

MINUTES

GARDEN GROVE CITY COUNCIL

Special Study Session

Wednesday, May 31, 2023

Community Meeting Center- B Room
11300 Stanford Avenue, Garden Grove, CA 92840

CONVENE MEETING

At 6:35 p.m., Mayor Jones convened the meeting in the B Room of the Community Meeting Center.

ROLL CALL PRESENT: (6) Council Members O'Neill, Tran, DoVinh, Klopfenstein, Nguyen, Mayor Jones

 ABSENT: (1) Mayor Pro Tem Brietigam

ORAL COMMUNICATIONS

Speakers: None

DISCUSSION OF THE FISCAL YEAR 2023/2024 AND 2024/2025 BIENNIAL BUDGET (F: 34.1-FY2023-24 FY2024-25)

City Manager Kim introduced the budget discussion noting that Fiscal Year 2023/2024 budget funds are \$169 million and 2024/2025 budget funds are \$174 million with the all funds for the biennial budget at \$343 Million. The budget maintains a structural balance ensuring the projected expenditures with the projected revenues. She noted that Finance Director Song and her team prepared graphical slides to enhance and clarify the understanding of the budget numbers, and she thanked City staff for the work preparing the materials. Also provided to the City Council is an overview of the Biennial Budget of revenue estimates and proposed spending and a Budget in Brief that depicts revenue sources and breakdown of department costs.

Finance Director Song and Budget Manager Castellanos reviewed a PowerPoint presentation that covered the following: The Biennial Budget for FY2023-24 and FY2024-25 is balanced for both years, which added 17 full-time positions to address the City Council priorities; increased funding for various city programs; implemented the capital asset renewal and replacement program; and completed organization restructure to improve efficiency and promote succession planning.

Continued focus to carefully align recurring costs with ongoing revenue sources to ensure sufficient reserves, and continued focus on pension obligations; and strategically fund the implementation of the City's comprehensive infrastructure policy.

The Budget development process includes: Council priorities discussed at the March 17, 2023, workshop where six priorities were established; the baseline that identifies available resources and establishes mandatory costs; and supplemental requests that are given a preliminary review by the Finance Department along with budget committee meetings with staff budget coordinators.

The Council priorities identified for 2023-2025 include: Tier 1 – Homelessness, Public Safety, Economic Development and support of local businesses, and infrastructure; Tier 2 – Code Enforcement and opportunities to celebrate cultural diversity.

Revenue sources from sales tax, Measure O, property tax, hotel visitor's tax, and other general fund revenue for 2023-24 is projected in the amount of \$167 million and \$171.6 million for 2024-25. Expenses consist of labor, OCFA, services and supplies, internal service and debt service and transfers are projected at \$161.5 million in 2023-24 and \$168,146 million in 2024-25.

Workers Compensation fund has a \$3 million deficit fund balance as of June 30, 2022, with \$2 million transferred as of July 1, 2022, with a recommended annual transfer of \$2 million for the next two years. IT and City facilities new internal service funds is proposed at \$600K per year, which have additional ongoing funding needs. Supplemental requests support council priorities identified in the council workshop.

The proposed general fund budget for FY 2023-24 operating expenditure is \$165,796 million with recurring revenue at \$167,238 million; FY 2024-25 operating expenditure is \$173,065 million with recurring revenue at \$171,623 million.

The proposed general fund budget for each department is broken down by: Police at 48 percent, Fire at 19 percent, Public Works at 13 percent, Administration at 7 percent, Community Development at 4 percent, Community Services at 4 percent, Economic Development at 4 percent, and additional non departmental costs at one percent.

The five year Capital Improvement Plan includes Street Improvements, traffic improvements, park improvements, facility improvements, water infrastructure, and sewer infrastructure for a total of \$216,602 million that includes prior year costs and FY 2023-24 through FY 2027-28. Proposed CIP Budget in FY2023-24 includes: 40 percent street, 23 percent water, 16 percent sewer, 13 percent facility, 6 percent parks, and two percent traffic. FY 2024-25 includes: 35 percent streets, 34 percent water, 25 percent sewer, four percent traffic, and two percent parks.

Community Services User Fees were established over a decade ago and fee increases based on actual costs for providing programs along with a survey of other comparable cities in Orange County revealed the need for increased fees. Proposed increases would affect facility reservations and show mobile rentals along with park reservations, the community meeting center facilities, and the sports and recreation center.

The proposed water utility budget would include the review and update of water rates to develop a sustainable financial plan; continuation of implementing the Water Master Plan, continue with major capital replacement, compliance with mandates, and joint efforts on the PFOA/PFOS treatment facilities. The working capital includes operating revenue and bond proceeds and is projected at \$27,573 million in Fiscal Year 2023-24, and \$16,433 million in Fiscal Year 2024-25.

The proposed Sanitary District budget is to continue planned sewer capital program, manhole inspection and replacement, public education for fats, oils, and grease control to be in compliance with the National Pollutant Discharge Elimination System regulations; implement mandatory organics and recycling programs in compliance with SB 1383; street sweeping and bus shelter clean up; and landfill monitoring. Proposed sewer funds for FY 2023-24 are \$39,232 million and for FY 2024-25 are \$31,630 million; the proposed refuse funds are \$15,961 for FY 2023-24 and \$16,413 million for FY 2024-25.

The proposed Housing Authority budget includes the beginning fund balance and housing allocation sources of \$53,218 million in FY 2023-24 and \$55,228 million in FY 2024-25. The ending fund balances for FY 2023-24 minus the Voucher Program, HAP Portability, and the Administrative costs is \$4,189 million for FY 2023-24 and \$3,995 in FY 2024-25. The proposed Successor Agency budget is \$9,163 million in FY 2023-24 and \$9,172 million in FY 2024-25.

The total proposed budget for all funds in FY 2024 is \$382 million, and \$373 million in FY 2025; the total full time authorized positions is 569 in FY 2024 and 572 in FY 2025; total capital improvement plan budget is \$68 million in FY 2024 and \$30 million in FY 2025; and the total general fund supplemental requests in FY 2024 is \$7.3 million and \$5.8 million in FY 2025.

Mayor and Council Member consensus was appreciation for the presentation provided by staff. Council Member Klopfenstein commented that an additional Animal Care Officer and Code Enforcement Officer was critical, confirmed with staff that the landscaping and bridge improvements at the Community Meeting Center grounds is funded, and that attention is needed at Pioneer Park. Council Member DoVinh commented on the need for continuity with staffing as well as continuous open dialogue with department directors. Council Member Tran confirmed with staff that Garden Grove Park is slated for improvements. Council Member Nguyen commented on the need for culturally diverse events and for collaborating with the school district on open space use. Mayor Jones noted that the pandemic challenged

everyone and that the proposed budget is a positive reflection of a recovery. He thanked staff for their work, and expressed enthusiasm for City Manager Kim's vision for moving forward.

ADJOURNMENT

At 8:00 p.m., Mayor Jones adjourned the meeting. The next Regular City Council Meeting will be held on Tuesday, June 13, 2023, at 5:30 p.m. in the Community Meeting Center, 11300 Stanford Avenue, Garden Grove, California 92840.

Teresa Pomeroy
City Clerk