

City of Avalon

Fiscal Year 2022-2023 Proposed Budget Study Session

JUNE 8, 2022

Overview

- Current **draft** of operating budget based on internal discussions between Finance, City Manager, and Department Leaders.
- Amounts are **subject to change** based on changes to revenue estimates, further review by Management, and feedback from Council and the public.
- Operating expenditures are grouped in the following categories:
 - Salaries and benefits
 - Maintenance and operations
 - Contract services
 - Internal services
- Labor is based on Full-Time Equivalent (FTE) units of 2,080 hours as allocated across funds

General Fund Operating Revenues

As presented April 19, 2022

	FY20 Actual	FY21 Actual	FY22 YTD	FY22 Est.	FY23 Budget
TOT – Hotels	3,263,477	4,302,876	3,843,630	5,668,630	4,000,000
TOT – Vacation Rentals	1,237,150	1,717,170	1,639,370	2,364,370	1,700,000
Sales Tax (City)	839,099	892,133	758,822	1,149,981	1,197,822
Sales Tax (Hospital)	588,840	483,422	409,280	574,991	598,911
Admission Tax	466,505	549,551	562,365	828,965	650,000
Property Tax	1,466,735	1,769,294	904,078	1,773,031	1,498,107
Other Taxes	230,131	334,126	140,540	269,670	271,000
Licenses, Permits, and Fees	547,566	505,968	480,343	555,494	454,100
Charges for Services	525,712	464,752	386,103	561,594	513,500
Other Revenues	370,990	301,910	238,959	1,119,007	660,774
Total	\$ 9,536,205	\$ 11,321,200	\$ 9,363,490	\$14,865,733	\$11,544,184

General Fund Operating Revenues

	FY20 Actual	FY21 Actual	FY22 YTD	FY22 Est.	FY23 Budget
TOT – Hotels	3,263,477	4,302,876	4,485,534	5,760,534	4,000,000
TOT – Vacation Rentals	1,237,150	1,717,170	1,944,407	2,444,407	1,700,000
Sales Tax (City)	839,099	892,133	924,670	1,224,000	1,200,000
Sales Tax (Hospital)	588,840	483,422	518,386	612,000	600,000
Admission Tax	466,505	549,551	660,055	824,955	700,000
Property Tax	1,466,735	1,769,294	1,300,338	1,655,488	1,392,323
Other Taxes	230,131	334,126	257,588	272,314	271,000
Licenses, Permits, and Fees	547,566	505,968	569,586	591,680	428,450
Charges for Services	525,712	464,752	471,368	576,091	518,500
Other Revenues	370,990	301,910	887,781	1,328,211	1,287,311
Total	\$ 9,536,205	\$ 11,321,200	\$ 12,019,713	\$ 15,289,680	\$ 12,097,584

General Fund Expenditures

As presented May 3, 2022

Category	FY20 Actual	FY21 Actual	FY22 Budget	FY22 Est.	FY23 Proposed
Operating Revenues	\$ 9,558,405	\$ 11,364,535	\$ 10,822,846	\$ 14,932,034	\$ 11,544,184
Operating Expenditures					
Fire Department	(3,015,154)	(2,789,332)	(2,851,073)	(2,674,222)	(2,979,960)
Law Enforcement	(1,532,210)	(1,535,558)	(1,688,409)	(1,678,359)	(1,822,515)
Public Works	(1,359,872)	(867,849)	(1,049,621)	(989,337)	(1,118,863)
Planning	(815,810)	(526,733)	(1,153,589)	(695,865)	(1,170,209)
Recreation	(1,010,322)	(736,764)	(923,375)	(825,000)	(1,086,136)
Chamber Allocation	(1,025,722)	(1,291,095)	(1,133,000)	(1,767,250)	(1,254,000)
Other GF Activity	(1,042,247)	(908,508)	(1,154,037)	(1,308,072)	(1,415,943)
Operating Revenues (Draws on Reserves)	(\$ 242,932)	\$ 2,708,696	\$ 944,592	\$ 4,993,929	\$ 696,540

General Fund Expenditures

Category	FY20 Actual	FY21 Actual	FY22 Budget	FY22 Est.	FY23 Proposed
Operating Revenues	\$ 9,558,405	\$ 11,364,535	\$ 10,822,846	\$ 15,289,680	\$ 12,097,584
Operating Expenditures					
Fire Department	(3,015,154)	(2,789,332)	(2,851,073)	(2,705,089)	(2,962,878)
Law Enforcement	(1,532,210)	(1,535,558)	(1,688,409)	(1,662,734)	(1,892,450)
Public Works	(1,359,872)	(867,849)	(1,049,621)	(958,763)	(1,121,141)
Planning	(815,810)	(526,733)	(1,153,589)	(763,387)	(1,188,076)
Recreation	(1,010,322)	(736,764)	(923,375)	(813,300)	(1,101,997)
Chamber Allocation	(1,025,722)	(1,291,095)	(1,133,000)	(1,805,087)	(1,254,000)
Other GF Activity	(1,042,247)	(908,508)	(1,154,037)	(1,127,408)	(2,130,592)
Operating Revenues (Draws on Reserves)	(\$ 242,932)	\$ 2,708,696	\$ 944,592	\$ 5,453,912	\$ 446,450

Harbor Fund Operating Revenues

As presented April 19, 2022

Fund 103	FY20 Actual	FY21 Actual	FY22 YTD	FY22 Est.	FY23 Budget
Cross Channel Wharfage	1,813,096	1,966,741	1,680,069	2,560,069	2,350,000
Nightly Moorings	1,498,292	1,892,950	1,500,137	1,975,137	1,875,000
Cruise Ship Wharfage	611,410	-	150,310	554,144	1,025,470
Pier and Tideland Rentals	452,188	538,954	474,073	649,073	600,000
Harbor Use Fees	278,177	390,399	265,725	425,725	390,000
Admission Tax	108,874	191,885	127,289	215,289	190,000
Annual Mooring Permits	259,725	268,368	364,874	280,000	288,500
Transfer Fees	155,575	376,069	252,527	252,527	100,000
Other Revenues	13,128	6,760	12,600	13,873	5,000
Total Operating Revenues	\$ 5,190,465	\$ 5,632,126	\$ 4,827,603	\$ 6,925,836	\$ 6,823,970

Harbor Fund Operating Revenues

Fund 103	FY20 Actual	FY21 Actual	FY22 YTD	FY22 Est.	FY23 Budget
Cross Channel Wharfage	1,813,096	1,966,741	1,921,892	2,670,398	2,350,000
Nightly Moorings	1,498,292	1,892,950	1,738,187	1,943,187	1,875,000
Cruise Ship Wharfage	611,410	-	345,295	544,144	1,025,770
Pier and Tideland Rentals	452,188	538,954	571,997	661,997	600,000
Harbor Use Fees	278,177	390,399	320,840	415,840	390,000
Admission Tax	108,874	191,885	160,658	201,658	190,000
Annual Mooring Permits	259,725	268,368	364,242	364,242	288,500
Transfer Fees	155,575	376,069	329,227	329,227	100,000
Other Revenues	13,128	6,760	13,138	13,138	5,000
Total Operating Revenues	\$ 5,190,465	\$ 5,632,126	\$ 5,765,476	\$ 6,944,982	\$ 6,824,270

Harbor Fund (Fund 103)

As presented May 3, 2022

Category	FY20 Actual	FY21 Actual	FY22 Budget	FY22 Estimate	FY23 Proposed
Operating Revenues	\$ 5,190,465	\$ 5,632,126	\$ 6,051,144	\$ 6,925,836	\$ 6,824,270
Operating Expenditures					
Salaries and Benefits	(3,205,271)	(2,582,699)	(2,602,516)	(2,486,803)	(2,886,578)
Maintenance and Operations	(591,600)	(600,893)	(628,300)	(636,196)	(694,200)
Contract Services	(1,461,442)	(1,371,614)	(1,618,700)	(1,614,061)	(1,774,590)
DBAW Loan	(112,022)	(56,155)	(56,155)	(56,155)	-
Internal Services	(1,163,344)	(886,871)	(1,214,227)	(1,113,272)	(1,022,000)
Due To General Fund				(600,612)	
Operating Revenues (Draws on Reserves)	(\$ 1,343,214)	\$ 133,894	(\$ 128,758)	\$ 418,737	\$ 446,902

Harbor Fund Expenditures (Fund 103)

Category	FY20 Actual	FY21 Actual	FY22 Budget	FY22 Estimate	FY23 Proposed
Operating Revenues	\$ 5,190,465	\$ 5,632,126	\$ 6,051,144	\$ 6,944,982	\$ 6,824,270
Operating Expenditures					
Salaries and Benefits	(3,205,271)	(2,582,699)	(2,602,516)	(2,440,369)	(3,007,560)
Maintenance and Operations	(591,600)	(600,893)	(628,300)	(629,641)	(694,200)
Contract Services	(1,461,442)	(1,371,614)	(1,618,700)	(1,654,092)	(1,777,390)
DBAW Loan	(112,022)	(56,155)	(56,155)	(56,155)	-
Internal Services	(1,163,344)	(886,871)	(1,214,227)	(1,152,164)	(1,017,134)
Due To General Fund	-	-	-	(600,612)	-
Operating Revenues (Draws on Reserves)	(\$ 1,343,214)	\$ 133,894	(\$ 68,754)	\$ 411,949	\$ 327,986

ISF Fund Operating Expenditures

As presented May 3, 2022

	Full-Time Equivalents (FTE)	Salaries & Benefits	Maintenance & Operations	Contract Services	Capital Outlay	Total
General Administration	9.6	\$1,688,053	\$ 313,950	\$ 508,000	\$ 50,000	\$ 2,560,003
Elected	0.0	25,350	7,500	-	-	32,850
Legal	0.0	-	-	150,000	-	150,000
Administration	5.0	883,225	64,750	3,000	-	950,975
Finance	4.6	579,478	55,200	70,000	-	704,678
General Government	0.0	200,000	186,500	285,000	50,000	721,500
Insurance	0.0	\$ -	\$ 650,000	\$ 220,000	\$ -	\$ 870,000
Vehicle Maintenance	2.0	\$ 205,289	\$ 192,000	\$ -	\$ -	\$ 397,289

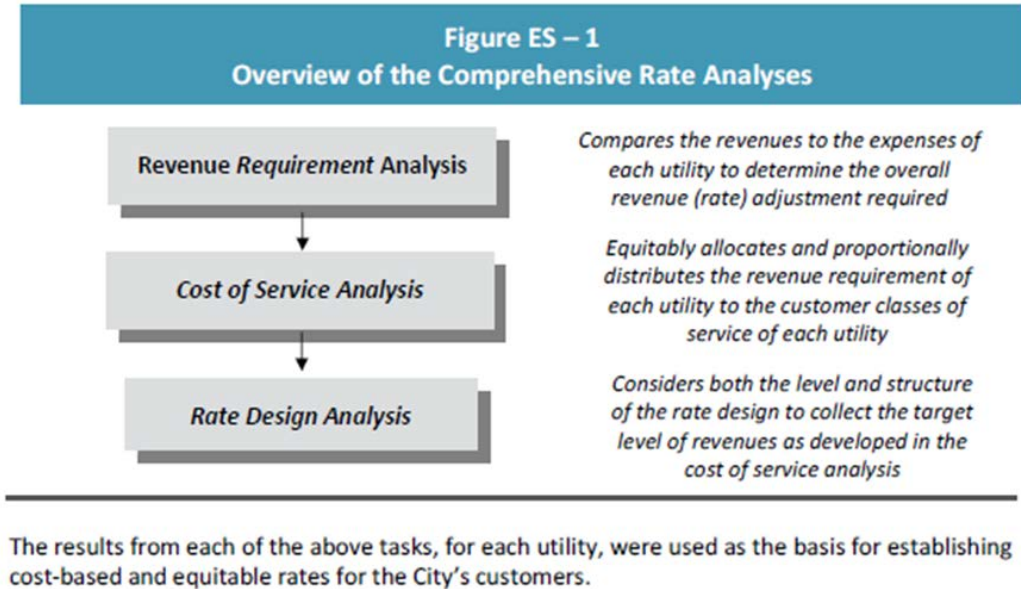
ISF Fund Operating Expenditures

	Full-Time Equivalents (FTE)	Salaries & Benefits	Maintenance & Operations	Contract Services	Capital Outlay	Total
General Administration	9.6	\$1,693,870	\$ 357,350	\$ 526,000	\$ 46,000	\$ 2,623,220
Elected	0.0	25,320	20,500	-	-	45,820
Legal	0.0	-	3,000	153,900	-	156,900
Administration	5.0	889,713	74,750	3,000	-	967,463
Finance	4.6	578,837	55,200	70,000	-	704,037
General Government	0.0	200,000	203,900	299,100	46,000	749,000
Insurance	0.0	\$ -	\$ 650,000	\$ 204,200	\$ -	\$ 854,200
Vehicle Maintenance	2.0	\$ 205,083	\$ 192,000	\$ -	\$ -	\$ 397,083

Cost of Service Study

Sewer, Saltwater, and Solid Waste

- Completed a comprehensive sewer, saltwater, and solid waste study in June 2021.
- Consisted of three interrelated analyses to address the adequacy and equity of utility rates.
- The following five-year rate transition plan was developed to adequately fund operating and capital needs:



	FY22	FY23	FY24	FY25	FY26
Sewer	+7.0%	+7.0%	+3.5%	+3.0%	+3.0%
Saltwater	+2.5%	+2.5%	+2.5%	+2.5%	+2.5%
Solid Waste	+19.5%	+19.5%	+9.5%	+3.0%	+3.0%

Enterprise Fund Operating Expenditures

FY23 Proposed Budget

	Full-Time Equivalents (FTE)	Salaries & Benefits	Maintenance & Operations	Contract Services	Internal Services	Capital Outlay	Total
Sewer	2.2	\$ 308,249	\$ 486,310	\$ 1,468,340	\$ 351,998	\$ 725,000	\$ 3,339,897
Salt Water	1.4	\$ 195,607	\$ 5,110	\$ 321,115	\$ 128,604	\$ 215,000	\$ 865,436
Solid Waste	0.5	\$ 60,809	\$ 23,133	\$ 2,388,303	\$ 204,193	\$ 279,444	\$ 2,955,882

Sewer Fund

Expenditures

	FY23 Proposed Budget	
10245	Summary	Detail
Salaries and Benefits	\$ 308,249	
Maintenance and Operations	\$ 486,310	
Utilities (4505/4515/4530)		297,050
Emergency Maintenance (5720)		107,125
Maintenance of Premises (5700)		36,750
Miscellaneous Fees (5502)		30,950
Storm Damage (5701) / Communication (4010) / Special Department Expense (3625)		14,435
Contract Services	\$ 1,468,340	
Montrose Contract (5109)		1,112,640
Professional Services (5005/5007)		113,000
H2S Control (5009)		105,000
Falconer Contract (5017)		51,400
Retirement of Principal (6030/6045)		55,500
Other contract services		30,800
Internal Services	\$ 351,998	
General Administration		217,727
Insurance		102,504
Vehicle Maintenance		31,767
Capital Outlay	\$ 725,000	
TOTAL	\$ 3,339,897	

Saltwater Fund

Operating Expenditures

	FY23 Proposed Budget	
10245	Summary	Detail
Salaries and Benefits	\$ 195,607	
Maintenance and Operations	\$ 5,110	
Maintenance of Premises (5700)		2,100
Communications (4010)		2,010
Special Department Expense (3625)		1,000
Contract Services	\$ 321,115	
Montrose Contract		296,075
Professional Services		5,350
Retirement of Principal (6030/6045)		19,060
Internal Services	\$ 128,604	
General Administration		94,436
Insurance		34,168
Vehicle Maintenance		-
Capital Outlay	\$ 215,000	
TOTAL	\$ 865,436	

Solid Waste Fund

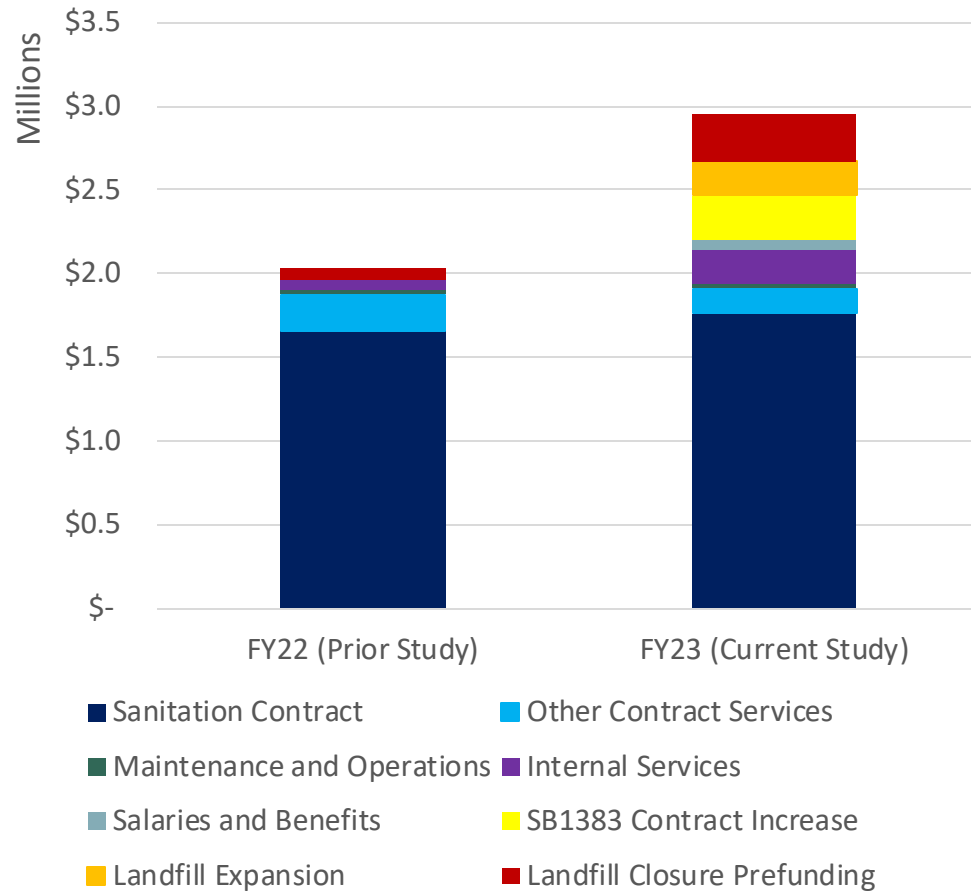
Operating Expenditures

	FY23 Proposed Budget	
10245	Summary	Detail
Salaries and Benefits	\$ 60,807	
Maintenance and Operations	\$ 23,133	
Rent – General (4600)		12,608
Orange Bag (3578)		10,000
Communications (4010)		525
Contract Services	\$ 2,388,247	
Avalon Environmental Contract (5064)		2,035,077
Professional Services (5005)		209,631
City Attorney Retainer (5030)		9,064
Hazardous Waste Disposal (5046)		126,075
SWRCB Annual Permit (5185)		8,400
Internal Services	\$ 201,927	
General Administration (3047)		146,247
Insurance (3046)		55,680
Vehicle Maintenance		-
Capital Outlay	\$ 279,444	
Prefunding Contribution (6569)		279,444
TOTAL	\$ 2,953,558	



Solid Waste Rate Discussion

Explanation of Increased Solid Waste Expenditures



- Prior Cost of Service Study completed in 2017 did not include the following:
 - Landfill closure prefunding at required level
 - Funding to pursue landfill expansion
 - Increased contract service requirements from SB1383
- Fund expenditures increased by 50% (~ \$1M) primarily as a result of these new expenditures

Solid Waste Fund

Rate Scenario from Cost of Service Study

	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY25-26
Beg. Reserves	\$ 967,752	\$ 677,064	\$ 593,585	\$ 671,394	\$ 839,385
<i>Study Rate Increase</i>	<i>19.5%</i>	<i>19.5%</i>	<i>9.5%</i>	<i>3.0%</i>	<i>3.0%</i>
Revenues	\$ 2,318,988	\$ 2,746,120	\$ 2,995,317	\$ 3,082,107	\$ 3,171,653
Salaries and Benefits	79,521	82,242	85,060	87,978	91,002
Sanitation Contract	1,699,500	1,754,630	1,807,268	1,861,486	1,917,331
SB1383 Amendment	138,152	280,448	288,861	297,527	306,453
Other Contract Services	123,000	126,075	129,227	132,458	135,769
Maintenance & Operations	48,800	50,009	51,250	52,523	53,829
Internal Services	152,185	156,751	161,453	166,297	171,286
Landfill Expansion	100,000	100,000	100,000	-	-
Prefunding Contribution	268,519	279,444	294,390	315,846	349,474
Expenditures	\$ 2,609,677	\$ 2,829,598	\$ 2,917,509	\$ 2,914,115	\$ 3,025,144
Gain (Draw) on Reserves	\$ (290,688)	\$ (83,478)	\$ 77,808	\$ 167,991	\$ 146,509
Reserves	\$ 677,064	\$ 593,585	\$ 671,394	\$ 839,385	\$ 985,894

Solid Waste Fund

Proposal #1

- 16% Increase FY23
- No General Fund Subsidy

	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY25-26
Beg. Reserves	\$ 1,231,858	\$ 1,079,321	\$ 819,010	\$ 812,687	\$ 894,023
<i>Study Rate Increase</i>	<i>19.5%</i>	16.0%	<i>9.5%</i>	<i>3.0%</i>	<i>3.0%</i>
Revenues	2,318,988	2,669,287	2,911,186	2,995,451	3,082,398
Salaries and Benefits	79,521	82,242	85,060	87,978	91,002
Sanitation Contract	1,699,500	1,754,630	1,807,268	1,861,486	1,917,331
SB1383 Amendment	-	280,448	288,861	297,527	306,453
Other Contract Services	123,000	126,075	129,227	132,458	135,769
Maintenance & Operations	48,800	50,009	51,250	52,523	53,829
Internal Services	152,185	156,751	161,453	166,297	171,286
Landfill Expansion	-	200,000	100,000	-	-
Prefunding Contribution	368,519	279,444	294,390	315,846	349,474
Expenditures	2,471,525	2,929,598	2,917,509	2,914,115	3,025,144
Gain (Draw) on Reserves	(152,537)	(260,311)	(6,323)	81,336	57,254
Reserves	\$ 1,079,321	\$ 819,010	\$ 812,687	\$ 894,023	\$ 951,277

Solid Waste Fund

Proposal #2

- 11.5% increase FY23
- 9.5% increase in FY24
- 6% increase FY25 and FY26
- General Fund Subsidy = \$200,000

	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY25-26
Beg. Reserves	\$ 1,231,858	\$ 1,079,321	\$ 920,225	\$ 805,733	\$ 856,060
<i>Study Rate Increase</i>	19.5%	11.5%	9.5%	6.0%	6.0%
Revenues	2,318,988	2,570,502	2,803,016	2,913,483	3,081,672
Revenues + Subsidy	2,318,988	2,726,598	2,803,016	2,964,443	3,081,672
Salaries and Benefits	79,521	82,242	85,060	87,978	91,002
Sanitation Contract	1,699,500	1,754,630	1,807,268	1,861,486	1,917,331
SB1383 Amendment	-	280,448	288,861	297,527	306,453
Other Contract Services	123,000	126,075	129,227	132,458	135,769
Maintenance & Operations	48,800	50,009	51,250	52,523	53,829
Internal Services	152,185	156,751	161,453	166,297	171,286
Landfill Expansion	-	200,000	100,000	-	-
Prefunding Contribution	368,519	279,444	294,390	315,846	349,474
Expenditures	2,471,525	2,929,598	2,917,509	2,914,115	3,025,144
Gain (Draw) on Reserves	(152,537)	(159,096)	(114,492)	50,327	110,545
Reserves	\$ 1,079,321	\$ 920,225	\$ 805,733	\$ 856,060	\$ 966,606

Solid Waste Fund

Proposal #2

- 9.5% Increase FY23 and FY24
- 6% Increase FY25 and FY26
- General Fund Subsidy = \$400,000

	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY25-26
Beg. Reserves	\$ 1,231,858	\$ 1,079,321	\$ 1,076,321	\$ 913,754	\$ 913,121
<i>Study Rate Increase</i>	19.5%	9.5%	9.5%	6.0%	6.0%
Revenues	2,318,988	2,526,598	2,754,941	2,913,483	3,081,672
Revenues + Subsidy	2,318,988	2,926,598	2,754,941	2,913,483	3,081,672
Salaries and Benefits	79,521	82,242	85,060	87,978	91,002
Sanitation Contract	1,699,500	1,754,630	1,807,268	1,861,486	1,917,331
SB1383 Amendment	-	280,448	288,861	297,527	306,453
Other Contract Services	123,000	126,075	129,227	132,458	135,769
Maintenance & Operations	48,800	50,009	51,250	52,523	53,829
Internal Services	152,185	156,751	161,453	166,297	171,286
Landfill Expansion	-	200,000	100,000	-	-
Prefunding Contribution	368,519	279,444	294,390	315,846	349,474
Expenditures	2,471,525	2,929,598	2,917,509	2,914,115	3,025,144
Gain (Draw) on Reserves	(152,537)	(3,000)	(162,568)	(632)	56,528
Reserves	\$ 1,079,321	\$ 1,076,321	\$ 913,754	\$ 913,121	\$ 969,649

Solid Waste Fund

Proposal #3

- No Increase FY23
- General Fund Subsidy = \$650,000

	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY25-26
Beg. Reserves	1,231,858	1,079,321	1,117,776	726,851	412,047
<i>Study Rate Increase</i>	<i>19.5%</i>	<i>0.0%</i>	<i>9.5%</i>	<i>3.0%</i>	<i>3.0%</i>
Revenues	2,318,988	2,318,988	2,526,584	2,599,311	2,674,374
Revenues + Subsidy	2,318,988	2,968,053	2,526,584	2,599,311	2,674,374
Salaries and Benefits	79,521	82,242	85,060	87,978	91,002
Sanitation Contract	1,699,500	1,754,630	1,807,268	1,861,486	1,917,331
SB1383 Amendment	-	280,448	288,861	297,527	306,453
Other Contract Services	123,000	126,075	129,227	132,458	135,769
Maintenance & Operations	48,800	50,009	51,250	52,523	53,829
Internal Services	152,185	156,751	161,453	166,297	171,286
Landfill Expansion	-	200,000	100,000	-	-
Prefunding Contribution	368,519	279,444	294,390	315,846	349,474
Expenditures	2,471,525	2,929,598	2,917,509	2,914,115	3,025,144
Gain (Draw) on Reserves	(152,537)	38,455	(390,925)	(314,804)	(350,770)
Reserves	\$ 1,079,321	\$ 1,117,776	\$ 726,851	\$ 412,047	\$ 61,277