

***CITY OF VILLA PARK
2024-25 BUDGET
SECOND WORKSHOP
May 6, 2024 - 5:00 p.m.***





***CITY OF VILLA PARK
2024-25 BUDGET
SECOND WORKSHOP AGENDA***

- 2023/24 Year-End Projections
- 2024/25 Estimated Financing
- 2024/25 Revenue Assumptions
- 2024/25 Expenditure Issues
- Next Steps – Budget Adoption!



2023-24 Year-End Projections

2023-24 Revenue (\$5,804,270 Budgeted)

- Projected \$5,833,745 (\$29k over budget)
 - Primarily due to increase in Property Taxes, Franchise Taxes, and Investment Income, offset against Federal Grant & City of Orange Reimbursement for the Cerro Villa Street Project (which has been delayed)

2023-24 Expenditures (\$7,589,110 Budgeted)

- Projected \$6,429,591 (\$1.2M under budget)
 - Salaries & Benefits = \$46k over budget
 - Operating Expenses = \$448k under budget
 - Capital Projects/Equipment = \$757k under budget
 - \$702k unspent for Street Projects (Cerro Villa & Street Project)
 - \$20k unspent for City Hall improvements
 - \$17k unspent for Truck replacement



2024-25 Revenue Assumptions

Discretionary Revenue Highlights

- Property Tax = \$101k increase over PY projection
 - 3.0% increase based on 2023-24 projected collections
 - County projected 4% overall
- Sales Tax = \$380k or 6% below PY projection (Avenue Services projection)
 - Bradley/Burns = \$284k
 - Public Safety (Prop. 172) = \$96k
- Building Permit Fees = \$10k decrease (2.9% below PY budget)
- Tech Fee = \$15k (limited to technical enhancements)
- Passport Processing = \$8k (based on 2023-24 actuals)
- Revised Fee Schedule Impact = estimated \$50k increase



2024-25 Revenue Assumptions – continued #2

Restricted Revenue Highlights

- Sewer Improvement Funding = \$2.2M available (Sewer Assessment Funds)
- Measure M2 Road Funding = \$134k (3% increase over FY 23-24 budget)
- State Gas Tax = \$318k (4% increase over FY 23-24 Budget)
- AQMD Funding = \$7.5k
- PEG Funding = \$16k
- CalRecycle SB 1383 Grant = \$75k awarded (2-year term to spend)
- Reimbursement from City of Orange = \$100k (Cerro Villa Project resumes – pending State approval)
- CRRSAA State Grant = \$200k (assumes Cerro Villa Project resumes)

*****Total 2024-25 Revenue Change = \$296k increase over 2023-24 budget*****



2024-25 Estimated Financing

Fund Balance – Inc. Reserves (as of 6/30/23)	7,763,582
2023-24 Projected Revenue	5,833,745
2023-24 Estimated Transfer In	505,000
2023-24 Projected Expenditures	(6,429,591)
2023-24 Estimated Transfer Out	(505,000)
Est. Fund Balance – Inc. Reserves (as of 6/30/24)	7,167,736
2024-25 Budgeted Revenues	6,100,200
Fund Balance Transfers In	150,000
2024-25 Budgeted Operating Expenditures	(5,594,400)
Fund Balance Transfers Out	(150,000)
2024-25 Budgeted Capital Expenditures	(1,594,000)
Est. 202 Fund Balance – Inc. Reserves (as of 6/30/25)	6,079,536
 <u>Reserves</u>	
+ Fund Balance: General Fund Reserve (50% of GF Op Budget)	2,524,500
+ Fund Balance: PARS Contribution	100,000
+ Fund Balance: Designated Reserves	405,000
Total Reserves	3,029,500



2024-25 EXPENDITURE ISSUES

- **Rebudget of 23-24 Projects**
 - Housing Element/Zoning Update = \$198k (Remaining contract amount with Kimley-Horn) (External)
 - Cerro Villa Drive Rehab = \$437k (project delayed due to rescinded Federal Grant Program - State is taking over the funding) (Discretionary)
- **Continuation of Council Priorities**
 - **Capital Projects/Infrastructure**
 - Sewer Maintenance/Pump Station Improvement Project (Non-Discretionary)
 - Master Plan \$250k, Sewer Cleaning \$50k & Sewer Master Plan Design for priority upgrades \$500k (funded from Special Annual Sewer Assessment)
 - 2024-25 Street Rehabilitation Project = \$100k for Design (Non-Discretionary)
 - Street Slurry Seal = \$225k (Non-Discretionary)
 - Pavement Maintenance = \$45k (sidewalk & median repair) (Discretionary)
 - Pavement Management Program = **\$20k decrease** (done every other year) (Discretionary)
 - City Hall Maintenance = \$20k (exterior repair) (Discretionary)
 - DG Trail Improvement Project = \$50k (Discretionary)
 - Villa Park Road Median Improvement = \$12k design (Discretionary)
 - Fence Maintenance = \$14k (Discretionary)
 - Street Traffic Re-Striping = \$50k (Non-Discretionary)
 - **General**
 - Council Travel = \$10K (\$2k per Councilmember) (Discretionary)



2024-25 EXPENDITURE ISSUES – continued #2

- **Additional Issues –**
 - **Contracted/External Mandates**
 - OCSD Law Enforcement Contract = \$145k increase (\$2,150,096, for 6.75% increase – 2nd estimate) (External)
 - Negotiated Salary Agreement/SRO/Directed Enforcement/Special Events/Traffic Motor
 - Animal Control = \$31k (2.3% increase over FY 2023-24 NOI Estimate) (External)
 - Animal Shelter Contribution = \$5,155 (No change - \$12,887 balance) (External)
 - CJPIA Insurance Premium = **-\$8k decrease** (\$137k total premium) (External)
 - NV5 Engineering Services = \$5.6k increase (Discretionary)
 - Homeless Shelter Operational Contribution = \$40k (Delayed SB2 revenues) (External)
 - Municipal Election Cost = \$15k increase (Election in November 2024 – no 2023 election) (External)
 - Building Official/Code Enforcement Officer Transition = \$13k (9%, related to new contract) (External)
 - Landscaping Cost = \$1,422 increase (Tropical Nurseries) (External)
 - Sagecrest Planning = **\$14k decrease** (reduced contract hours) (External)
 - MAH Traffic Contract Engineering = \$10k (External)
 - Traffic Speed Study = \$15k (every five years) (External)
 - CalRecycle SB1383 = \$40k (grant funds received in amount of \$75k) (External)



2024-25 EXPENDITURE ISSUES – continued #3

Additional Issues –

- **Technology, Etc.**
 - Council/Staff Computer/Cell Phone Replacements = \$5k increase (2 new Councilmembers) Discretionary)
 - Budget/Financial System Subscription = \$21.4k (flat annual fee) (Discretionary)
 - Brea IT Support = \$33.4k (base service level) (External)
 - Permitting System = \$8.6k (subscription) (Discretionary)
 - New Solar Permit Module = \$3k (External)
 - Network Switch Replacement = \$8k (External)
 - Automated Fingerprint ID = \$2.5k (External)
- **Salaries & Employee Benefits**
 - Salaries = **\$16k total decrease**
 - 2% Merit Pool (Each 1% = \$5.6k) & Tuition Reimbursement (\$7k)
 - City Manager = Pending (Discretionary)
 - Workers Comp = \$6.2k increase (External)
 - Health Insurance = \$20k increase (External)
- **CalPERS Contribution Rate Adjustments (Pending)**
 - Contribution Rate
 - UAL = \$19.3k increase (from \$110,278 to \$128,531)
 - Classic = 0.05% increase (from 2.47% to 12.52% - 1 remaining employee)
 - PEPR = 0.19% increase (from 7.64% to 7.87%)
 - Villa Park within 78-80% (Funding per 6/30/22 actuarial valuation - including Sect. 115 Trust)



2024-25 RESERVES & CONTINGENCIES

- **Reserves & Contingencies**

- 50% of GF Ops Budget for 2024-25 Reserve = \$2,524,500 (50% per City Council Policy) (Discretionary)
- Section 115 Trust Year 8 Contribution = \$100k (consistent with past 7 years, but alternate distribution)
 - CalPERS UAL = \$50k (year 7 = 50% less than past years, current total = \$650k) (Discretionary)
 - Health Retirement UAL = \$50k (2nd year contribution toward \$113k estimated Health UAL) (Discretionary)
- Budget Contingency = \$120k (flat) (Discretionary)

**THANK YOU
TO THE
CITY COUNCIL
& STAFF!**



NEXT STEPS

****FY 2024-25 BUDGET ADOPTION**
TUESDAY, JUNE 25, 2024 – 6:30 p.m.
(Part of Regular City Council Meeting)**