced funding level for administrative costs of \$68K from adopted budget
- Recognized Obligation Payment Schedule (ROPS) approved annually by the Department of Finance (DOF)
- Continued efforts in implementing of DOF approved Development and Disposition Agreements (DDA) for various projects:
 - Brookhurst Triangle
 - Site B2
 - Housing Fund Repayment

FY 2020-21 Proposed Amended Budget Garden Grove Successor Agency

(\$ in '000)

	FY 2020-21 Adopted	Proposed Amended Budget
Sources		
RPTTF Distribution	\$ 14,798	\$ 22,945
Other Revenue	208	208
Total Resources	15,006	23,153
Uses		
Administration	(581)	(513)
Recognized Obligation Payments	(14,425)	(22,640)
Total Uses	(15,006)	(23,153)
Balance	\$ -	\$ -

FY 2020-21 Proposed Amended Budget Sanitary District

Budget Highlights

- Balanced Budget
- Funding for Street Sweeping and Bus Shelter Trash Clean-Up
- Longsdon Pit Landfill Improvements
- Continue Planned Sewer Capital Program (Capacity/Structural)
- Continue Manhole Inspection and Replacement program
- Continue Fats, Oils, and Grease Control Education
- Continue AB 939 Waste Diversion Efforts
- Implement Commercial Organic Waste Program

FY 2020-21 Proposed Amended Budget

Sanitation District

(\$ in '000)

Sewer Fund	FY 2020-21 Adopted	Proposed Amended Budget
Sources		
Beginning Working Capital	\$ 24,582	\$ 27,933
Operating Revenue	11,464	11,464
Total Sources	36,046	39,397
Uses		
Operations & Maintenance	(5,340)	(5,106)
Contractual Services	(1,564)	(1,578)
Debt Service	(1,207)	(1,207)
Capital Replacement	(1,717)	(1,717)
Capital Improvement	(4,000)	(5,020)
Total Uses	(13,828)	(14,628)
Ending Working Capital	\$ 22,218	\$ 24,769

Solid Waste Fund	FY 2020-21 Adopted	Proposed Amended Budget
Sources		
Beginning Working Capital	\$ 6,853	\$ 7,204
Operating Revenue	3,159	3,130
Total Sources	10,012	10,334
Uses		
Operations & Maintenance	(1,990)	(2,084)
Landfill Reserve	(500)	(500)
Debt Service	-	-
Capital Replacement	-	-
Capital Improvement	-	(172)
Total Uses	(2,490)	(2,756)
Ending Working Capital	\$ 7,522	\$ 7,578

FY 2020-21 Proposed Amended Budget Water Utility

Budget Highlights

- Bond Refunding
- Additional Water Purchase Cost as a Result of PFOS
- Review and Update Water Rates to Develop a Sustainable Water Utility Financial Plan
- Continue to Implement Water Master Plan
- Continue with Major Capital Replacement

FY 2020-21 Proposed Amended Budget

Water Utility (\$ in '000)

Water Utility	FY 2020-21 Adopted	Proposed Amended Budget
Sources		
Beginning Working Capital	\$ 15,981	\$ 16,637
Operating Revenue	38,229	40,495
Bond Proceeds	-	4,000
Total Sources	54,210	61,132
Uses		
Operations & Maintenance	(13,012)	(12,657)
Purchased Water Supply	(17,737)	(27,236)
Debt Service	(3,591)	(3,576)
Capital Replacement	(3,305)	(3,305)
Capital Improvement	(3,000)	(4,000)
Street Repair Charge	(775)	(775)
Total Uses	(41,420)	(51,549)
Ending Working Capital	\$ 12,790	\$ 9,583

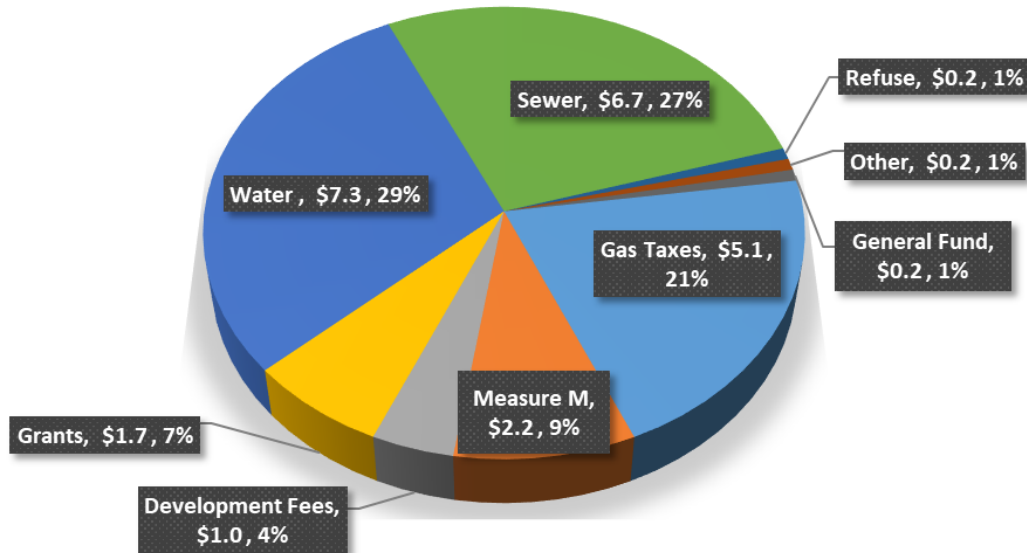
Special Districts – FY 2020-21 Proposed Amended Budget (\$ in '000)

	FY 2020-21 Adopted	Proposed Amended Budget
Sources		
Beginning Balance	\$ 132	\$ 329
Assessment Revenue	5,871	3,571
Total Resources	6,003	3,900
Uses		
Operations	(5,027)	(3,164)
Transfers	(904)	(411)
Total Uses	(5,931)	(3,575)
Balance	\$ 72	\$ 325

Assessment	Adopted Budget	Proposed Amended Budget
Street Lighting	\$ 1,391	\$ 1,337
Parking District	\$ 4	\$ 4
Main Street	\$ 34	\$ 34
GG Tourism District	\$ 3,802	\$ 1,500
Park Maintenance	\$ 700	\$ 700
Total	\$ 5,931	\$ 3,575

Capital Improvement Program – FY 2020-21 Proposed Amended Budget

CIP FUNDING SOURCES
(In millions)



Capital Improvement Program	Adopted Budget (In Millions)	Proposed Amended Budget (In Millions)
Street Improvements	\$ 5.4	\$ 8.8
Storm Drain Improvement	1.5	0.2
Traffic Improvements	0.4	0.7
City Facilities	0.1	0.0
Park Improvements	0.4	0.8
Water Infrastructure Improvements	6.3	7.3
Sewer Infrastructure Improvements	5.7	6.7
Longsdon Pit Landfill	0.0	0.2
Total	\$ 19.8	\$ 24.7

FY 2020-21 Proposed Amended Budget Grant Expenditures

Budget Highlights

- Street Rehabilitation Projects
- Park Improvements
- Homeless Prevention
- Home Improvement Loans
- Senior Center
- Magnolia Park Resource Center
- Police Equipment
- Police Training
- Police Community Impact Unit
- Recycling Programs
- Rideshare

Grant	Adopted Budget ('000)	Proposed Amended Budget ('000)
CALHOME	\$ 250	\$ 250
CDBG	841	2,656
HOME	827	917
EMERGENCY SOLUTIONS	179	175
POST REIMBURSEMENTS	50	50
STATE GRANTS	708	1,590
FACT	402	306
PUB SAFETY/PROP 172	821	821
AQMD (AB 2766)	226	218
POLICE-SLESA	250	24
CA DEPT OF CONSERV	44	43
USED OIL	47	47
OTHER FEDERAL GRANTS	99	99
MEASURE M2-CTFP	185	185
Total	\$ 4,929	\$ 7,381

Internal Service Funds - FY 2020-21 Proposed Amended Budget

City Internal Service Funds

- Fleet Management - Maintenance and Replacement of Vehicles & Equipment
- Risk Management – General Liability Self-Insurance Program
- Workers' Compensation - Claims for Industrial Accidents
- Information Systems – IT Network, Applications, and Computer Replacement
- Telecommunications – Phones
- Communication Replacement – Police Radios
- Warehouse Operations – Stores Inventory

Internal Service Funds – FY 2020-21 Proposed Amended Budget

	Fleet	IT	Workers' Comp	Risk Mgmt	Phones	Warehouse	Police Radios
Sources	\$ 6,044	\$ 2,815	\$ 6,533	\$ 1,557	\$ 344	\$ 347	\$ 600
Uses	(6,042)	(2,780)	(7,006)	(4,054)	(423)	(347)	(600)
Balance	\$ 2	\$ 35	\$ (473)	\$ (2,497)	\$ (79)	\$ -	\$ -

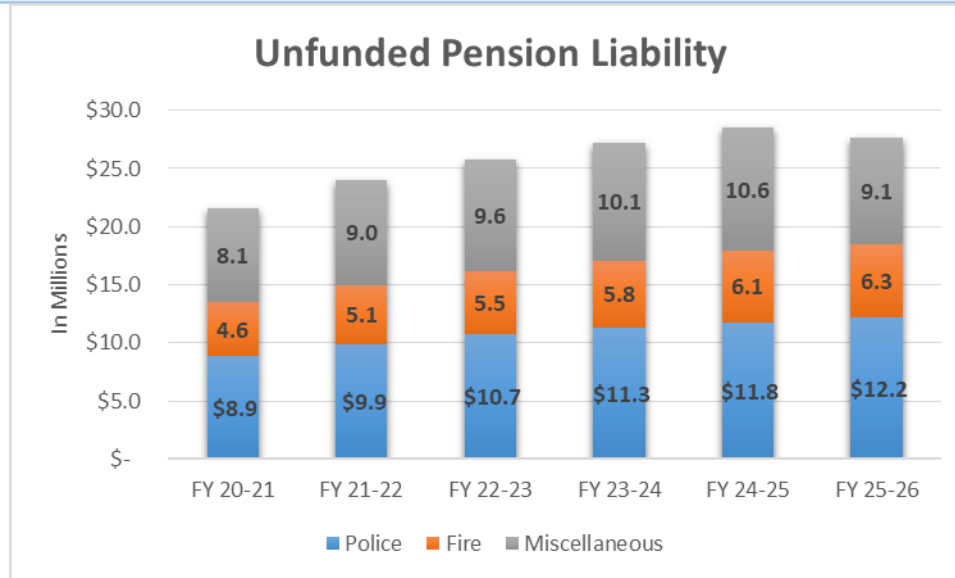
*Fund Balance is used when revenues are less than expenditures.



CALPERS PENSION LIABILITY

Unfunded Pension Liability

PERS UAL	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Police	\$ 8.9	\$ 9.9	\$ 10.7	\$ 11.3	\$ 11.8	\$ 12.2
Fire	4.6	5.1	5.5	5.8	6.1	6.3
Miscellaneous	8.1	9.0	9.6	10.1	10.6	9.1
Total	\$ 21.6	\$ 24.0	\$ 25.8	\$ 27.2	\$ 28.5	\$ 27.6



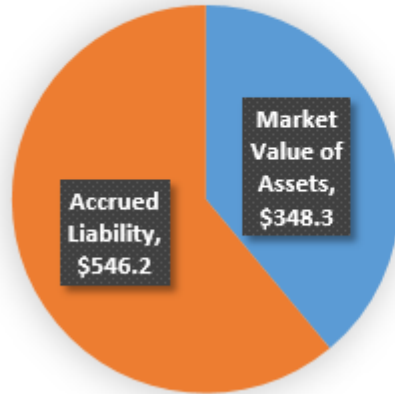
Source: CalPERS Valuation – June 30, 2018

Unfunded Pension Liability

As of June 30, 2018 (\$ in Millions)

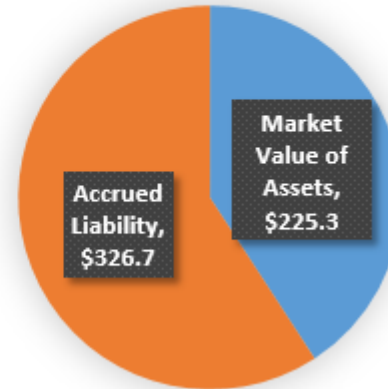
Safety Plan

Funded Ratio: 63.8%



Misc Plan

Funded Ratio: 69.0%



	Safety Plan	Misc Plan
Market Value of Assets	\$ 348.3	\$ 225.3
Accrued Liability	\$ 546.2	\$ 326.7
Unfunded Accrued Liability	\$ 197.9	\$ 101.4
Funded Ratio	63.8%	69.0%

Source: CalPers Valuation
June 30, 2018

CalPERS Total Costs

PERS UAL	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	Total
Police	\$ 8.9	\$ 9.9	\$ 10.7	\$ 11.3	\$ 11.8	\$ 12.2	\$ 72.8
Fire	4.6	5.1	5.5	5.8	6.1	6.3	37.5
Miscellaneous	8.1	9.0	9.6	10.1	10.6	9.1	63.9
Total	\$ 21.6	\$ 24.0	\$ 25.8	\$ 27.2	\$ 28.5	\$ 27.6	\$ 174.2
PERS Normal Cost							
Police	\$ 5.0	\$ 5.1	\$ 5.3	\$ 5.4	\$ 5.6	\$ 5.7	\$ 32.1
Miscellaneous	3.5	3.7	3.8	3.9	4.0	4.1	24.1
Total Normal Cost	8.5	8.8	9.0	9.3	9.5	9.8	54.9
Total PERS Annual	\$30.1	\$32.8	\$34.8	\$36.5	\$38.0	\$37.4	\$229.1

Source: CalPERS Valuation – June 30, 2018

Looking Forward...

Continued Impacts of COVID-19

- Sales & Transient Occupancy Tax
- Deferred Capital Projects & Other Initiatives

Other Challenges Ahead

- Economic Uncertainty – *Possible Recession?*
- Community Issues
- Infrastructure Funding Needs
- Depletion of Fund Balance
- Unfunded Pension Liability

