

## 2. FY24-25 Budget Overview {Kathryn Downs, FMSA}

# FY24-25 Budget Update

June 12, 2024



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Slide 1

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# Committee Recommendations



# Committee Recommendations

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Recommendation	Result or Progress
Favor one-time spending from Measure X Revenue	FY24-25 spending plan includes \$12.6 million for one-time items (14.7% of total).
Use Measure X to study the feasibility of citywide parkland acquisition, including the vacant parcel in Washington Square	Included in FY24-25 budget
Set aside Measure X revenue today for future use, when the Measure X tax rate decreases in 2029 and expires in 2039	A \$5.8 million contribution to pension debt stabilization (\$10.5 million total General Fund, and another \$1.4 million from other funds)
Establish a long-term plan to prepare for the future loss of Measure X revenue	City Council was willing to decrease Parking Enterprise subsidy and directed staff to return with options. FY24-25 Budget has a larger margin of cushion. Council has discussed several ideas for raising revenue.



# Committee Recommendations

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Recommendation	Result or Progress
Shift Measure X to fixing streets, sidewalks, and tree trimming	FY24-25 spending plan includes \$9.8 million for these items (11.4% of total).
Leverage Measure X for grant opportunities, by using it for required matching contributions	No City Council action, but staff will continue to seek out these opportunities. Likely candidates include park and library projects.
Take steps to increase revenue generated by Parks, Recreation & Community Services, thereby decreasing the need for a Measure X subsidy	City Council did not approve an overall fee increase for PRCSA; however, a small handful of new fees were added and there was City Council discussion to increase participation fees for the Fun Run 10k.



# General Fund Summary



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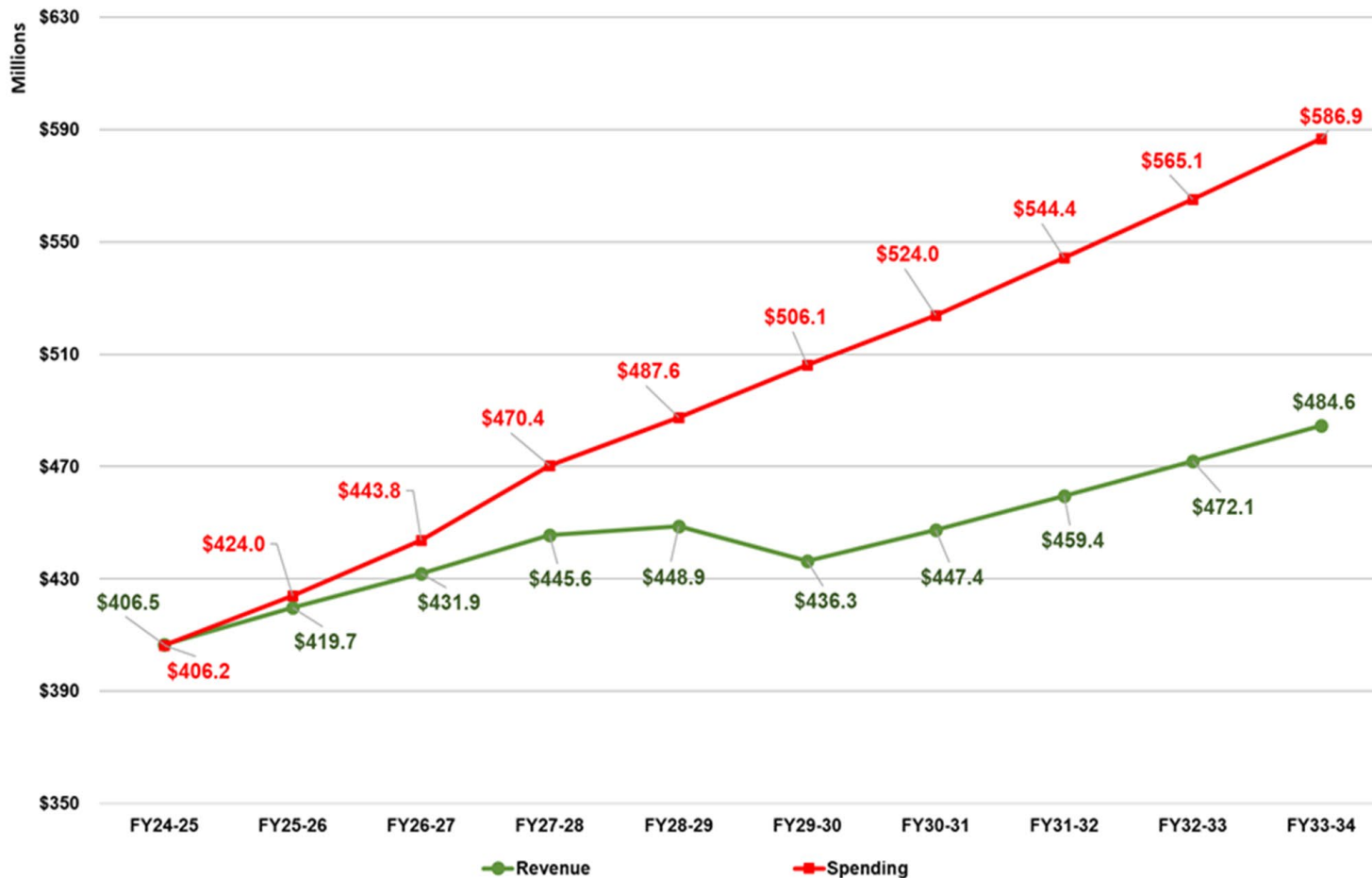
Proposed FY24-25	Recurring	One-Time	Total
Revenue	\$406,527,340		\$406,527,340
Expenditures	\$(364,526,010)	\$(11,104,760)	\$(375,630,770)
Net Transfers	\$(31,142,290)		\$(31,142,290)
Pension Stabilization	\$(10,531,020)		\$(10,531,020)
<b>Net Activity</b>	<b>\$328,020</b>	<b>\$(11,104,760)</b>	<b>\$(10,776,740)</b>

***City Council is scheduled to adopt the FY24-25 budget on June 18.***



# Ten-Year Outlook

## Assumptions:



- Recurring amounts only
- Debt pay-offs
- Measure X rate decrease (1.5% to 1.0% in 2029)
- Inflationary increases FY25-26 and later, based on the California Department of Finance forecast of CPI
- City's contribution to OC streetcar operations begins in FY25-26 (\$1M estimated)
- Planned wage increases
- Orange County Fire Authority contract increase of 4.5% annually
- Contributions to, and uses of, the Pension Stabilization Account have been included to smooth the pension debt fluctuations





# The Plan for 2029

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- Services added with Measure X are in separate accounting units called “Service Enhancements” to easily identify areas for future spending reductions.
- Staff continues to pursue and work with developers to construct new projects in the City and increase the tax base.
- The General Fund Reserve of \$73.2 million can be used to smooth a multi-year transition towards service reductions and/or revenue enhancements.
- The City sets-aside money for future pension debt costs.





Questions?

