RESOLUTION NO. 2022-53

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA ADOPTING THE FISCAL YEAR 2021-22 AND FISCAL YEAR 2022-23 MID-CYCLE BUDGET ADJUSTMENTS, AND AUTHORIZING THE FINANCE DIRECTOR TO TAKE ALL NECESSARY ACCOUNTING AND BUDGETARY ENTRIES

WHEREAS, the City and Agency budget is an estimation of resources, revenues and expenditures for a fiscal year period, which is July 1st through June 30th and;

WHEREAS, the City Council previously adopted the two-year budget for Fiscal Years 2021-22 and 2022-23, and;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Marina:

1. That the City Council adopts the FY 2021-22 and FY 2022-23 budget adjustments as detailed and recommended in the accompanying staff report and **Exhibit A as adopted**, and;

2. Continues established procedures for amending the budget as follows:

   BUDGET ADJUSTMENTS, REALIGNMENTS & AMENDMENTS
   The Marina City Manager and Executive Director of the Successor Agency to the Marina Redevelopment Agency, or his designee, shall be authorized to transfer budget authority within a fund as long as the total budget authority for that fund is not exceeded.

   The Marina Finance Director for the City of Marina and the Successor Agency to the Marina Redevelopment Agency may move budget authority within a department amount operating expenditures and among salary accounts but may not move budget authority from operating accounts to salary accounts.

   The Marina City Manager and Executive Director of the Successor Agency to the Marina Redevelopment Agency, or his designee, shall be authorized to modify the budget(s) as follows:

   a. Transfer revenues/appropriations within General Fund department
   b. Transfer revenues/appropriations within projects/departments of any fund
   c. Transfer revenues/appropriations between/among General Fund departments
   d. Transfer revenues/appropriations between/among projects/departments of any fund

   Only the City Council or the Successor Agency to the Marina Redevelopment Agency Board of Directors shall be authorized to:

   a. Increase/decrease the appropriation of any fund
   b. Transfer cash and/or appropriations from one fund to another
   c. Authorize any interfund loan of cash or other resources
   d. Authorize expenditure, transfer, or encumbrance of the fund balance of any fund

3. Authorize the Finance Director to make all necessary and budgetary accounting entries, including the temporary transfer of cash due to timing of revenue payments.

PASSED AND ADOPTED by the City Council of the City of Marina at an adjourned regular meeting duly held on the 3rd day of May 2022, by the following vote:

AYES: COUNCIL MEMBERS: Medina Dirksen, Burnett, Berkley, Biala, Delgado
NOES: COUNCIL MEMBERS: None
ABSENT: COUNCIL MEMBERS: None
ABSTAIN: COUNCIL MEMBERS: None

____
Bruce C. Delgado, Mayor

ATTEST:

____
Anita Sharp, Deputy City Clerk

EXHIBIT A

	FY 21/22 Revised as of 5/2/22	FY 21/22 Revised w/Mid-Cycle Adjs
Revenues	27,536,794	30,332,187
Expenditures	(37,408,532)	(38,190,612)
Surplus/(Deficit)	(9,871,738)	(7,858,425)
Add back one-time transfers from:		
Land Sales Proceeds (to various CIP Projects)	6,250,000	6,250,000
Community Improvements (Landscape Architect/Arborist)	150,000	150,000
*Net FY21/22 One-time Budget Adjs	294,000	294,000
Adj Surplus/(Deficit)	(3,177,738)	(1,164,425)
Unallocated Fund Balance (to various CIP Projects)	2,015,000	2,015,000
Water Litigation	700,000	-
Structural Surplus/(Deficit)	(462,738)	850,575
<u>Recommended Adjustments</u>		
Add/(Remove) one-time items:		
Mutual Aid	-	(517,080)
One-Time Expenses	-	782,080
Structural Surplus/(Deficit)	**(462,738)**	**1,115,575**

	Revision Summary
Ongoing Revenues:	
Property Tax	785,503
Sales Tax	993,000
TOT	416,220
Cannabis Tax	125,000
General Plan Fees	(41,410)
Total Ongoing Revenues	**2,278,313**
One-time Revenues:	
Mutual Aid	517,080
Total One-time Revenues	**517,080**
One-time Expenses:	
Mutual Aid	517,080
Gen Plan Transfer	265,000
~~Casa de Noche Buena Contrib~~	-
Total One-time Expenses	**782,080**

EXHIBIT A

	FY 22/23 Adopted	FY 22/23 Revised w/Mid-Cycle
Revenues	27,666,998	29,836,177
Expenditures	(28,995,314)	(29,800,314)
Surplus/(Deficit)	(1,328,316)	35,863
Add back one-time transfers from:		
Land Sales Proceeds (to various CIP Projects)	-	-
Community Improvements (Landscape Architect/Arborist)	150,000	150,000
*Net FY21/22 One-time Budget Adjs		
Adj Surplus/(Deficit)	(1,178,316)	185,863
Unallocated Fund Balance (to various CIP Projects)	-	-
Water Litigation	700,000	-
Structural Surplus/(Deficit)	(478,316)	185,863
Recommended Adjustments		
Add/(Remove) one-time items:		
Mutual Aid	-	-
One-Time Expenses	-	125,000
Structural Surplus/(Deficit)	**(478,316)**	**310,863**

	Revision Summary
Ongoing Revenues:	
Property Tax	875,958
Sales Tax	908,600
TOT	301,031
Cannabis Tax	125,000
General Plan Fees	(41,410)
Total Ongoing Revenues	**2,169,179**
Ongoing Expenses:	
City Attorney/Legal	350,000
Liability Insurance	250,000
CalPERS Pmts	80,000
~~CDD Doc Scanning~~	-
Total Ongoing Expenses	**680,000**
One-time Expenses:	
~~Access Control~~	-
Shein Trust Funds	125,000
~~CDD Doc Scanning~~	-
~~PW Riding Mowers~~	-
~~Casa de Noche Buena Contrib~~	-
Total One-time Expenses	**125,000**

City Council Priority List

City Council priority list for development of Fiscal Year 2021-22 and 2022-23 Budget based on May 18, 2021 City Council Meeting

1. Hire staff necessary to accomplish budgeted action plans, priority lists and projects including:
   - Existing vacant positions
   - Launch working on Cypress Knolls by Feb. 2022 once General Plan consultant is on board and project is moving forward.
   - Complete Downtown Vitalization Plan by November 2021
   - Complete General Plan by 2023.

2. Plan with budget to repair identified 26 worst local streets within 3 years.

3. Plan with budget to identify:
   - At least $2.5 million to fix Marina Sports Center/Water City
   - $850,000 to begin upgrading Marina Equestrian Center
   - At least $3 million to upgrade existing City parks and open space areas within 3 years, while allowing maximum safe use of parks during upgrading construction.

4. Plan with budget improvements to Community Center, Teen Center/Skate Park within 5 years.

5. Plan to open pump track by July 2022.

6. Plan to open Sea Haven Park by November 2022.

7. Plan to begin construction of Dunes City Park by February 2022 and open by February 2023.

8. Hayes Circle land swap prior to November 2021.

9. Replace all broken and missing light posts by November 2021.

10. Begin LAFCO process to Annex East Campus and East Garrison before November 2022.

11. Broadband implementation to include feasibility study and other support actions toward implementation prior to June 2022.

12. Racism study begin by February 2022. By September 1, 2021, develop RFP with task force; November 1, 2021 final RFP ready; select vendor by January 1, 2022; launch study by February 1, 2022.

EXHIBIT C

CONSOLIDATED PROJECT LIST Revised April 15, 2021, 5:00 PM

CONSOLIDATED PROJECT LIST

Consol Proj #	Draft Tier	Cross Ref with 3.02.21	Cross Ref with CIP	Name of Project * Priorities established on Dec. 10, 2020 retreat	Est. cost	Funding Source	Status as of March 2, 2021	Time Frame: 0-6mths, 6-12 mths, > 1 yr	Man-datory or Urgent	Dept	Staff Re-sources
1				*Increase staff/consultant capacity for projects	1,500,000	GF/UFB	On target.	6-12 months	yes	ALL	5 hrs/wk
2				infrastruct (Present method to receive/fund infrastruct. repairs from residents)	50,000	GF	On target	0-6 months	yes	PW/ADM	80 hours
3			1	*Improve/maintain facilities and infrastruct. Incl. IT (incl IT server room air conditioning)	7,000,000	UFB	On target	> 1 yr	yes	PW	100 hours
4		4	4, 21	infrastructure, incl public outreach & park design for Pump Track & Gloria Jean-Tate Park incl restrooms.	200,000	UFB/IF	Done. Public outreach for pump track design.	0-6 months	no	PW	40 hours
5		18	7	*Secure funding for Imjin Pkwy Widening Project	19,000,000	TAMC/IF	On target. Wait for lien release one property owner	0-6	yes	PW	20 hours
6		8, 9		*Blight Removal plan incl. funding	8,500,000	BB	Done. Priority system id blighted areas; ranking system, funding & present CC with plan		yes	PW	150 hours
7a		6		*Equestrian Park Development RFP	50,000	NPS	RPS received. Recommendation to Council by mid June.	0-6 months	yes	PW	150 hours
7b			4	Equestrian Center Development: Park Design	up to $850,000	NPS	Work with selected concessionnaire to implement	0-6 months	no	PW/Rec/ADM	100 hours
8		33	30	*Downtown Vitalization Specific Plan	250,000	GF	On target. Target date Sept/Oct 2021	0-6 months	yes	CDD	40 hours
9		1		*Annexation CSUMB housing/landfill, East Garrison	150,000	UFB	On target to estab. Timelines. Meet with LAFCO	0-6 months	yes	ADM	40 hours
10				*Detemine how to implement development of Cypress Knolls	350,000	UFB	Discussion regarding impact on General Plan prioirty. Waiting council direction	6-12 months	no	CDD/ADM	10 hours
11				Groundwater Sustainability Plan (GSP) Implementation	300,000	UFB, potential grants	depedent on Coastal Commission and lawsuits	>1 yr	yes	ADM/PW	100 hours
12		2		Groundwater & Aquifer protection	1,000,000 annually	GF/UFB	depedent on Coastal Commission and lawsuits	> 1 yr	yes	ADM	200 hours
13				Stockade Demolition	2,200,000	GF	almost complete	0-6 months	yes	PW	50 hours
14		32		Police Service Study	150,000	GF/UFB	will be determined in budget process	6-12 months	no	ADM/POL	100 hours
15				Increased traffic speed enforcement-Public	125,000	GF	will be determined in budget process	6-12 months	no	PD	80 hours

16				Continued fire vehicle funding plan - BD	1,500,000	UFB	will be determined in budget process	> 1 yr	yes	ADM/FIRE	20 hours
17		31		Fire Service Study	75,000	GF	almost complete. Need to review results with CC.	0-16 months	yes	ADM	20 hours
18		63		Covid-19 initiatives	4,300,000	Federal dollars	waiting for treasure dept. guidance. Process to decide how to allocate funds	6-12 months	yes	ALL	250 hours
19		64		Martin Luther King Jr. Sculpture	25,000	private	Need to present Commission recommendation to City Council	0-6 months	yes	REC/PW	20 hours
20		38		Airport Business Park Specific Plan EIR	200,000	Airport	completed		yes	CDD/ADM	
21		39		JOBY Aviation development	150,000	Airport	working with FAA on manufacturing plant approval/CEQA/NEPA	0-6 months	yes	ADM	50 hours
22		34		FORA Transition remaining tasks/issues	50,000	GF	almost completed - coordination remaining issues with County	0-6 months	yes	ADM	20 hours
23		66		Racism, Diversity & Inclusion Study	45,000	GF	need staff time allocated	0-6	yes	ALL	250 hours
24		17		Impact Fee Update	75,000	IF	need staff time allocated	0-6 months	yes	PW/ADM/FIN	50 hours
25		16		Fee Schedule- General B.D.	15,000	GF	need staff time allocated	0-6 months	yes	ALL	50 hours
26				Fee Schedule update for cannabis	15,000	GF	need staff time allocated	0-6 months	yes	ADM	20 hours
27		48	25	Hayes Circle Duplex Land Swap or Renovation	450,000	UFB	need staff time allocated/surplus lands act may impact	0-6 months	no	ADM	20 hours
28		65		Landfill Border Property Transfer-Obligation Impacts	75,000	UFB	need staff time allocated	0-6 months	yes	ADM	50 hours
29		58		Creating voting districts	40,000	GF	mandatory b4 summer 2022/ next milestone census results/need to get consultant hired	6-12 months	yes	ADM	100 hours
30		23		Stormwater permits NPDES	50,000	GF	ongoing		no	PW	50 hours
31				High Speed Internet- Public	30,000	GF	not started	6-12 months	no	DM	20 hours
32		24		Website improvements	35,000	GF	ongoing		no	ADM	40
33				Bi-weekly newsletter re: police work, street repairs, rec program, upcoming meetings - Public	50,000	GF			no	ALL	
34		29		City lease management	15,000	GF	need staff time allocated/ ongoing	6-12 months	no	ADM	100 hours
35		35		Cannabis Program- Dispensary establishment- BD	0	GF		> 1 yr			
36		42		Campaign finance reforms	5,000	GF	need staff time allocated	6-12 months	no	ADM,ATTY	20 hours

37		57		Marina Station Development	50,000	UFB	ongoing	0-6 months	yes	ALL	200 hours
38		5	31	Sea Haven Development incl Park	3,000,000	IF & developer	final plan needs approval by city council	0-6 months	yes	ALL	100 hours
39		7	32	Dunes City Park Development	20,000,000	IF & developer	Bight removal approved; concept plans	>1 yr	no	PW/Rec/ADN	200 hours
40		56		Dunes Phase II development Promenade	0	GF	need staff time allocation	0-6 months	yes	CDD/ADM	50 hours
41			15	Dunes Development Mitigation Study			Unsure of this project				
42			22	Dunes Barracks Stabilization & Fire Station #3	200,000	UFB	need staff time allocated	6-12 months	yes	PW	50 hours
43		62		Short-term Home rentals annual review	15,000	GF	will go to city council soon	0-6	no	ADM/CDD	20 hours
44		3		Homelessness Issues (incl. Covid related)		GF	ongoing		no	ALL	
45		54		Below Market Rate Housing Program Implementation	200,000	GF & developers	need to hire dedicated staff and consultant	0-6 months	yes	ADM	200 hours
46				Rental Registry software program- KYB	50,000	GF			no	ADM	
47		51		Inclusionary Ordinance Update	20,000	GF	need staff time allocation	> 1 yr	no	CDD	100 hours
48		53		Zoning Ordinance update	50,000	GF	need staff time allocation	> 1 yr	no	CDD	100 hours
49		37		Opportunity Zone Marketing and Development	5,000	GF	Marketing packet completed		no	ADM	
50		52	29	General Plan Update preparation	500,000	GF/UFB	need to hire a consultant	> 1 yr	yes	ALL	2,000 hours
51		43	28	Local Coastal Plan Update	85,000	GF	draft submitted to Coastal Commission	6-12 months	yes	CDD	50 hours
52		50		Housing Element update	75,000	GF	waiting completion of Downtown Vitalization Plan	0-6 months	yes	CDD/ADM	20
53				City-wide parking study - Public	150,000	UFB	need direction from city council.	0-6 months	no	CDD/ADM	100 hours
54				Sidewalk improvement (hazard reduction) program- BD	50,000	GF	needs to be budgeted	6-12 months	no	PW	50 hours
55				Safe Routes to School	1,000,000	UFB, Grants	needs to be budgeted	6-12 months	no	PW	100 hours
56			8	Gateway improvements incl entry sign	300,000	UFB	needs to be budgeted	> 1 yr	no	PW	100 hours
57		22		Street maintenance program incl. lowest rated streets	10,000,000	UFB/GF	needs to be budgeted, possible bond	> 1 yr	yes	PW/ADM/FIN	200 hours
58		21	13	8th St between 3rd & 5th Ave Design	150,000	IF, CFD fee	working with Dunes developer	0-6 months	yes	PW	100 hours
59		19		Del Monte at Reservation Rd. redesign/improvements	400,000	CFD fee	preliminary design completed. Reviewing impact on endangered species	0-6 months	no	PW	100 hours

60		19	10	Del Monte/ 2nd Ave Connection Design	8,000,000	CFD fee	preliminary design completed. Reviewing impact on endangered species	0-6 months	no	CDD/PW	100 hours
61			11	Del Monte Median Landscape Demo	50,000	GF	funded CIP, need staff time allocation	6-12 months	no	PW	100 hours
62			5	Reservation Rd Median & Streetlight Outlets	50,000	GF	needs to be budgeted	0-6 months	no	PW	50 hours
63			6	Reservation Rd 2 Roundabouts at Cordoza & Beach	2,000,000	IF/TAMC grant	needs to be budgeted	> 1 yr	no	PW	100 hours
64		20	14	Salinas Ave Widening Design	50,000	CFD fee	almost completed - coordination remaining issues with County	0-6 months	no	PW	50 hours
65			20	California Ave. pedestrian crossing	50,000	IF	consultant working on project	0-6 months	yes	PW	100 hours
66		14		Sports/Recreation Roller Hockey Feasibility Study 2nd Draft	50,000	IF	consultant working on updating project study	0-6 months	no	ADM/REC/PV	50 hours
67		14	19	Sports/Recreation Roller Hockey Center Rehab & Improvements	3,500,000	UFB/BB/IF	waiting completion of feasibility study	> 1 yr	no	PW/REC/ADN	300 hours
68		49		Stabilization of Useful Buildings	400,000	UFB/BB	need staff time allocation	6-12 months	yes	PW	100 hours
69			2	Annual street resurfacing	2,600,000	GF	ongoing - may need more fundings		yes		
70		46		Preston/Abrams Parking Mngmt Plan Dev	15,000	AP/PP	need staff time allocation	6-12 months	no	ADM	100 hours
71		45		Preston/Abrams Regulatory Agreements update	0	AP/PP	**COMPLETED**		no	ADM	
72		47		(FHA loan)	10,000,000	AP/PP	on target for 2026 new bond		yes	ADM	20 hours
73			35	Preston Park- Park planning	150,000	UFB/IF	need to hire consultant and staff time	6-12 months	no	ADM/PW/RE	200 hours
74				Walmart dirt lot development- BD	50,000	UFB			no	CDD	
75				3006 Del Monte Property - BD		GF			no	ADM	
76		36	23	Arts Village Development (stabilization)	1,200,000	BB	funding allocated, need staff time	6-12 months	yes	ADM/PW	200 hours
77		13		Aquatic Center- Estab. Bond committee	50,000	UFB/IF	needs staff time allocation	6-12 months	no	ADM/PW/RE	100 hours
78			12	Pool Rehabilitation	8,000,000	UFB/IF/ BOND	needs funding source	> 1 yr	no	ADM/PW/RE	200 hours
79		12		Improve Youth/Srs/Family Program Dev./Seek partners	200,000	GF	needs staff time allocation	6-12 months	no	REC	100 hours
80		41		Special/cultural events	50,000	GF	needs staff time allocation	6-12 months	no	REC	100 hours
81		28		Recreation online programs	40,000	GF	ongoing		no	REC	50 hours
82		15		Senior Center (Plan, site, construction, staffing)	3,000,000	UFB/IF	waiting council direction		no	PW/REC	250 hours
83				Civic center funding plan	75,000	UFB	need cost estimate	> 1 yr	no	ADM/PW	100 hours
84		25		Council Chamber Improvements incl. ADA, Covid	400,000	UFB			no		
85		27	9	City Hall/Annex Center Reconfiguration	5,000,000	UFB	on hold pending funding	6-12 months	yes	PW/ADM	100 hours

86			17	City Council Chamber Media Broadcast Upgrade	1,000,000	UFB	on hold pending funding	6-12 months	yes	PW/ADM	100 hours
87			18	Vince DiMaggio Blg rain gutter replacement	5,000	GF	needs to be budgeted	0-6 months	no	PW	20 hours
88			16	Old Corp yard Entry Gate Automation-Public	25,000	GF	needs to be budgeted	0-6 months	no	PW	20 hours
89		30		Greenwaste Recovery Cost-based Rate Adjustment	30,000	GF			no	PW	
90		44		Organic Waste Ordinance	75,000	GF			no	PW	
91			24	Retention Basin Annual Water Monitoring	30,000	GF			no	PW	
92		67		Habitat Conservation & Habitat Management Program	150,000	CFD fee	consultant hired to complete plan	6-12 months	yes	ADM	100 hours
93				Locke Paddon Lake Vegetation Management/Removal- BD	25,000	GF	needs to be budgeted	0-6 months	no	PW/CDD	25 hours
94				Locke Locke Paddon park: Rebuild floating walkway- Public	1,000,000	UFB/IF	needs to be budgeted		no	PW/ADM	100 hours
95				Widen, plant trees along Del Monte recreation trail- Public	1,000,000	UFB			no	PW	
96				Tree study maintenance removal program-Public	50,000	GF			no	CDD	
97				Climate change action plan - Public	150,000	UFB			no	CDD/ADM	
98				FORTAG Routes		UFB/TAMC			no	PW	
99				Park Maintenance Plan & funding allocation plan- Public	100,000 (annually)	GF			no	PW	50 hours
100			34	Parks deferred maintenance	5,000,000	UFB			yes	PW	250 hours
101				City Lights Program & funding allocation plan - Public	500,000	UFB			no	PW	50 hours
102			26	Street light replacement	200,000	GF/UFB			no	PW	50 hours
103			27	Traffic Signal Maintenance & Upgrades	200,000	GF/UFB			no	PW	50 hours
104				Facilities Management Program for all existing city owned structures & funding allocation plan - Public	5,500,000	UFB			yes	ADM/PW	100 hours
105				Care Bag initiative for foster children by Marina H.S. Students	0	UFB	student project	0-6 months	no	ADM	10 hours
106				Holiday Light Display with City Holiday Tree Lighting event (Marina H.S. students)	0	UFB	student project	0-6 months	no	ADM/PW/RE	25 hours
107				Teen Center Improvement: Upgrade skate park, add volleyball (Marina H.S. students).	50,000	UFB	student project	0-6 months	no	REC/PW	40 hours

LEGEND

April 29, 2022 Item No. **11a**

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of May 3, 2022

CITY COUNCIL CONSIDER ADOPTING RESOLUTION NO. 2022-, ADOPTING FISCAL YEAR 2021-22 AND FISCAL YEAR 2022-23 MID-CYCLE BUDGET ADJUSTMENTS, AND AUTHORIZING THE FINANCE DIRECTOR TO MAKE ALL NECESSARY ACCOUNTING AND BUDGETARY ENTRIES

REQUEST:

It is requested that the City Council:

1) Consider adopting Resolution No. 2022- approving the Fiscal Year 2021-22 and 2022-23 mid-cycle budget adjustments as outlined in the staff report, and
2) Authorizing the Finance Director to make all necessary accounting and budgetary entries

BACKGROUND:

The City operates on a two-year budget cycle. In October 2021, the City Council adopted the current two-year budget for Fiscal Years 2021-22 and 2022-23. Mid-cycle of the two-year budget, staff will make a presentation to the City Council updating the current financial outlook of the City including revenue adjustments and proposed expenditure adjustments. The mid-cycle review will also update the status of the top priorities established by the City Council in the budget. This mid-cycle review is particularly important as the City continues to recover from the ongoing economic impacts of the COVID-19 pandemic. The mid-cycle review provides an opportunity for the City Council to make other adjustments to the Fiscal Year 2021-22 and 2022-23 budget.

City Council policy (Resolution 2012-46), requires the City to adopt a structurally balanced budget. This structural balanced budget is defined as recurring annual expenses not exceeding recurring annual revenues and excludes one-time transfers. The adopted FY 2021-22 and FY 2022-23 budget was structurally unbalanced for the General Fund budget and required the use of unallocated fund balance to close the two-year structural budget deficit. Table I below shows the two-year structural budget, as adopted:

Table I: Two-Year Adopted General Fund Structural Budget

	FY 2022 Adopted	FY 2023 Adopted
Revenues	27,300,504	27,666,998
Expenditures	(27,763,242)	(28,145,314)
Surplus/(Deficit)	*(462,738)*	*(478,316)*

The City Council made this decision due to the desire to fill all the vacant positions that were left vacant and unfilled during the COVID-19 pandemic, so that the service demands from the community could be met. The structural imbalance was also based on conservative revenue estimates for the recovery of primarily sales tax and transient occupancy tax (TOT) that dropped significantly during the COVID-19 pandemic. While staff expected the revenues would recover, they were budgeted conservatively so they City would not be caught short if the economy did not recover as quickly as expected.

ANALYSIS:

General Fund Revenues

Staff has continuously monitored the City's year-to-date budget performance. General fund recurring major revenue sources are projected to exceed the FY 2021-22 budget by a significant amount for the city's three major revenue sources. Tables II and III show projected vs budget amounts for property tax, sales tax and transient occupancy tax (TOT).

Tables II & III: Major Revenue Updates

	FY 2022 Adopted	FY 2022 Projected	*FY 2022 Variance*
Property Tax	6,804	7,590	*786*
Sales Tax	8,382	9,375	*993*
TOT	3,784	4,200	*416*
Total	18,970	21,165	*2,195*

	FY 2023 Adopted	FY 2023 Projected	*FY 2023 Variance*
Property Tax	6,937	7,813	*876*
Sales Tax	8,666	9,575	*909*
TOT	3,983	4,284	*301*
Total	19,587	21,672	*2,086*

**amounts shown in thousands*

These revenue sources comprise about 75% of all general fund revenues, are recurring in nature, and serve as the basis for the structural budget. Staff is recommending a revision to the three major revenue sources for the FY 2021-22 and FY 2022-23 budgets.

Cannabis Tax

In November 2018, voters approved Measure Z, a 5% business tax on gross receipts for Commercial Cannabis Businesses. Revenues from this business tax were delayed due to the ongoing pandemic. Staff did not budget for cannabis tax revenues for FY 2021-22 and FY 2022-23 but now recommends a budget revision to increase the budgeted amounts by $125,000 for both fiscal years.

Additional Recommended Budget Adjustments

In addition to revenue projections, staff has also analyzed significant variances in ongoing and one-time expenses. Staff recommends the following budget adjustments:

Groundwater Protection Legal Expenses

The FY 2021-22 and 2022-23 budgets included an additional $700,000 in one-time funds to cover legal costs related to litigation of groundwater protection. As this litigation continues through multiple fiscal years, it is necessary that these expenses be categorized as ongoing and necessary to protect Marina's groundwater. Staff is recommending that they be included in our balanced budget formula.

City Attorney & Legal Expenses

The City of Marina is in a period of transition and is currently seeking a new City Attorney after the retirement of Rob Wellington who has been the City's attorney for over 45 years. As part of that transition, staff is analyzing the city's ongoing legal needs and current market rates for such services. Staff recommends that the FY 2022-23 budget for City Attorney legal services be increased from $250,000 to $600,000, an increase of $350,000.

General Plan Maintenance Fee

The City of Marina currently charges a General Plan Maintenance Fee that is used to recover the costs of conducting a comprehensive update of the General Plan. This surcharge, established at 15% of all Building Division Permit Fees, is currently budgeted and recorded within the Planning Department of the General Fund. Periodically, staff budgets for a transfer out from the General Fund to the General Plan Update accounting project (EDC 2014) within the City-wide Capital Improvement Fund (Fund 462). This accounting project serves as the tracking mechanism for resources available and expenses incurred for the comprehensive General Plan update.

To reduce administrative burden and to better track these dedicated transactions, staff is recommending to budget and record these General Plan Maintenance Fees directly to Project EDC 2014 within Fund 462 for FY 2022-23 and all subsequent fiscal years. Staff also recommends a one-time transaction to reconcile these accounts for FY 2021-22. This would allow for a one-time transfer out from the general fund of approximately $140,000. In addition to this transfer of current year funds, the General Fund also has a commitment of $125,000 for the General Plan update. In prior years, this has been recorded as a General Fund Committed Balance. Staff is also recommending that these funds be uncommitted and transferred to Project EDC 2014. As shown in the table below, this would increase the resources available for the comprehensive General Plan update to approximately $965,000. Staff expects to use these funds to secure the services of a top-tier professional planning firm in the next six months to begin the General Plan update process. This adjustment would reduce annual budgeted General Fund revenues by approximately $40,000 but would have no net effect on General Fund unrestricted revenues as these funds have been restricted specifically for general plan update purposes.

Table IV: General Plan Resources

	Prior Year Activity	FY21/22 Activity (est.)	General Fund Committed Balance	**Total General Plan Resources**
Revenues	700,000	140,000	125,000	**965,000**
Expenses	-	-	-	-
Available Balance	700,000	140,000	125,000	**965,000**

Liability Insurance

Staff periodically receives updated workers' compensation and liability insurance rates. Based on current rates from the Monterey Bay Area Self Insurance Authority (MBASIA) staff recommends an increase in Liability insurance of $250,000 for FY 2022-23. These expenses are paid from the general fund.

CalPERS Unfunded Pension Liability Expenses

The City of Marina provides its employees with a defined benefit pension plan through the California Public Employees' Retirement System (CalPERS). Due to the volatility of CalPERS investments returns over the years, as well as increased life expectancies, most CalPERS participating agencies have an unfunded pension liability. To cure the issue, CalPERS implemented a series of policy decisions with the intent to reduce these liabilities. As a result, CalPERS has phased in annual unfunded liability payments that will help close the funding gap. The annual payments, which can be paid in a lump sum in July of each year, are expected to grow incrementally over the course of the next decade or so and then taper off until about 2045.

CalPERS produces an annual actuarial valuation report for every participating agency. The actuarial report provides additional details and an updated projection of pension payments for the next 25 years. Staff periodically reviews this report and compares budgeted unfunded pension liability payments to the payments that are due in July. For FY 2022-23 staff budgeted unfunded pension liability payments in the total amount of $1,900,000. Staff recommends increasing the FY 2022-23 budget for these unfunded pension liability payments by $80,000 to $1,980,000.

Planning Department Document Scanning
The Planning Department collects a nominal fee for the reproduction of documents. This fee allows the city to recoup the costs of storing and reproducing such documents. Most of the City's permanent building and planning records are stored in paper format at the Permit Center. The digitization of these files will allow for more efficient use of storage space, readiness from unforeseen disasters and more timely file retrieval when the city receives public records requests.

The Planning Department currently has a $53,000 cost proposal from BMI Imaging Systems for the scanning and digitization of these files. Staff recommends increasing the FY 2022-23 budget of the Planning Department within the General Fund by $53,000 to allow for this much-needed project. This is a one-time budget adjustment for the implementation of the scanning system. From FY 2015-16 through FY 2021-22, document reproduction fees totaling approximately $25,000 have been budgeted and recorded in the General Fund. Subsequent fee collection revenues, averaging $3,000 annually, will pay for the ongoing costs of system maintenance and updates.

Shein Living Trust Funds
On December 7, 2021, council adopted resolution 2021-122 to accept $236,290 from the Annemarie Shein Living Trust. Half of the funds were allocated to the Police Department and the other half to the Fire Department. These funds were to be used for the purchase of equipment and/or support of program funding to enhance the safety of residents, businesses, and visitors to the City of Marina. To date, the Fire Department has spent approximately $88,000 (Reso 2022-35) and the Police Department has spent approximately $37,000 (Reso 2022-27) in their respective shares of funds. Staff recommends rolling over the remaining trust funds by increasing the FY 2022-23 budgets of the Fire and Police departments by the remaining amounts of each department's share of the trust funds at year-end.

Public Works Replacement Riding Mowers
The Public Works Department is proposing the purchase of two (2) new Toro ZMaster 6000 series 60-inch riding mowers. These mowers will be used daily to maintain and groom City parks, islands, and city-owned rights-of-way. If purchased, the mowers will replace two (2) Toro riding mowers that are 14 and 18 years old, which is well beyond their useful lives of 7 to 10 years. Public Works staff currently have a quote from Turf Star, a Toro mower dealer, for approximately $15,000, including sales tax, for each mower. Staff recommends increasing the Public Works general fund budget by $30,000 for FY 2022-23 to purchase the new Toro mowers.

Citywide Access Control
Staff have explored a long-term solution to the city's physical access security control needs for City facilities. This type of security control, known as access control, is crucial to provide a high level of security and safety for City staff and resources. Access control can help staff manage access to City facilities and doors and specify the days and time when access is available. Access control can determine under which conditions employees are allowed access to sensitive records such as public safety, legal, and personnel files. Access control also minimizes the risk of un-authorized physical access to computer systems, forming a foundational component of personnel security, information security, data security, network security and property security.

Access control works by identifying users through various login credentials, which can include usernames and passwords, PINs, biometric scans, and security tokens. Once a user is authenticated, access control then authorizes the appropriate level of access and allowed actions associated with that user's credentials. Access control also allows access to be immediately withdrawn if a key fob or token is stolen or lost. With an Access Control system, we can immediately disable access and issue new access for the authorized employee. Staff will also be able to issue temporary access to City Buildings, such as a building rental at Vince DiMaggio. The system also creates an audit trail to track user access points and times. A potential system will be expandable to include additional facilities and video features at nominal costs.

An initial one-time system purchase will likely cost up to $130,000. Hardware and retrofit for all access points is the main cost driver for such a system. Staff recommends increasing the General Fund budget by $130,000 for FY 2022-23 to purchase the access control system. This system also provides for an initial license period for up to 5 years, which is included in the initial purchase. Staff will budget for subsequent license renewals, likely in the range of $25,000 every 5 years.

Fire Mutual Aid

The Marina Fire Department participates in the California Office of Emergency Services (Cal OES) Mutual Aid System. Periodically, Marina will assist other jurisdictions to restore order during emergencies, including fires. Marina is reimbursed for staff support rendered through the Mutual Aid System. Fire staff have provided mutual aid support for emergencies such as the Caldor and Dixie fires. Staff is recommending that mutual aid revenues for FY 2021-22 be increased by $517,080 and corresponding personnel, vehicle maintenance and travel expenses be increased by $517,080. These expenses have been incurred for the fiscal year and most reimbursements have been received. These are one-time transactions that have a net neutral effect on the budget.

Casa de Noche Buena Contribution

Casa Noche Buena, located in Seaside, is a homeless shelter operated by the non-profit organization Community Human Services (CHS). The shelter provides guests with a warm, safe place to stay while receiving intensive case management and supportive services, including linkages to employment and mental health and substance abuse services based upon their individual needs.

Council previously approved a one-time contribution of $10,000 to the shelter in FY 2020-21. CHS has asked all the cities on the peninsula to contribute $1 per resident and has approached the City and requested a contribution of $22,000 for FY 2021-22. All other peninsula cities have committed to a contribution for FY 2021-22 based on the $1 per resident approach. Contributions for FYs 2021-2022 and 2022-23 would average about $22,000 per year with a total contribution of approximately $44,000. These funds would be considered one-time expenditures within the general fund and would come from unallocated fund balance.

Measure X

Measure X Revenues are generated via a countywide three-eights' of one-percent (3/8%) retail transactions and use tax. These funds are used to maintain and repair local street and road systems. Marina has maintained a conservative approach in budgeting the city's share of revenues. Based on the most current projections from the Transportation Agency for Monterey County (TAMC), staff recommends that these budgeted revenues be adjusted upward by $270,000 for FY 2021-22 and $290,000 for FY 2022-23. These funds are also transferred to the Measure X Capital Projects Fund (Fund 422). Staff recommends that transfers out from Fund 222 to Fund 422 be increased by the corresponding increases in Measure X Revenues for FYs 2021-22 and 2022-23. These updated projections are a positive sign for our local economy and will also help the city to pursue a Measure X bond. Staff will provide additional information on the Measure X bond process as that becomes available.

Tables V & VI: Measure X (Fund 222) Budgeted Revenues

	FY 2022 Adopted	FY 2022 Revised	*Variance*
Measure X Revenues	660,000	930,000	*270,000*

	FY 2023 Adopted	FY 2023 Revised	*Variance*
Measure X Revenues	660,000	950,000	*290,000*

Balanced Budget Formula

The recommended budget adjustments are in compliance with Resolution 2012-46. The FY 2022-23 now has a modest surplus of just over $300 thousand. The tables below show the balanced budget formula with all recommended budget adjustments. Staff has also attached **EXHIBIT A** to reconcile the full budget with the balanced budget formula that excludes one-time transactions.

Tables VII & VIII: Structural Budgets (Balanced Budget Formula)

	FY 2022 Adopted	FY 2022 Revised	*Variance*
Revenues	27,300,504	29,815,107	*2,514,603*
Expenditures	(27,763,242)	(28,699,532)	*(936,290)*
Surplus/(Deficit)	(462,738)	1,115,575	*1,578,313*

	FY 2023 Adopted	FY 2023 Revised	*Variance*
Revenues	27,666,998	29,986,177	*2,319,179*
Expenditures	(28,145,314)	(29,678,314)	*(1,533,000)*
Surplus/(Deficit)	(478,316)	307,863	*786,179*

Emergency Reserve Policy

The City has a General Fund Emergency Reserve Policy that establishes a reserve of 20% of operating revenues. Staff recommends that this reserve be increased for FY 2022-23 to align with the recommended revenue revisions. This would require an approximate increase of approximately $433 thousand compared to the FY 2022-23 budgeted amount. This would decrease unallocated fund balance by the same amount.

Unallocated Fund Balance

At the time of the final budget adoption, Unallocated Fund Balance was projected to be at $770 thousand. That projection captured the adopted FY 2021-22 and FY 2022-23 budgets, which included all one-time uses of unallocated fund balance. Staff estimates unallocated fund balance may actually increase to $3.7 million, which factors in all recommended budget adjustments. Staff is nearing completion of the FY 2020-21 audited financial statements and will provide a final unallocated fund balance figure as that report is finalized.

City Council Priority List and Consolidated Project List

The attached **EXHIBITS B & C** are the top priorities established by the City Council in the adopted budget and the ongoing Consolidated Project List. An update of the status of these top priorities will be provided as part of the presentation at the City Council meeting.

FISCAL IMPACT:
The actions recommended in the report will allow the City to function in a fiscally responsible manner.

CONCLUSION:
This request is submitted for City Council consideration and possible action.

Respectfully submitted,

____
Juan Lopez
Finance Director
City of Marina

REVIEWED/CONCUR:

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Layne P. Long
City Manager
City of Marina