



CITY OF GARDEN GROVE
FY 2021-23
BIENNIAL BUDGET
JUNE 3, 2021





The American Rescue Plan Act of 2021

Eligible Uses

- ✓ Respond to the public health emergency or its negative economic impacts
- ✓ Provide premium pay for essential workers
- ✓ Fund for government services up to the amount of revenue loss
- ✓ Invest in water, sewer, or broadband infrastructure

Available Funds

- ✓ \$48.4M based on 2021 CDBG entitlement
- ✓ \$24.2M received in FY 2021

Proposed Uses

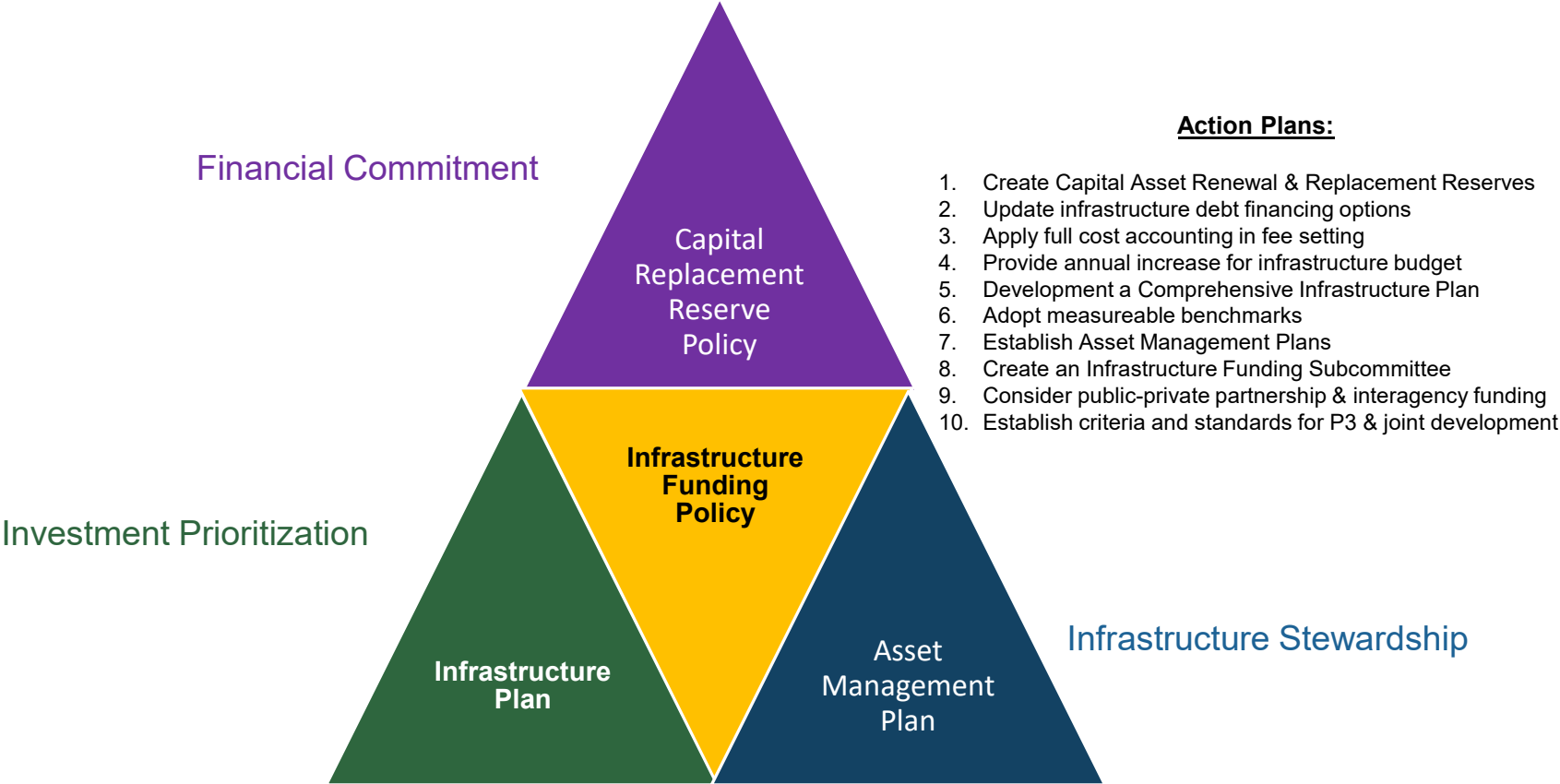
- ✓ COVID Recovery & Balanced Budget
- ✓ Infrastructure
- ✓ Public Safety/Facility Improvement
- ✓ Quality of Life

COVID Recovery and Balanced Budget

	Estimated FY2020-21	Proposed FY2021-22	Proposed FY2022-23
Estimated Surplus to be Carried-Over	\$ -	\$ 21,412	\$ 303
Estimated Operating Revenue	151,571	155,037	145,276
Proposed Expenditure	130,159	176,146	145,560
Projected Surplus	<u>\$ 21,412</u>	<u>\$ 303</u>	<u>\$ 19</u>

- Restore to the pre-pandemic staffing level
- Resume funding for deferred maintenance needs
- Fund scheduled equipment and capital replacement

Infrastructure



Public Safety and Quality of Life



Proposed Budget
- City-wide -
Fiscal Years 2021-23

Financial Overview

Looking Back...FY 2020-21

- Impact of pandemic required City to amend FY 2020-21 budget
- \$28 million cumulative loss from hotel taxes compared to pre-pandemic levels
- Defunded 22 vacant positions
- Decreased contributions to City's Fleet Internal Service Fund
- Reduced travel, training, and conference expenses
- Reductions in part-time staff and recreation programs
- Anticipated \$10.5 million deficit

Financial Overview

FY 2020-21 Financial Adopted Budget (\$ in Millions)

General Fund		FY 2020-21
Structural Deficit		\$ (10.5)
Balance Measures		
Reserve for Legal Costs	0.5	
Fleet Fund Reserve for Fire equipment	2.5	
FY 2020 Estimated Surplus	3.2	
Unreserved Fund Balance	4.3	
Total One-Time Sources	<hr/>	\$ 10.5

Budget Development Foundation FY 2020-21 Year-End Forecast

The good news:

- ✓ Better than expected sales tax
- ✓ Property taxes remain strong from residual revenue
- ✓ Building Permits
- ✓ Interest Earnings
- ✓ CARES Act
- ✓ American Rescue Plan

The bad news:

- ✓ TOT

	FY 2020-21 Adopted	FY 2020-21 Year-End Est.
Revenue		
Sales Tax - Bradley Burns	\$ 21,436	\$ 23,206
Sales Tax - Measure O	18,026	21,008
Property Tax	49,965	54,258
Transient Occupancy Tax	10,514	5,322
American Rescue Plan	-	24,000
Other	19,778	23,777
Total Revenue	119,719	151,571
Expenditure	130,159	130,159
Surplus / (Deficit)	\$ (10,440)	\$ 21,412

Budget Development Foundation

City Council Priorities

✓ COVID Recovery & Balanced Budget

- Maintain City Services
- Support Businesses
- Protect Reserves

✓ Public Safety

- Maintain Staffing
- Crime Reduction Strategy
- Facility Improvement

✓ Quality of Life

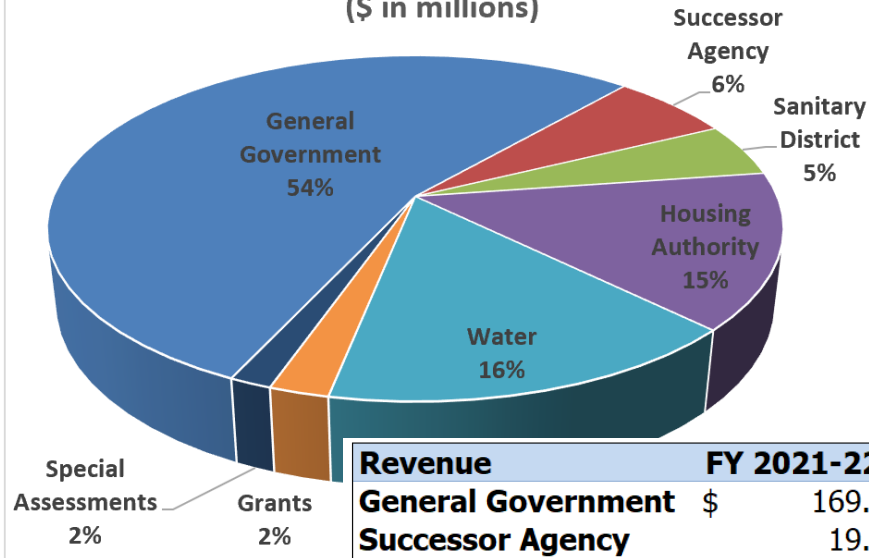
- Graffiti
- Trash
- Code Enforcement
- Homelessness
- Parking
- Signage

✓ Infrastructure

- Streets
- Long-term Funding Plan

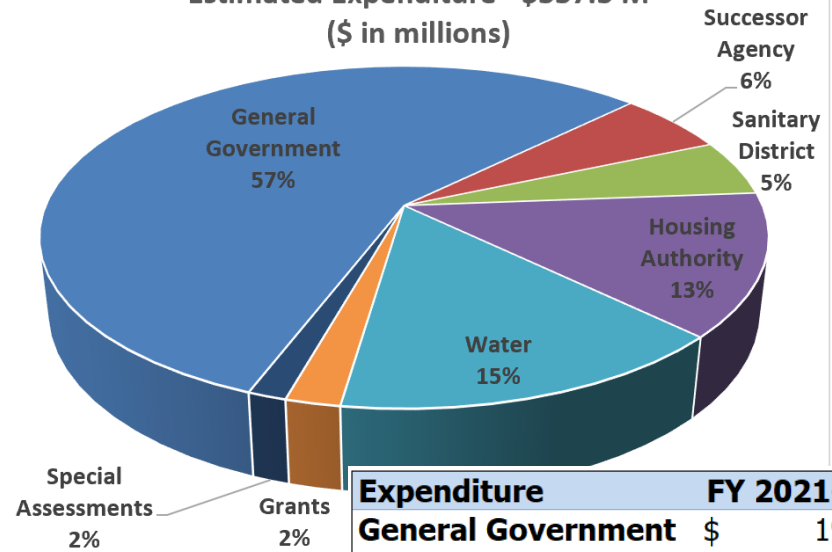
Fiscal Year 2021-22 – All Funds

Estimated Revenue - \$311.3 M
(\$ in millions)



Revenue	FY 2021-22
General Government	\$ 169.6
Successor Agency	19.6
Sanitary District	15.5
Housing Authority	45.4
Water	49.3
Grants	6.9
Special Assessments	4.9
Total	\$ 311.3

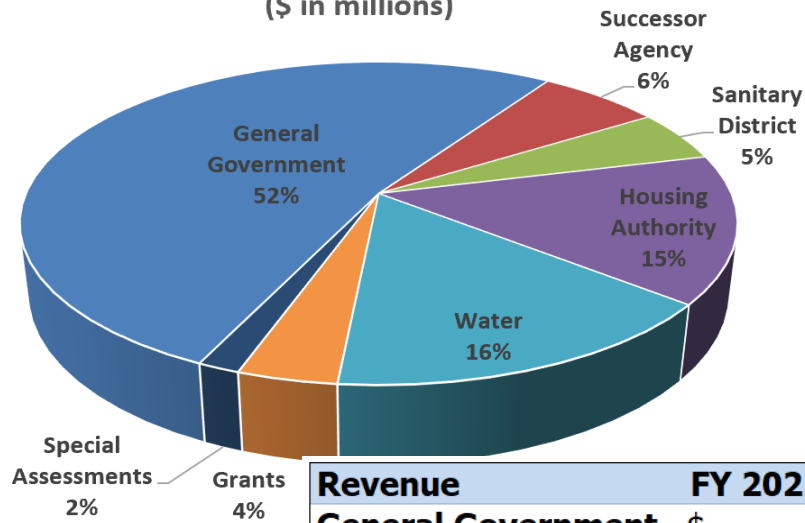
Estimated Expenditure - \$337.3 M
(\$ in millions)



Expenditure	FY 2021-22
General Government	\$ 191.7
Successor Agency	19.6
Sanitary District	17.8
Housing Authority	45.3
Water	51.0
Grants	6.9
Special Assessments	4.9
Total	\$ 337.3

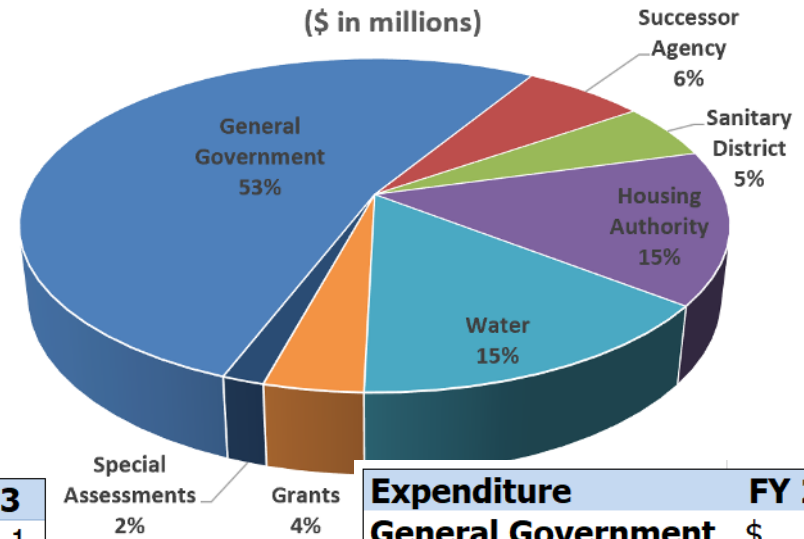
Fiscal Year 2022-23 – All Funds

Estimated Revenue - \$303.6 M
(\$ in millions)



Revenue	FY 2022-23
General Government	\$ 159.1
Successor Agency	20.0
Sanitary District	15.6
Housing Authority	45.0
Water	47.5
Grants	11.6
Special Assessments	4.9
Total	\$ 303.6

Estimated Expenditure - \$302.7 M
(\$ in millions)



Expenditure	FY 2022-23
General Government	\$ 160.1
Successor Agency	20.0
Sanitary District	16.3
Housing Authority	44.9
Water	45.0
Grants	11.6
Special Assessments	4.9
Total	\$ 302.7

Citywide Authorized Positions

	FY 2019-20 Budget	FY 2020-21 Adopted	FY 2021-23 Proposed
Police			
Sworn	182	182	182
Civilian	72	69	71
Police Total	<u>254</u>	<u>251</u>	<u>253</u>
City Manager	33	32	33
Comm & Econ Dev.	34	33	34
Community Services	20	20	20
Finance	35	31	34
Human Resources	10	9	9
Information Technology	19	17	18
Public Works	155	145	154
Total Non-Public Safety	<u>306</u>	<u>287</u>	<u>302</u>
City Totals	<u><u>560</u></u>	<u><u>538</u></u>	<u><u>555</u></u>



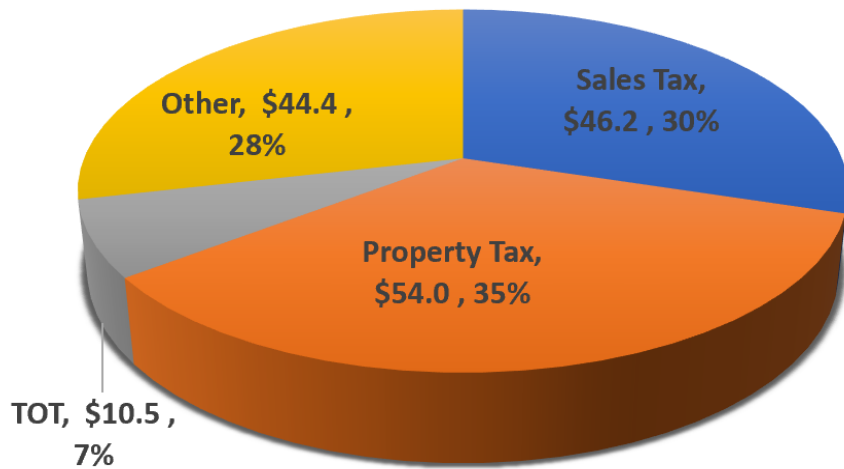
**Fiscal Years 2021-23
Biennial Budget
- General Fund -**

Proposed General Fund Operating Budget Fiscal Year 2021-22

Sources

- Where do funds come from?

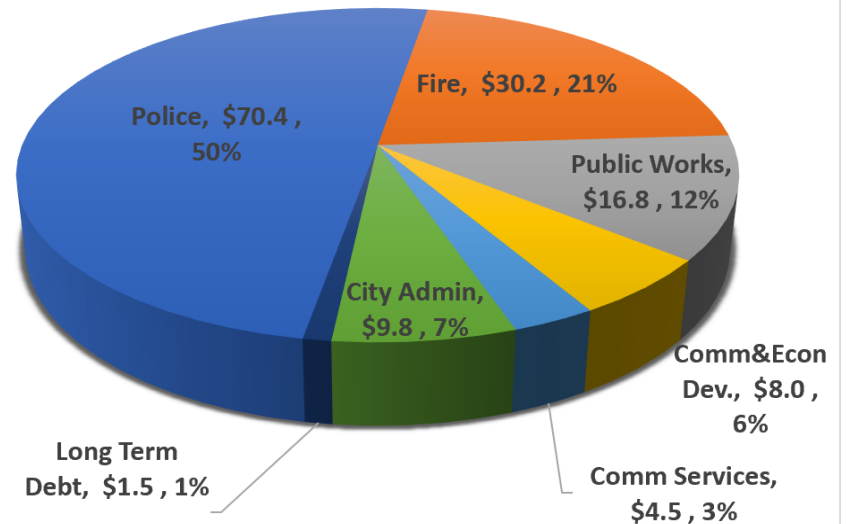
General Fund Revenue - \$155.0 M
(\$ in millions)



Uses

- How the funds are used?

General Fund Expenditures - \$141.1 M
(\$ in millions)



***Excludes Capital Improvement**

Proposed FY 2021-22 General Fund Budget

- ✓ Restored 17 positions (\$2.1 million) – Including adding full-time Code Enforcement Officer
- ✓ Be Well mobile mental health services (\$400K)
- ✓ Additional graffiti abatement services (\$137K)
- ✓ Street sign replacement (\$95K)
- ✓ Traffic/parking enforcement (\$104K)
- ✓ Street & traffic signal maintenance (\$433K)
- ✓ Reinvestment in information technology (\$217K)
- ✓ Public Facilities/Infrastructure (\$17.5M)
- ✓ Pavement Management Plan Acceleration Program (\$17.5M)

FY 2021-22	
FY 2020-21 Surplus	\$ 21,412
Estimated Operating Revenue	<u>155,037</u>
Available Sources	\$ 176,449
Uses:	
Baseline Expenditure Budget	137,848
Restore Staffing Levels	2,158
Mandates	138
Council Priorities	
Quality of Life	696
Infrastructure	34,657
Economic Recovery	100
Public Safety	182
Other Service Enhancements	<u>367</u>
Total Uses	176,146
Estimated Surplus	\$ 303

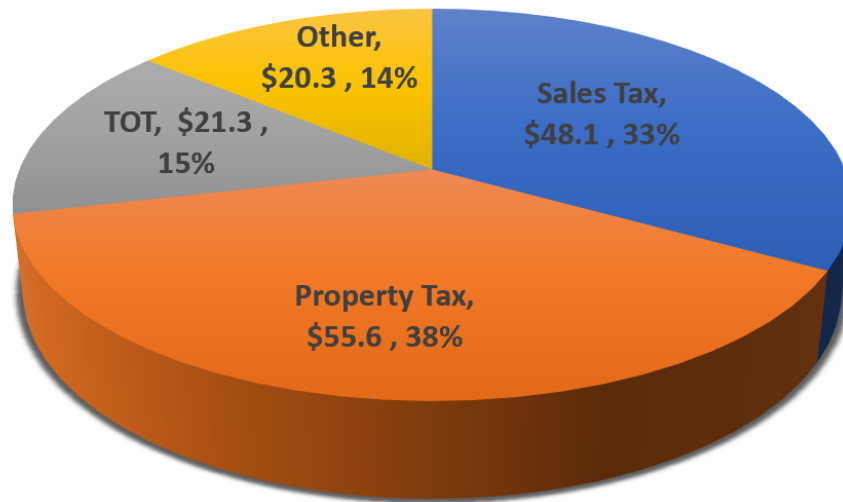
Proposed General Fund Operating Budgets

Fiscal Year 2022-23

Sources

- Where do funds come from?

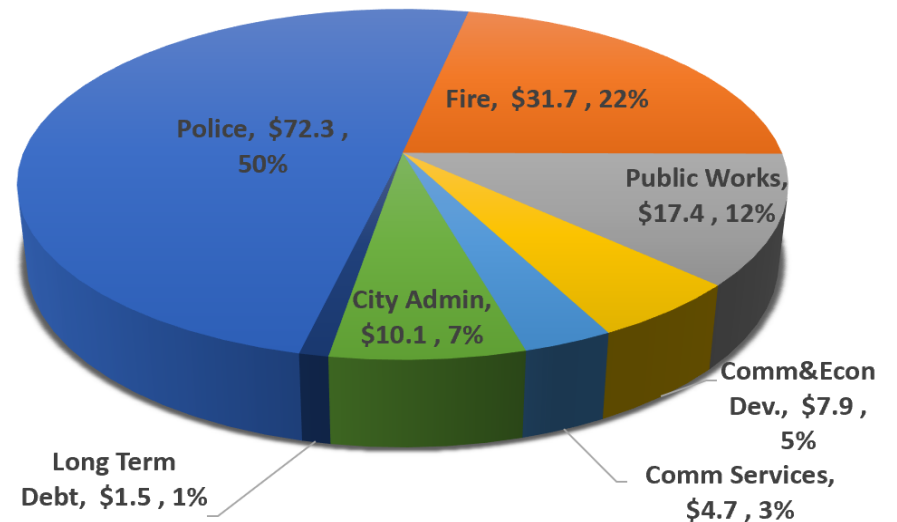
General Fund Revenue - \$145.3 M
(\$ in millions)



Uses

- How the funds are used?

General Fund Expenditures - \$145.6 M
(\$ in millions)



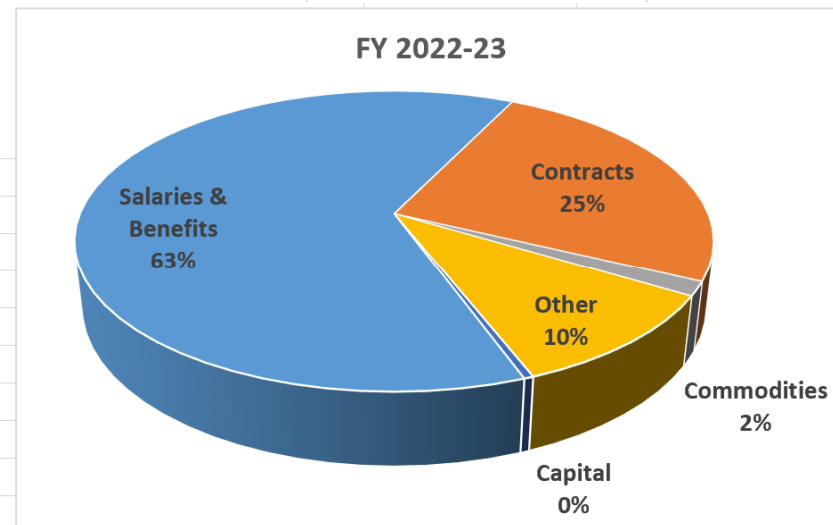
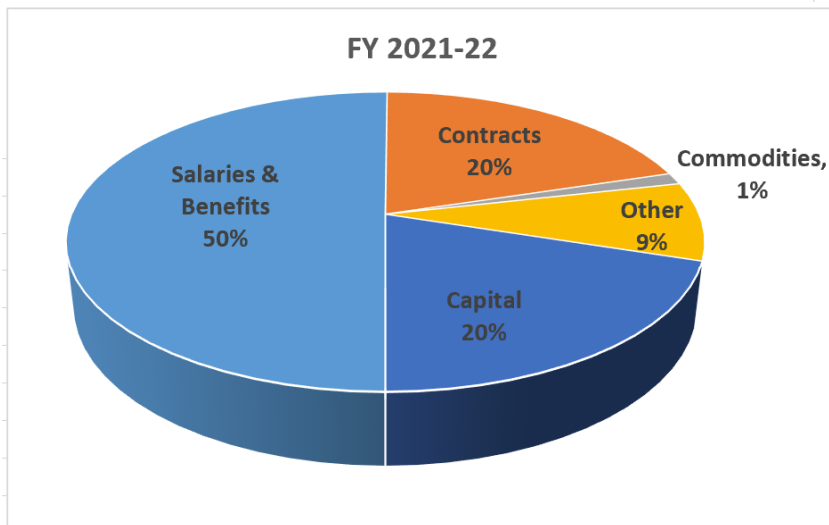
Proposed FY 2022-23 General Fund Budget

- ✓ Continue Quality of Life services
- ✓ Maintain staffing levels
- ✓ Park reseeding (\$70K)
- ✓ Facility maintenance (\$145K)
- ✓ Main Street parking rehabilitation (\$190K)
- ✓ Election costs (\$85K)

FY 2022-23	
FY 2021-22 Surplus	\$ 303
Estimated Operating Revenue	<u>145,276</u>
Available Sources	\$ 145,579
Uses:	
Baseline Expenditure Budget	141,217
Restore Staffing Levels	2,221
Mandates	162
Council Priorities	
Quality of Life	296
Infrastructure	1,054
Economic Recovery	100
Public Safety	206
Other Service Enhancements	<u>304</u>
Total Uses	145,560
Estimated Surplus	\$ 19

Proposed Budget –General Fund Budget Components

Expenditure Category	FY 2021-22		FY 2022-23	
Salaries & Benefits	\$	88.3	\$	91.4
Contracts		35.4		36.3
Commodities		2.2		2.2
Other Expenditure/Transfers		14.9		15.1
Capital		35.3		0.6
Total	\$	176.1	\$	145.6



Capital Improvement Program – FY 2021-23

✓ Street Improvements -\$35.4M

- Arterial Street Rehabilitation
- Residential Overlay
- Concrete Replacement
- Main Street West P-Lot
- Pavement Management Plan (PMP) Acceleration Program

✓ Traffic Improvements - \$1.5M

✓ Acacia Storm Drain \$2.5M

✓ Parks – \$9.8M*

- Civic Center Park
- Atlantis Play Center
- Magnolia Park
- Garden Grove Park
- ADA Upgrades
- Woodbury Park Expansion (*pending grant award)

✓ City Facilities - \$17.6M

✓ Water \$18.5M

✓ Sewer \$11.9M

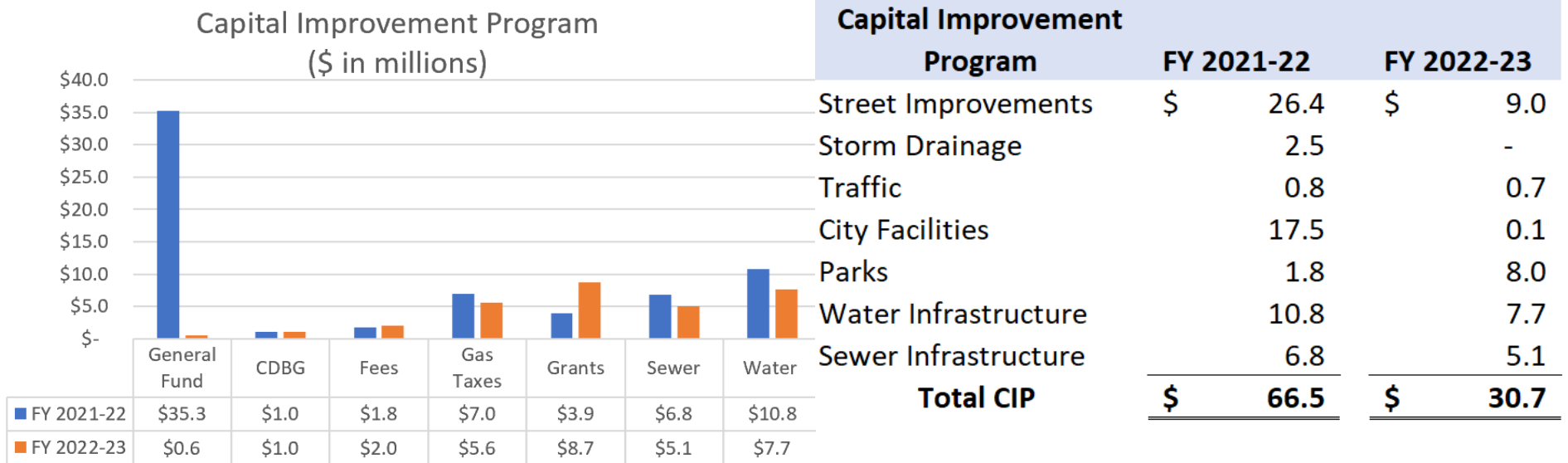
Capital Improvement Program – Funding Sources

Sources

- Where do funds come from?

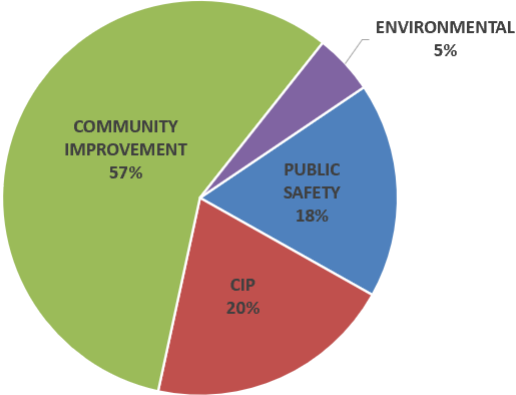
Uses

- How the funds are used?

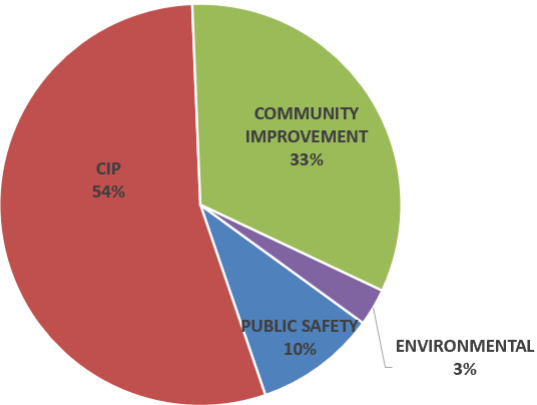


GRANTS – FY 2021-23

GRANTS - FY 2021-22



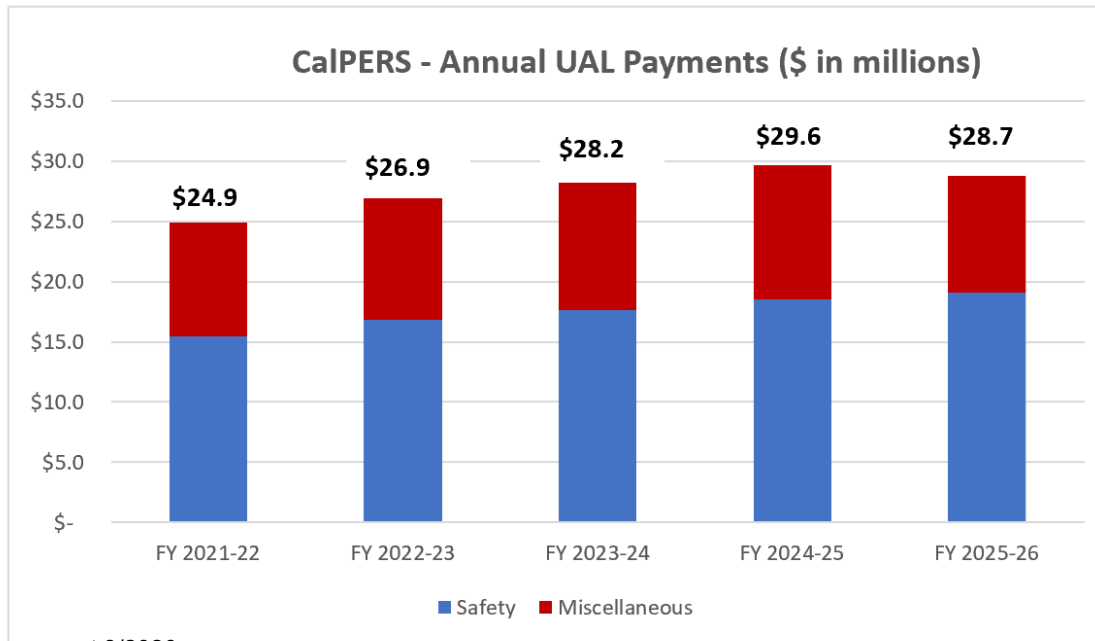
GRANTS - FY 2022-23



GRANT	FY 21-22 Expenditure	FY 2022-23 Expenditure
PUBLIC SAFETY		
PROP 172	772,126	780,885
SLESF	314,178	296,364
BSCC LOCAL ALLOC	82,400	-
POST REIMBURSEMENT	50,000	50,000
PROP 69	2,878	-
CAPITAL INFRASTRUCTURE		
MEASURE M2-CTFP	1,227,531	205,000
STATE PARK & REC	177,000	6,100,521
COMMUNITY IMPROVEMENT		
COUNTY CSVC GRANTS	45,969	46,936
SENIOR MOBILITY	25,000	25,000
FACT	300,000	300,000
CDBG	2,371,665	2,119,723
EMERGENCY SERVICES	338,790	343,630
HOME	893,015	937,862
ENVIRONMENTAL		
CA DEPT OF CONSERV	44,000	44,000
USED OIL	19,059	20,000
AQMD(AB 2766)	276,587	280,195
TOTAL	6,940,198	11,550,116

Unfunded Pension Liability

	FY 2021-22		FY 2022-23		FY 2023-24		FY 2024-25		FY 2025-26		Total
Safety	\$	15.5	\$	16.8	\$	17.6	\$	18.5	\$	19.1	\$ 87.5
Miscellaneous	\$	9.4	\$	10.1	\$	10.6	\$	11.1	\$	9.7	\$ 50.8
Total	\$	24.9	\$	26.9	\$	28.2	\$	29.6	\$	28.7	\$ 138.3



Source: CalPERS annual valuation report 8/2020

General Fund Five-Year Forecast

Key Assumptions

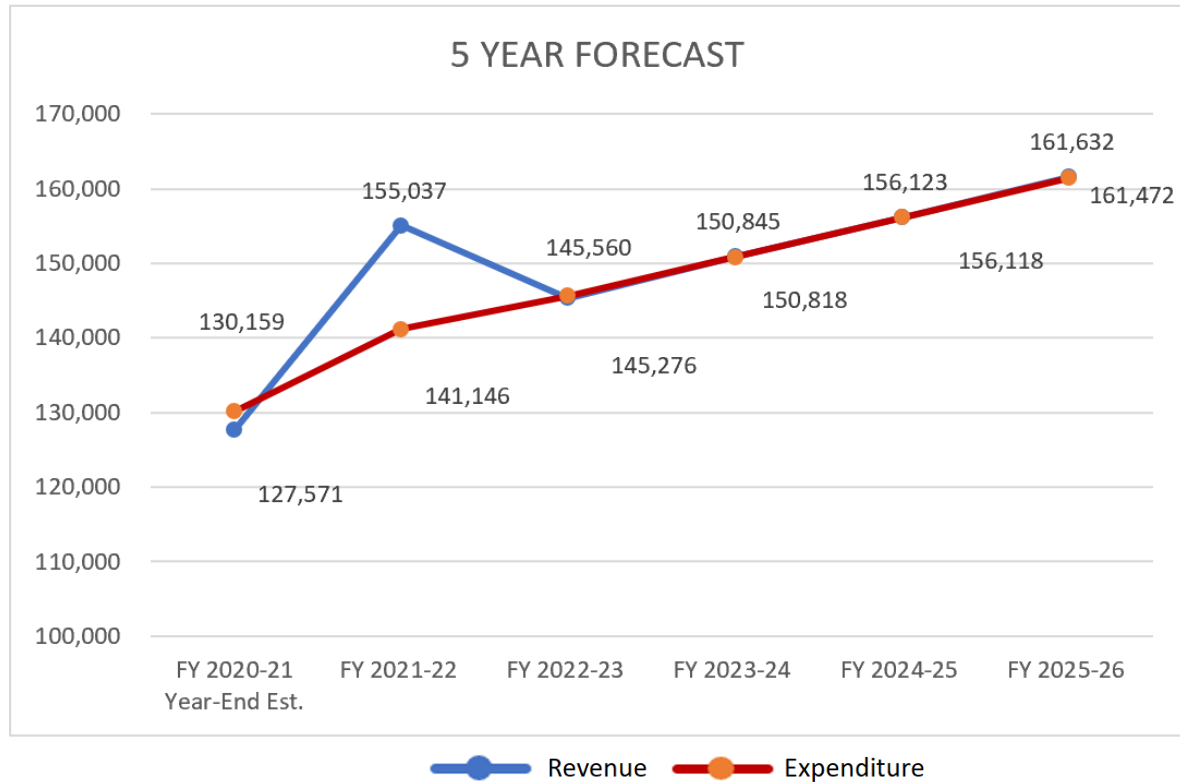
✓ Revenue

- Continued economic recovery with modest Sales Tax increases of 2%
- Property Tax growth of 3% as provided by HDL
- 10% TOT increases after FY 2022-23

✓ Expenses

- No changes to CalPERS discount rate
- Status Quo labor contracts
- 3% increase to contracts and commodities
- Modest reinvestment to infrastructure maintenance

General Fund Five-Year Forecast





Fiscal Years 2021-23
Biennial Budget
- Component Units & Water Utility -

FY 2021-23 Biennial Budget Housing Authority

Budget Highlights

- Federally funded through the Department of Housing and Urban Development (HUD)
- Rental subsidies up to 2,529 low-income families
 - 75 Mainstream Vouchers Program (\$1.2 million and up to \$100K for admin costs)
 - 117 Emergency Housing Vouchers (\$1.7 million and up to \$455K for admin costs)
- 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 2021-23 Biennial Budget Housing Authority (\$ in '000)

	FY 2021-22 Proposed	FY 2022-23 Proposed
Sources		
Beginning Balance	\$ 4,400	\$ 4,475
Housing Allocation	45,394	45,017
Total Resources	49,794	49,492
Uses		
Voucher Program	(36,349)	(36,349)
HAP Portability	(4,765)	(4,765)
City Administration	(4,205)	(3,829)
Total Uses	(45,319)	(44,943)
Balance	\$ 4,475	\$ 4,549

FY 2021-23 Biennial Budget

Garden Grove Successor Agency

Budget Highlights

- 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

FY 2021-23 Biennial Budget Garden Grove Successor Agency (\$ in '000)

	FY 2021-22 Proposed	FY 2022-23 Proposed
Sources		
RPTTF Distribution	\$ 19,640	\$ 19,971
Total Resources	19,640	19,971
Uses		
Administration	(378)	(359)
Recognized Obligation Payments	(19,262)	(19,612)
Total Uses	(19,640)	(19,971)
Balance	\$ -	\$ -

FY 2021-23 Biennial Budget Sanitary District

Budget Highlights

- Balanced budget
- Continue planned Sewer capital program (Capacity/Structural)
- Continue manhole inspection and replacement program
- Continue fats, oils, and grease control education
- Additional staff for compliance with new regulations
- Implement commercial organic waste program
- Additional refuse funding for street sweeping and bus shelter trash cleanup
- Continued monitoring of landfill

FY 2021-23 Biennial Budget Sanitation District (\$ in '000)

Sewer Funds		
	FY 2021-22 Proposed	FY 2022-23 Proposed
Sources		
Beginning Working Capital	\$ 39,340	\$ 31,972
Operating Revenue	12,390	12,390
Total Sources	51,730	44,362
Uses		
Operations & Maintenance	(5,484)	(5,635)
Contractual Services	(1,629)	(1,642)
Debt Service	(1,197)	(1,196)
Capital Replacement	(1,589)	(1,583)
Capital Improvement	(5,432)	(3,717)
Capital Carryover	(4,426)	-
Total Uses	(19,757)	(13,773)
Ending Working Capital	\$ 31,973	\$ 30,590

Solid Waste Funds		
	FY 2021-22 Proposed	FY 2022-23 Proposed
Sources		
Beginning Working Capital	\$ 10,103	\$ 10,765
Operating Revenue	3,123	3,196
Total Sources	13,226	13,961
Uses		
Operations & Maintenance	(1,961)	(2,004)
Landfill Reserve	(500)	(500)
Total Uses	(2,461)	(2,504)
Ending Working Capital	\$ 10,765	\$ 11,457

FY 2021-23 Biennial Budget Water Utility

Budget Highlights

- Balanced budget
- Refinanced water bonds in October 2020
- Review and update water rates to develop a sustainable Water Utility financial plan
- Continue implement Water Master Plan
- Continue with major capital replacement
- Compliance with all mandates (water quality, NPEDS, AQMD etc.)
- Continued joint efforts on construction of PFOA/PFOS treatment facilities

FY 2021-23 Biennial Budget Water Utility (\$ in '000)

	FY 2021-22 Proposed	FY 2022-23 Proposed
Sources		
Beginning Working Capital	\$ 23,116	\$ 17,514
Operating Revenue	42,164	43,397
Bond Proceeds	7,157	4,122
Total Sources	72,437	65,033
Uses		
Operations & Maintenance	(13,060)	(13,264)
Purchased Water Supply	(23,091)	(19,640)
Debt Service	(3,151)	(3,483)
Capital Replacement	(3,720)	(3,669)
Capital Improvement	(7,156)	(4,122)
Street Repair Charge	(795)	(815)
Capital Carryover	(3,950)	-
Total Uses	(54,923)	(44,993)
Ending Working Capital	\$ 17,514	\$ 20,040

Looking Forward...

✓ Opportunities

- Economic Recovery
- Reopening of California
- Recovery of tourism
- Site C Development
- American Rescue Plan

✓ Challenges

- Deferred Infrastructure Improvements
- Increase in labor costs
- Risk Management/Workers' Compensation Funding
- Rising costs for contracts and commodities
- Mental health and homelessness



Recommended Actions:

City Council Meeting: June 22, 2021

- Adopt the Resolutions approving:
 - Proposed FY 2021-23 Biennial Budget for the City and the Housing Authority and certain continuing appropriations
 - Appropriations Limits for FY 2021-22
- Water Supply Program Biennial Budget for FY 2021-23
- Authorized Overnight Conference and Training List

Questions?

