



## City of Marina

### Third Quarter Budget Report – Fiscal Year 24/25

The following sections provide an overview of current revenues and expenditures for the General Fund, Airport Fund, and two key funds that relate to capital project allocations. These funds include the FORA Dissolution Fund and Public Impact Fees Fund.

When reviewing this report, it should be noted that there could be variances between the percentage of the year elapsed and the amount expended or received. This results from some revenues having uneven receipting patterns, and expenditures that may vary with the procurement of goods and services. The City continually monitors the budget on a regular basis. If any significant budgetary variances are identified, a budget amendment will be requested as part of the mid-cycle budget process; or through a separate budget amendment during the year.

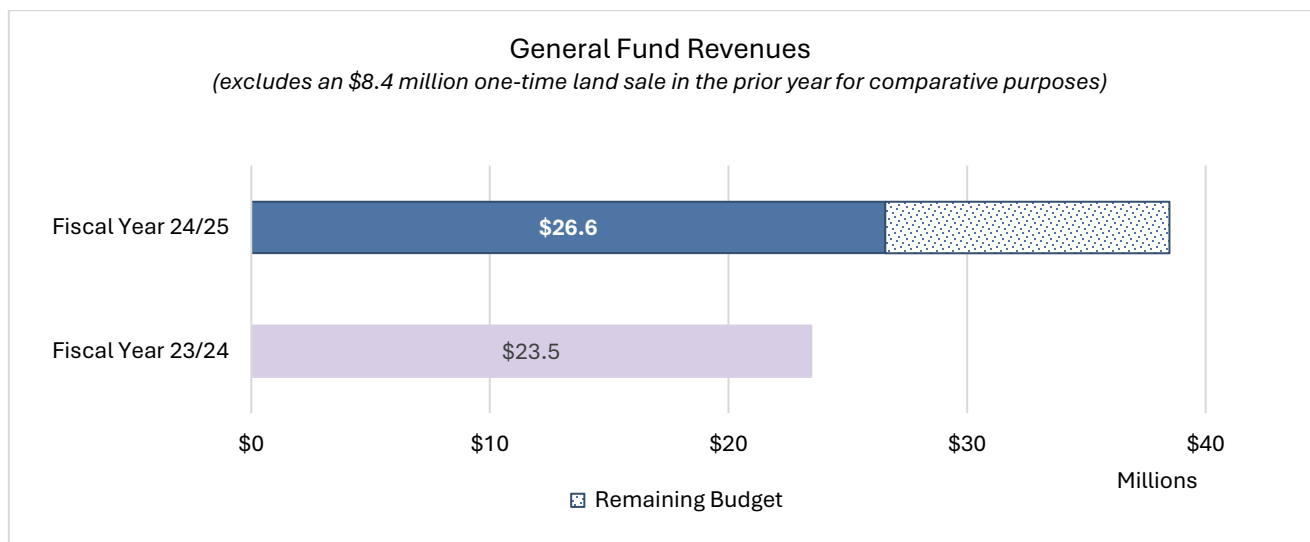
An overview of each fund is presented in the subsequent sections.

#### General Fund Overview

General fund revenues and expenditures were \$26.6 million and \$29.5 million, respectively at the close of the third quarter. While expenditures were \$2.9 million in excess of revenues, the Fiscal Year 24/25 Amended Budget planned for a \$2.1 million drawdown from fund balance to support one-time capital improvements. This trend is also consistent with the prior year, due to the transfer of capital project funding at the beginning of the fiscal year, as well as the timing of sales tax, property tax, and transient occupancy receipts.

#### Revenues

The overall General Fund revenues are trending relatively consistent with the budget and prior year receipting trends. The chart below provides a comparative overview of the revenues received to date with prior year amounts, as well as a budgetary comparison. In Fiscal Year 24/25, it was projected that the combined General Fund revenues would be \$38.5 million. During the first three quarters of the fiscal year, the City received \$26.6 million in revenues or 69.0% of the budgeted amount. This was \$3.1 million or 13.2% greater than the prior year, when an \$8.4 million one-time land sale is excluded from the calculation.



An overview of revenues by major categories are provided in the following table, with a brief narrative describing any key variances.

	Fiscal Year 24/25			Prior Year Qtr to Date	Annual Difference
	Amended	Qtr to Date	% Received		
<b>Revenues</b>					
Property tax	\$ 10,432,421	\$ 5,391,797	51.7%	\$ 4,969,739	\$ 422,058
Sales tax	10,065,000	6,142,193	61.0%	5,907,642	234,551
Transient occupancy tax	5,352,000	3,901,155	72.9%	3,297,025	604,131
Other taxes	4,055,174	2,372,650	58.5%	2,488,688	(116,038)
<b>Subtotal Taxes</b>	<b>\$ 29,904,595</b>	<b>\$ 17,807,795</b>	<b>59.5%</b>	<b>\$ 16,663,094</b>	<b>\$ 1,144,702</b>
Licenses, permits, and fees	913,500	682,622	74.7%	537,020	145,602
Fines and penalties	64,600	64,181	99.4%	42,746	21,435
Intergovernmental	1,027,617	533,979	52.0%	441,600	92,379
Charges for services	1,235,800	1,519,068	122.9%	1,099,712	419,356
Use of money and property	4,584,800	5,122,354	111.7%	4,456,048	666,306
Other revenues	121,200	209,798	173.1%	97,214	112,584
<b>Subtotal Operating</b>	<b>\$ 37,852,112</b>	<b>\$ 25,939,797</b>	<b>68.5%</b>	<b>\$ 23,337,434</b>	<b>\$ 2,602,364</b>
<b>Non-Operating Revenues</b>					
Land Sales	-	-	-	8,426,523	(8,426,523)
Transfers	633,337	633,337	100.0%	133,337	500,000
<b>Total Revenues</b>	<b>\$ 38,485,449</b>	<b>\$ 26,573,134</b>	<b>69.0%</b>	<b>\$ 31,897,294</b>	<b>\$ (5,324,159)</b>

#### *Property Taxes*

The City receives property tax in April and December, with a minor payment in June. The property tax receipts reflect the December payment, which includes \$204,000 for a residual FORA Distribution.

#### *Sales Tax*

The City records sales tax in the period in which it is earned. Due to receipting patterns, the amount of the year elapsed is not reflective of performance. The amount received in both fiscal years represents seven months of payments. The third quarter receipts for Fiscal Year 24/25 include sales tax revenues from the new Trader Joe's and Ross Dress for Less locations.

#### *Transient Occupancy Tax*

At the close of the third quarter, transient occupancy tax receipts were \$3.9 million or 72.9% of the budget. While the City received seven payments in both fiscal years, the revenues were \$604,131 greater than the prior year. This increase is primarily due to the addition of new hotels, as well as performance.

#### *Intergovernmental Revenues*

This revenue category includes grants, Supplemental Law Enforcement Services Fund (SLESF), and fire mutual reimbursements. This amount may vary annually based on the amount of grants awarded and the timing of grant expenditures; as well as the amount of mutual aid reimbursements.

### Charges for Services

Revenue receipts for the first three quarters of the fiscal year were \$1.5 million or \$283,000 greater than the amended budget. A large portion of the budgetary surplus is attributed to \$313,000 in reimbursements from developer fee agreements, which are offset by corresponding expenditures. Additional new revenues include a \$48,000 contribution from the Monterey Peninsula Unified School District for recreation programs. These factors also contribute to the annual difference between the two fiscal years.

### Use of Money and Property

This category includes interest income, facility rental revenues, and the general fund receipts from the Abrams Park and Preston Park operations. Revenues within this category exceeded the amended budget by approximately \$538,000. This is primarily due to strong investment performance, and the maturity of \$42 million in investments that only pay interest upon maturity.

### Other Revenues

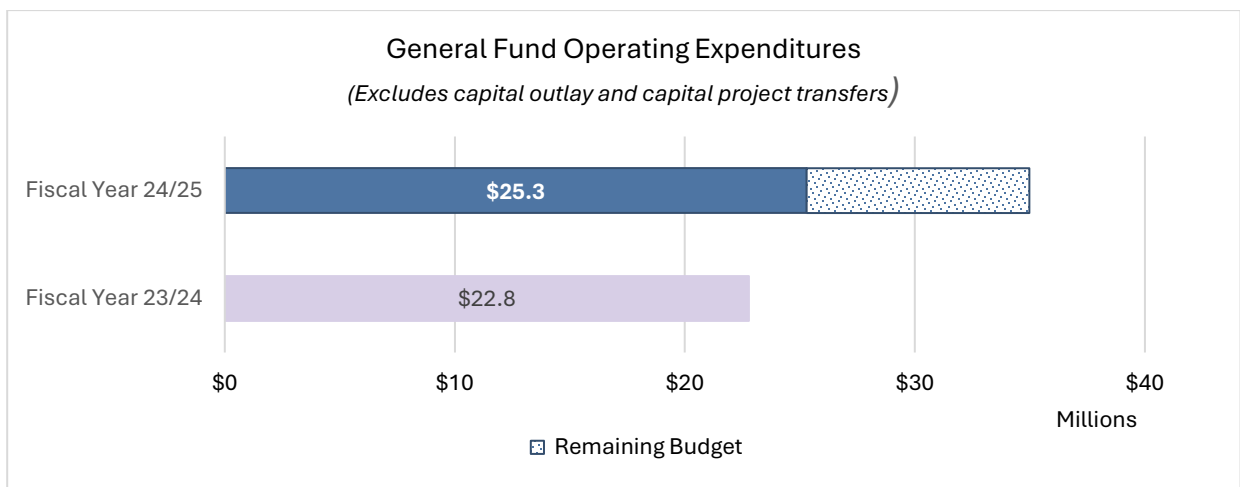
Revenues within this category are likely to vary with each year. In the first half of Fiscal Year 24/25, the City received a one-time \$85,265 opioid settlement and a \$35,226 damage or loss reimbursement claim. These unique receipts also contribute to the annual variance.

### Transfers

The City initiates interfund transfers at the beginning of the year. All interfund revenues align with their budgetary receipts. This includes a \$500,000 transfer-in from the Groundwater Stabilization Fund to assist in offsetting litigation costs.

### Expenditures

At the end of the third quarter, the City expended approximately \$29.5 million or 72.8% of the budgeted amount. This amount includes \$4.2 million in capital outlay and capital project transfers. Operating expenditures were \$25.3 million, which was \$2.6 million greater than the prior year. This is primarily due to position vacancies in the prior year, as well as an increase in positions in Fiscal Year 24/25. The chart below provides a comparative overview of the operating costs through the third quarter of each fiscal year, as well as the Fiscal Year 24/25 percentage of budgetary funds expended.



An overview of expenditures by the department are provided in the following table, with a brief narrative describing any significant variances.

It may be noted that the City Attorney and Engineering Departments have exceeded or will likely exceed their budgeted amount. Resolution 2024-103 provides the City Manager with the authority to transfer appropriations between the General Fund departments. Staff will be working with the City Manager to determine if there will be sufficient savings within other departments to administratively amend the budget or if Council action is needed to appropriate additional funds.

General Fund Expenditures	Fiscal Year 24/25			Prior Year Quarter to	Annual Difference
	Amended	Quarter to	%		
<b>Departments</b>					
City Council	\$ 56,269	\$ 40,299	71.6%	\$ 28,732	\$ 69,031
City Mgr/HR/Risk	3,646,931	1,632,638	44.8%	3,412,486	(1,779,848)
Information Technology	349,416	182,240	52.2%	223,608	(41,368)
Finance	1,336,810	874,763	65.4%	824,662	50,101
City Attorney	800,000	776,300	97.0%	316,108	460,192
Police	10,006,818	7,146,118	71.4%	6,048,538	1,097,580
Fire	5,787,801	4,396,959	76.0%	3,671,559	725,400
Public Works	2,692,090	1,787,131	66.4%	1,364,797	422,334
Planning	1,682,850	936,659	55.7%	936,591	67
Engineering	1,236,838	1,297,949	104.9%	1,101,072	196,877
Building Inspection	849,815	467,499	55.0%	475,271	(7,773)
Economic Development	334,644	101,061	30.2%	114,123	(13,062)
Recreation & Culture	1,600,069	1,102,861	68.9%	909,813	193,048
Citywide Non-Department	4,590,168	4,557,650	99.3%	3,355,841	1,201,809
<b>Subtotal Operating</b>	<b>\$ 34,970,519</b>	<b>\$ 25,300,126</b>	<b>72.3%</b>	<b>\$ 22,783,202</b>	<b>\$ 2,574,388</b>
<b>Non-Operating Expenditures</b>					
Capital Outlay	\$ 2,200,701	\$ 825,486	37.5%	\$ 42,423	\$ 783,063
Citywide Transfers Out	3,408,768	3,408,768	100.0%	19,290,292	(15,881,524)
<b>Subtotal Non-Operating</b>	<b>\$ 5,609,469</b>	<b>\$ 4,234,254</b>	<b>75.5%</b>	<b>\$ 19,332,715</b>	<b>\$ (15,098,461)</b>
<b>Total Expenditures</b>	<b>\$ 40,579,988</b>	<b>\$ 29,534,380</b>	<b>72.8%</b>	<b>\$ 42,115,917</b>	<b>\$ (12,524,072)</b>

*City Manager*

The department expenditures were \$1.6 million or 44.8% of the amended budget, which is \$1.8 million less than the prior year. The primary factors contributing to the variances include a \$1.5 million reduction in the use of specialized legal services for groundwater stabilization litigation, salary savings from the vacant Assistant City Manager position, and timing of vendor payments.

*City Attorney*

Legal expenditures through the third quarter were \$776,300 or 97% of the budgeted amount. This is also \$460,192 greater than the prior year. The budgetary and annual difference can primarily be attributed to the increased use of legal services and timing differences of payments. An administrative or Council budget amendment may be initiated to bring the department budget into balance.

### *Police*

Police Department expenditures were 71.4% of the budgeted amount; and \$1.1 million greater than the prior year. Approximately \$593,000 of the annual variance is primarily due to multiple position vacancies in the prior year; with the remaining increases associated with planned costs for new annual software subscription costs; training and safety equipment for new officers; and various other expenditures.

### *Fire*

The expenditures through the third quarter were in alignment with the percentage of the year that has elapsed, however they were \$725,400 greater than the prior year. Approximately \$572,000 of the annual difference can be attributed to the addition of new positions. The remaining \$153,000 variance represents the planned purchase of personal protective gear, fire prevention materials; and other supplies.

### *Engineering*

Engineering expenditures exceeded the amended budget by approximately \$61,000. The primary factor contributing to the overage was \$245,000 in additional costs that were reimbursed through fee agreements. An administrative or Council budget adjustment will be initiated for a revised estimate.

### *Public Works*

The Public Works department expenditures were 66.4% of the budgeted amount, which is approximately \$422,000 greater than the prior year. The annual variance reflects \$277,000 in additional personnel costs associated with new positions; and \$146,000 for increased facility, grounds, and street maintenance.

### *Recreation and Culture*

Recreation expenditures represented 68.9% of the budgeted amount. The annual difference of \$193,048 relates to prior year position vacancies and the expansion of recreation programs.

### *Citywide Non-Department*

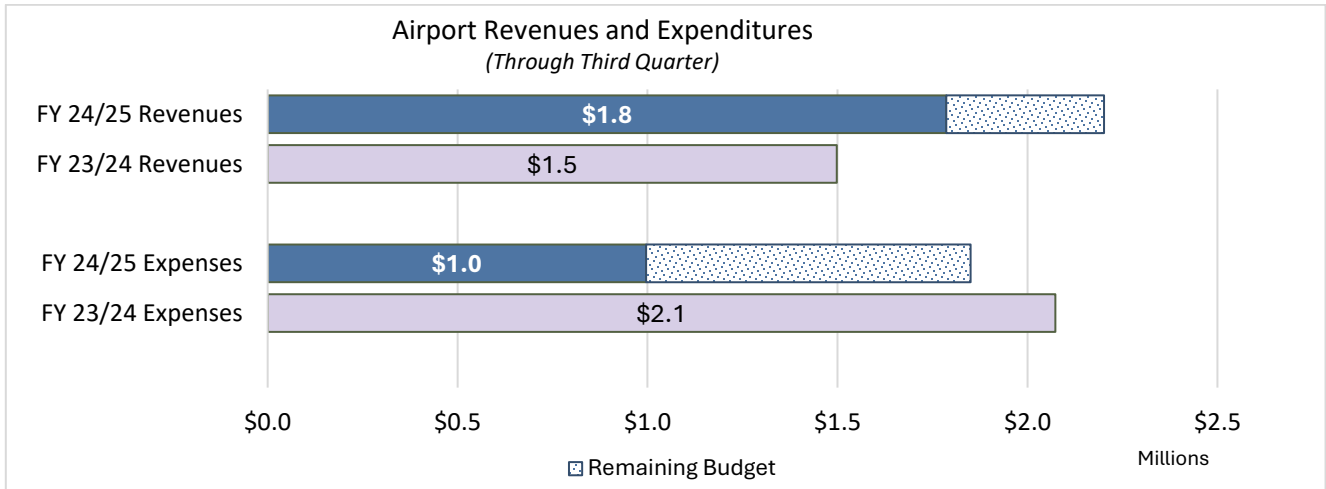
The Citywide non-department costs were \$4.6 million or 99.3% of the budget. While costs could exceed the budgeted amount, the majority of the expenditures were made during the first half of the fiscal year. This includes annual property, workers compensation, and liability insurance premiums; and the PERS unfunded liability payment. Factors contributing to the \$1.2 million annual variance include a \$352,000 groundwater-related settlement, timing differences in insurance payments, and a \$399,000 increase in the unfunded pension liability payment.

## **Other Funds**

### *Municipal Airport*

In Fiscal Year 24/25, the Airport revenue budget was estimated at \$2.2 million. During the first three quarters of the fiscal year, the City received \$1.8 million or 81.1% of the amended budget. The annual variance of \$288,521 was driven by increased facility and land rental revenues and higher interest earnings.

The third quarter expenditures were \$996,000 or 53.8% of the annual budget. The annual operating and budgetary difference reflect salary savings from partial position vacancies during the current fiscal year, as well as spending patterns. While the Fiscal Year 24/25 expenditures were \$1,077,493 less than the prior year, the majority of the difference can be attributed to a \$694,860 reduction in capital project transfers.

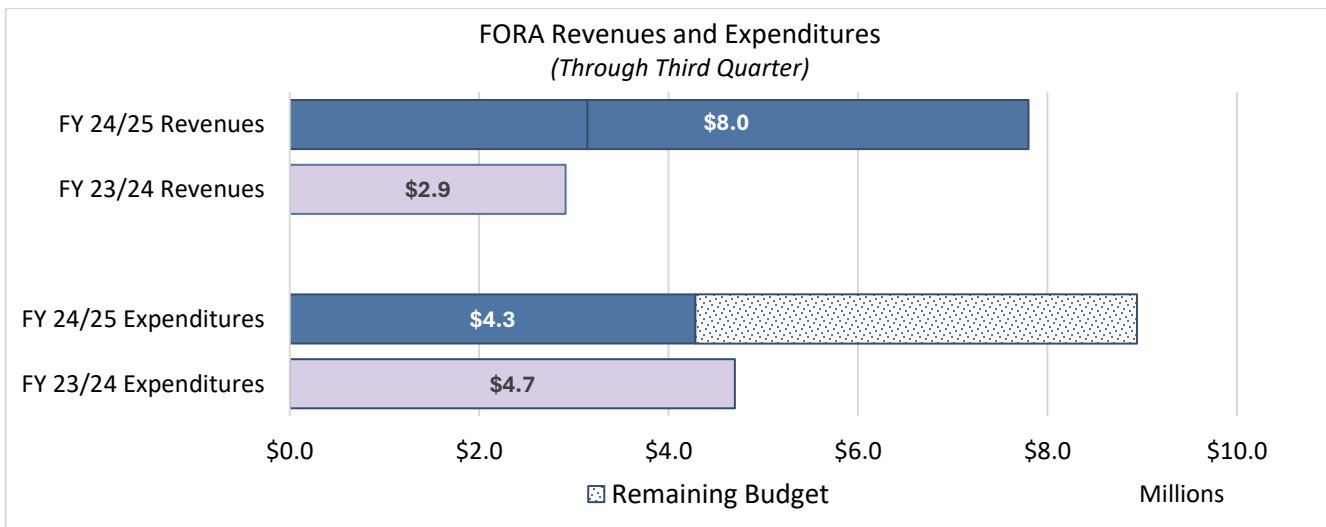


**FORA Dissolution Fund**

The FORA Dissolution Fund includes bond proceeds and on-going development fees for residential and commercial projects within the former Fort Ord area. Funds can only be spent on blight removal, capital projects, or habitat management in the stated FORA boundaries.

In Fiscal Year 24/25, the City originally budgeted for \$3.1 million in revenues; however revenues through the third quarter were \$7.8 million. This variance resulted from a one-time receipt of \$5.1 million in development-related fees that were previously held in escrow (reduced by \$753,000 in fees that were applicable to the Transportation Agency of Monterey County (TAMC); and \$3.4 million in recurring development-related fees and interest earnings. This can be contrasted with the prior year’s receipts of \$2.9 million, which include \$995,133 in bond proceeds and \$1.9 million in fees and interest earnings.

The expenditures within this fund reflect capital transfers, as well as capital projects and habit management activities. The Fiscal Year 24/25 expenditures are anticipated to be \$3.8 million less than the budgeted amount due to accrual of historical TAMC fees that were recognized at the end of the last fiscal year.



*Public Impact Fees*

The City receives public impact fees from new developments. The related receipts can only be spent on capital projects or purchases that align with the impact from the new growth.

The revenues received through the third quarter were approximately \$3.8 million or 66.1% of the budgeted amount. While this is \$514,000 less than the prior year, development activities take place at irregular intervals. Historically, this fund has received an average of \$6.3 million annually over the last four years. While it is anticipated that development activities will continue to be strong in the fourth quarter, the annual receipts may be below the budgetary projections.

The expenditures within this fund reflect transfers to the capital improvement fund. The contribution reflects a reduced amount, with additional funds appropriated in the next budget cycle.

An overview of the annual and comparative budgets is provided in the following table.

<b>Public Facility Impact Fees</b>	<b>Amended</b>	<b>Qtr to Date</b>	<b>% Budget</b>	<b>Prior Year Qtr to Date</b>	<b>Annual Difference</b>
<b>Revenues</b>					
Interest Income	\$ 373,000	\$ 671,113	179.9%	\$ 532,267	\$ 138,846
Intersections Fee	637,000	351,613	55.2%	859,028	(507,415)
Roadways Fee	1,536,000	1,005,479	65.5%	1,449,553	(444,074)
Public Safety Fee	212,000	126,211	59.5%	150,149	(23,937)
Public Building Fee	748,000	454,190	60.7%	344,947	109,243
Parks Fee	2,228,000	1,180,982	53.0%	967,547	213,435
<b>Total Revenues</b>	<b>\$ 5,734,000</b>	<b>\$ 3,789,589</b>	<b>66.1%</b>	<b>\$ 4,303,491</b>	<b>\$ (513,902)</b>
<b>Expenditures</b>					
Capital Transfers	\$ 5,000,000	\$ 5,000,000	100.0%	\$ 7,850,000	\$ (2,850,000)
<b>Total expenditures</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>100.00%</b>	<b>7,850,000</b>	<b>(2,850,000)</b>
<b>Net operating difference</b>	<b>\$ 734,000</b>	<b>\$ (1,210,411)</b>		<b>\$ (3,546,509)</b>	<b>\$ (2,336,098)</b>