

○ ○ ○ ○

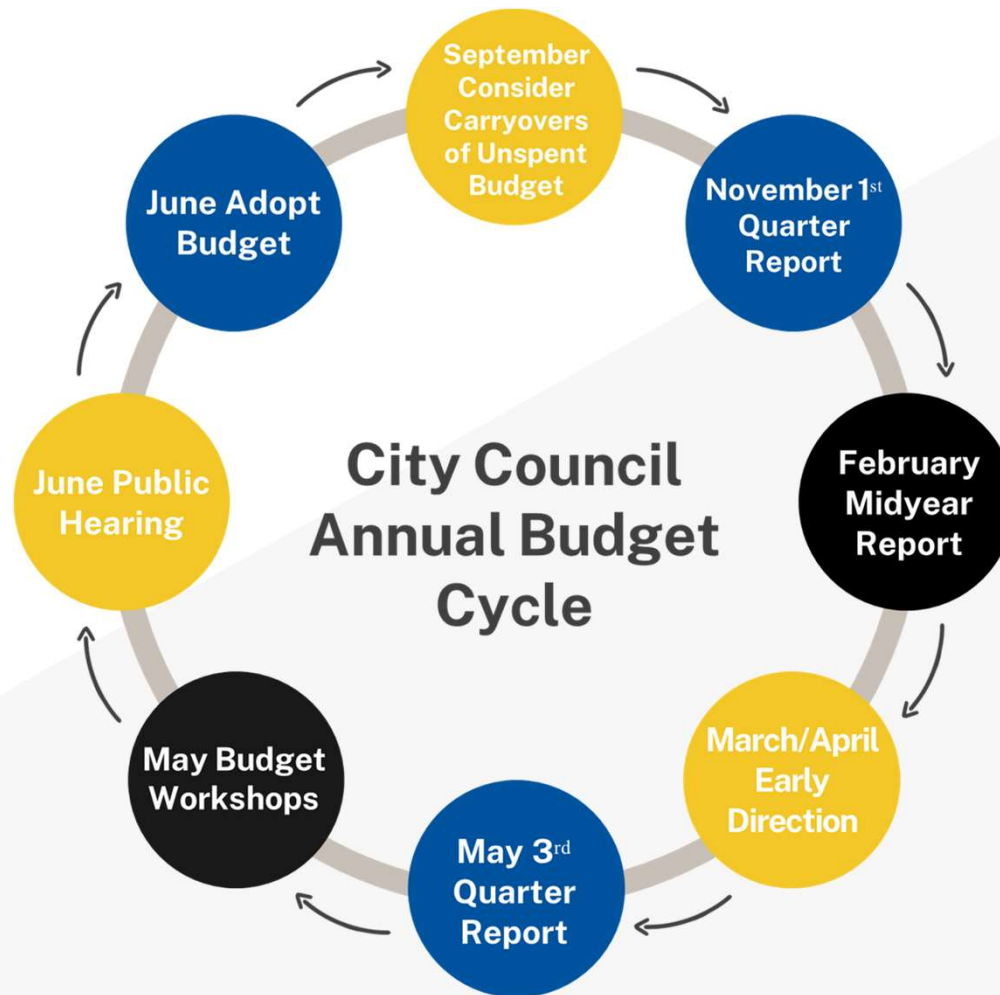
City Council Meeting
April 18, 2023

***EARLY BUDGET DIRECTION
FY 2023-24***

○ ○ ○ ○



BUDGET CYCLE



PURPOSE OF EARLY DIRECTION

- Early budget information to Council
- Council direction only - no action
 - Provides staff with insight to build the budget
 - Answer specific budget policy questions

PUBLIC INPUT SOLICITATION

ENGAGEMENT TOOLS

- 13 Question Community Budget Priorities Survey
- Budget Engagement Simulation Tool (Best)
 - Simulate: Respondents can adjust current General Fund spending
 - Prioritize: Respondents can select and rank defined projects and initiatives within a budget



ENGAGEMENT OPPORTUNITIES

Community Budget Forums in all Council Wards

Three Community-wide events

Virtual forums with Youth Planning Commission and KidWorks



INITIAL PUBLIC INPUT

To date we have received 796 responses from survey and simulation tools. Trending responses shown here.



Invest in homeless-reduction programs

- Inform homeless community members about available services
- Address homelessness-related issues
- Coordination with surrounding cities and County governments to address homelessness
- More affordable housing
- Clean-up homeless encampments



Invest in crime-reduction programs

- More gang prevention programs
- PAAL program expansion
- Fund afterschool and educational programs for youth



Library Investments

- Additional libraries
- After school programs for youth



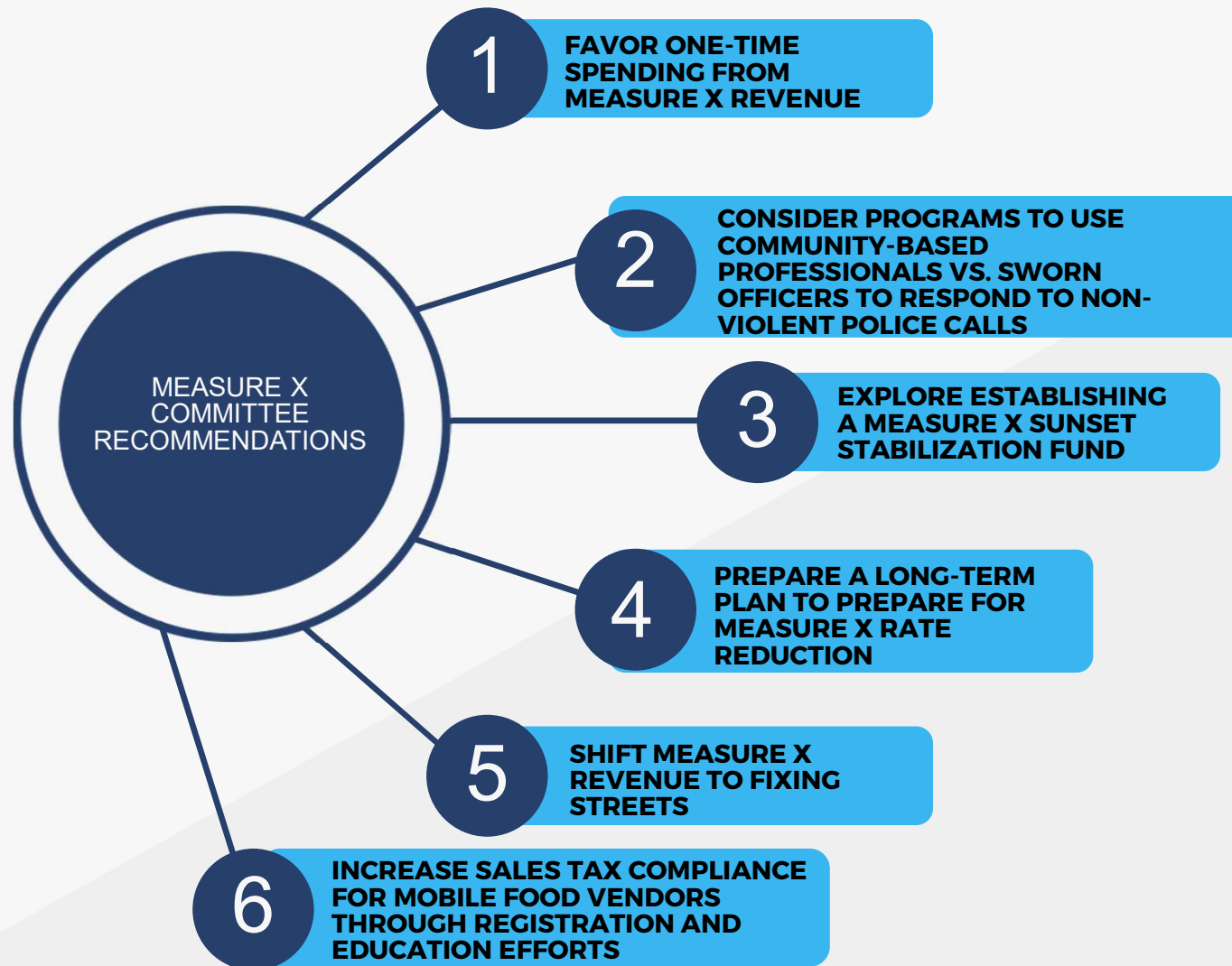
Improve City parks

- City should acquire vacant lots, properties to expand existing parks or create new parks and dog parks
- Improvements to existing parks (cameras, playground/recreation equipment)
- Regular playground maintenance
- Cameras and better lighting at parks to enhance safety



Street Maintenance / Traffic Improvements

- More frequent street maintenance
- Fill potholes
- Alternatives to traffic calming
- Repave alleys and city-owned parking lots
- Sidewalks and pavement maintenance



GENERAL FUND REVENUE EXPECTATIONS

TOTAL ESTIMATED REVENUES OF \$399.8 MILLION FOR FY 2023-24 - SUBJECT TO CHANGE

Sales Tax (40% of budget)

- Used consultant's "Most Likely" Scenario
- Higher interest rates have slowed car sales
- Continued global supply chain challenges
- Concerns about future recession

Property Tax (24% of budget)

- Prop 13 growth of 2% max
- Re-assessed values for properties sold contributes to the growth above 2%
- Sales activity has decreased
- City receives an average of 18.45% of the 1% assessment

Cannabis Tax

Assume reduction of \$8M for now, until more info available in May

Business License Tax

Assume flat for now until more info available in May

Proposed fee increase of 4.1%

Based on the compensation increase for staff providing the services

All Other revenues may increase by 3.8%

Some examples include charges for services & franchise fees

○ ○ ○ ○ **FY 2023-24 BASELINE BUDGET**

- ➡ FY 2022-23 Adjusted Budget
 - Removed One-time Items
 - + Full-time funding for items added in FY 2022-23 with partial funding
 - + Employee compensation increases (Step Increases & Labor Agreements)
 - Adjustments for Debt Payments
 - + Transfer to Pension Stabilization
 - + Adjustments for Overhead Allocations
 - + Fire & Ambulance contract increases
 - = Baseline Budget for FY2023-24
- Estimated Recurring of \$397.3 million

○ ○ ○ ○

UPDATED 10-YEAR OUTLOOK



Includes:

- Baseline Budget, before adjustments
- Debt pay-offs
- Measure X rate decrease
 - 1.5% to 1.0% in 2029
- CPI increases FY24-25 and later
- OC Streetcar ops begin FY24-25

Does not include:

- Impact of potential future recession
- New services
- Potential revenue increases from new development

Summary of the General Fund Balance

	General Fund
Estimated Ending Balance at June 30, 2023, adjusted for non-cash activities	\$101,495,809
Less 18% Reserve	\$(71,967,831)
Estimated Spendable Balance	\$29,527,978
Planned Additions to FY23-24 Budget:	
Third & Broadway Development Contractual Obligation	\$(13,000,000)
Right-of-way maintenance to cover Gas Tax revenue reduction to preserve current service levels	\$(700,000)
Potential Special Elections	\$(1,000,000)
Climate Action Plan	\$(750,000)
Downtown Santa Ana Parking Subsidy	\$(1,862,320)
Estimated Available for One-Time Spending	\$12,215,658

Event Spending

	Most Recent Actual	Estimated Attendance	Cost Per
Fourth of July	\$80,256	7,500	\$10.70
Juneteenth	\$91,107	800	\$113.88
Fiestas Patrias	\$297,620	60,000	\$4.96
Egg Hunt	\$37,335	5,000	\$7.47
Movies In the Park (13)	\$116,684	9,750	\$11.97
Summer Concert Series (4)	\$42,336	2,400	\$17.64
Birch Series (summer & fall movies, Shakespeare in the Park)	\$31,835	2,700	\$11.79
Indigenous Peoples Day	\$66,266	250	\$265.06
Chicano Heritage	\$65,609	6,000	\$10.93
Winter Village	\$896,147	35,000	\$25.60
Autumn Festival	\$42,967	3,500	\$12.28
5K	\$59,958	821	\$73.03

Should event funding be adjusted?

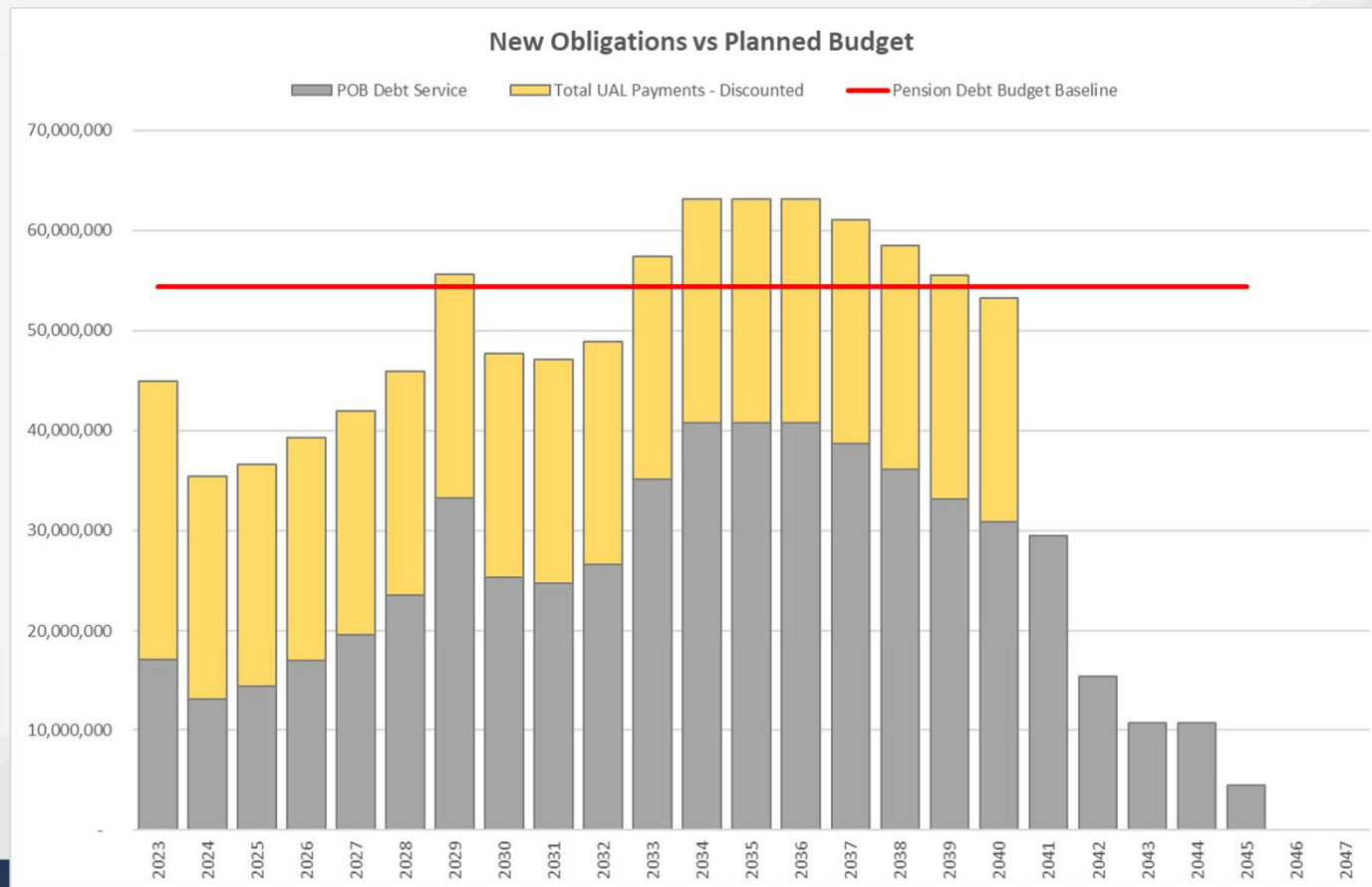
UNFUNDED EMPLOYEE PENSION LIABILITY COST-REDUCTION POLICY

“It shall be the City’s policy to consider an additional discretionary payment to reduce the unfunded pension liability during each annual budget process”

Shall we add any discretionary payments from one-time money?

○ ○ ○ ○

UNFUNDED EMPLOYEE PENSION LIABILITY COST-REDUCTION POLICY



Cannabis Public Benefit Fund - Summary

	Recurring
Expected 2/3 allocation of Cannabis Tax	\$9,077,333
Less:	
PRCSA Youth	\$3,209,410
Library Youth	\$975,000
Planning & Building Code Enforcement	\$1,190,520
Finance Enforcement	\$362,990
City Attorney's Office Enforcement	\$553,080
Police Enforcement	\$3,520,900
Recurring Cannabis Tax Available	\$(734,567)

	One-Time
Latest estimate of June 30, 2023 spendable fund balance	\$3,306,876
Less:	
Midyear request for Newhope Library Renovation	\$1,150,000
Third Quarter request for Main Library Renovation	\$1,710,414
One-Time Cannabis Tax Available	\$446,462

Staff is in process of fine-tuning this budget, but we need more data from tax remittances after the rate reductions became effective January 1, 2023

FY 2023-24 BUDGET UPDATES

New Rent Stabilization Program/Fee/Fund - FY 2023-24 budget will include a new fund for Rent Stabilization. To be funded with a new fee to cover staff costs of operating the program, including legal, housing and administration. Community Development will bring an item to Council by June.

Civic Center Modernization - City will receive \$9 million from the state for Modernization of the Civic Center. This grant will be used for acquisition of the state building and related costs.

Receipt of the funding enables us to fulfill Senator Umberg's request to provide \$1.5 million of direct assistance to downtown businesses.



OPIOID SETTLEMENTS PAYMENTS

Total Funding

Santa Ana may receive a total of \$11.4 million, with a large share being received over a period of 7 years and the remaining over 18 Years

Total Received

To date, we have received \$1,128,302

The money is restricted to treatment and prevention programs, with priority given to:

- Purchase Naloxone or similar
- Medication-assisted and other opioid related treatment
- Treatment for pregnant & postpartum women
- Treatment for neonatal abstinence syndrome
- Warm hand-off and recovery programs
- Treatment for those incarcerated
- Prevention programs
- Prevention programs
- Syringe service programs
- Data collection and analysis of effectiveness of abatement strategies

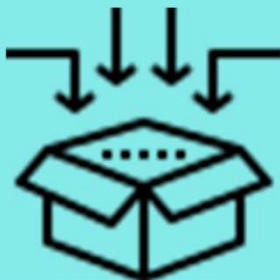
Would City Council like to provide direction for spending preferences?



Next Steps

April

- Continue gathering public input
- Complete internal process and develop recommendations



May

- Council work sessions during regular meetings on May 2 and May 16
- Optional dedicated workshop on May 11
- Draft budget and CIP presentations



June

- Public Hearings
- Formal Adoption





QUESTIONS?

