



Agenda Item

City Council

Item #: 6.1.

6/27/2023

File #: 23-0430

TO: Honorable Mayor and Members of the City Council

THRU: Tom Kisela, City Manager

FROM: Susan Galvan, Assistant City Manager
Trang Nguyen, Finance Director

1. SUBJECT

Proposed Fiscal Year 2023-2024 City of Orange Budget and Five-Year Capital Improvement Program.

2. SUMMARY

Each spring, the City staff presents the City Council with an Annual budget that serves as the City's financial and operational plan for the upcoming fiscal year. This budget document is prepared following three City Council study sessions during which various aspects of the proposed budget were considered and Council direction was given. Staff is also proposing adjustments to the Master Schedule of Fees and Charges.

3. RECOMMENDED ACTION

For Fiscal Year 2022-2023

1. Approve a budget transfer of \$1,000,000 from the Capital Projects Fund (500) unreserved fund balance to the General Fund (100) unreserved fund balance.
2. Approve a budget transfer of \$1,000,000 from the Computer Replacement Fund (790) unreserved fund balance to the General Fund (100) unreserved fund balance.

For Fiscal Year 2023-2024

Seven action items are recommended to adopt the Fiscal Year 2023-2024 Budget, effective July 1, 2023:

1. Adopt Resolution No. 11471. A Resolution of the City Council of the City of Orange adopting said City's Budget for the Fiscal Year 2023-24 and authorizing transfer of funds within and between appropriations, transfer of funds between funds, and additional appropriations.
2. Adopt Resolution No. 11472. A Resolution of the City Council of the City of Orange adopting the appropriations limit for the Fiscal Year 2023-24.
3. Make a finding that the portion of the Fiscal Year 2023-24 Budget subject to the Gann Appropriations limit is \$117,783,431, and therefore within the limit.
4. Adopt Resolution No. 11473. A Resolution of the City Council of the City of Orange approving and authorizing staff to submit to the Orange County Transportation Authority the Measure M2 Seven-Year Capital Improvement Program for Fiscal Year 2023-24 through 2029-30 to comply with Measure M2 eligibility criteria.
5. Adopt Resolution No. 11474. A Resolution of the City Council of the City of Orange amending the Master Schedule of Fees and Charges for various services and the rental of rooms and

equipment.

6. Adopt Resolution No. 11475. A Resolution of the City Council of the City of Orange amending Resolution No. 11434 between the City of Orange and the Orange Management Association.
7. Adopt Resolution No. 11476. A Resolution of the City Council of the City of Orange amending the citywide pay schedule in accordance with the requirements of California Code of Regulations, Title 2, Section 570.5.

4. FISCAL IMPACT

For Fiscal Year 2022-2023

Funds are available to cover the cost of the budget transfers from the Capital Projects Fund (500) and the Computer Replacement Fund (790).

For Fiscal Year 2023-2024

Adoption of the annual budget establishes the City financial plan for the 2023-2024 Fiscal Year.

5. STRATEGIC PLAN GOALS

Goal 2: Be a fiscally healthy community

- a: Expend fiscal resources responsibly.
- b: Analyze future fiscal needs and potential revenue opportunities.
- c: Provide appropriate reserves.

6. DISCUSSION AND BACKGROUND

The adoption of the FY 2023-2024 (FY 24) Budget and related documents will ensure the City has established a set of legally adopted appropriations, met all the requirements of the Gann Initiative, and complied with the Measure M and Transportation Congestion Relief Fund (TCRF) funding requirements (Maintenance of Effort) of a Seven-Year Transportation Capital Improvement Plan. The FY 24 budget represents the City's spending plan for the coming fiscal year, which will begin July 1, 2023 and end June 30, 2024.

In preparing the FY 24 budget, the City Council conducted three study sessions to discuss various aspects of the proposed budget. Council deliberated extensively regarding methods to balance the FY 24 budget, while also recognizing the need to continue to provide quality services to the community. Through the leadership of the City Council, the resulting budget document has been developed in a collaborative manner involving all City departments. The proposed FY 24 General Fund Budget reflects expenditures exceeding revenues by about \$3.5 million and a proposed \$2.5 million transfer from the Capital Projects Fund, resulting in an ending fund balance of \$390,000. The attached Budget Message provides further detail on the proposed budget for FY 24. The budget presented at this Public Hearing is an abbreviated version of the complete budget package but contains all of the information and attachments required for adoption. As such, the essential elements that are included and required for adoption of the FY 24 Budget are:

- Budget Message
- Budget Resolutions
- Selected Budget Worksheets
 - Fund Balances
 - Transfers
 - Revenues and Expenditures
 - Recommended Staffing Changes
 - Schedule of Positions
 - Carryovers
 - City Debt Obligations

- Successor Agency (Redevelopment Agency) Debt Obligations
- Capital Improvement Projects for FY 24
- Department Goals and Objectives for FY 24
- Five-Year Capital Improvement Plan
- Proposed Fee Changes

Fee Study

After a review of specific fees and an update to the fee model with revised time estimates and costs for delivering services, staff is proposing changes to certain fees in the City's Master Fee schedule. With the recommended fees, we expect to recover approximately 51% of costs associated with the services provided. The total revenue impact of the proposed fees represents an increase in General Fund revenue of approximately \$400,000. Resolution No. 11474 includes an updated Master Schedule of Fees that reflects all the recommended fee changes. An overview of each fee change is also attached.

Conclusion

Following adoption of the FY 24 Budget, staff will complete the preparation of the Budget and Capital Improvement Plan documents and present them to the City Council upon publication.

7. ATTACHMENTS

- Budget Message
- Resolution No. 11471
- Resolution No. 11472
- Resolution No. 11473
- Resolution No. 11474
- Resolution No. 11475
- Resolution No. 11476
- Selected Worksheets for the Proposed FY 24 Budget
 - Historical Summary of Revenues and Expenditures by Fund Type
 - Schedule of Changes in Fund Balance
 - Schedule of Transfers
 - Historical Schedule of Revenue Sources by Fund Type and Fund
 - Schedule of Revenue Sources - Detail
 - Summary of All Fund Expenditures by Department
 - Historical Schedule of Expenditures by Fund Type and Category
 - Summary of General Fund Expenditures by Department

- Schedule of Positions
- Schedule of Recommended Staffing Changes
- Schedule of Operating Carryover Appropriations
- City Debt Obligations
- Successor Agency Debt Obligations
- Schedule of New Capital Improvement Funding by Fund
- Department Goals and Objectives FY 24
- Five-Year Capital Improvement Plan
- Proposed Fee Changes