



# AGENDA REPORT

## CITY OF SAN CLEMENTE

### City Council Meeting

910 Calle Negocio  
2nd Floor  
San Clemente, California  
www.san-clemente.org

**Meeting Date:** 6/6/2023

**Agenda Item:** 8A

**Department:** Finance and Administrative Services  
**Prepared By** Jacob Rahn, Financial Services Officer

**Subject:**  
**ADOPTION OF THE FISCAL YEAR 2023-24 BUDGET**

**Summary:**

The City of San Clemente operates financially on a fiscal year budget. The budget takes effect on July 1 of each year and provides financial allocations through June 30 of the following year. The municipal budget includes several funds, or sections, with the primary operating budget being the City's General Fund. The budget is prepared with input from residents, elected officials, and staff. The City Council approves the budget, and any amendment to the budget, by a majority vote.

**Background:**

On May 23, 2023, the City held a budget workshop for the proposed FY 2023-24 operating and capital improvement budgets. At the public budget workshop, staff presented the summarized budget and covered decision packages included in the budget. Staff identified the Strategic Priorities, and presented a financial overview related to the budget identifying Department Highlights, CIP Program and Decision Packages. Various public input was received in conjunction with the presentation.

At the conclusion of the Budget presentation which covered all City funds including the department activities and budgets, the City Council was able to provide input and receive public comments. The City Council discussions focused on a variety of topics and at the conclusion of the deliberations the City Council approved all budgeted Decision Packages. These included items such as the new Coastal Administrator position, UAL Pension funding payment, and various other packages in the General Fund. In the other, or non-General Fund budgets, the decision packages included pay station replacement, data storage upgrades and other one-time costs.

Additionally, the City Council incorporated the action taken on May 16, 2023 into the budget authorizing the use of unassigned Fund Balance to fund the one-time cost for 4 additional OCSD deputies under the police contract, to improve public safety and address enforcement in geographic areas. The total deputy cost of \$1.4 million is included in the budget, with the net cost of \$1.2 million included in the General Fund. These one-time amounts are included in the budget with the OCSD contract and will be agendized for the June 20, 2023 meeting.

The FY 2023-24 budget is summarized as follows:

**All Funds Budget:**

For FY 2023-24 resources for all funds, including fund balances, total \$282.7 million. Excluding fund balances, revenues for all funds total \$173,188,830 and expenditures total \$190,654,030. The City

has a positive operating position once one-time activity and capital costs are removed from the totals. A Resolution (Attachment 1) has been prepared to adopt and approve the FY 2023-24 budget for the General Fund, Special Revenue Funds, Capital Project Funds, Enterprise Funds, and Internal Services Funds. The All Funds Budget Summary (Exhibit I) presents the total budget for FY 2023-24. General Fund:

The FY 2023-24 General Fund budget reflects total revenues of \$79,641,760 and total expenditures of \$85,106,290, including one-time amounts. This amount was revised to fund the one-time addition of the 4 deputies based on the Council action approved at the May 16, 2023 meeting and subsequently funded by fund balance in the FY 2023-24 Budget at the public budget workshop. The revised General Fund's FY 2023-24 budgeted ending fund balance is anticipated to be \$16.8 million on a total General Fund budget of \$85.1 million.

The General Fund operating position will be lean with a small positive operating position. Based on existing fiscal policy and GASB 54, the City Council is committing a portion of the General Fund's fund balance for an Emergency Reserve (18% of operating costs or \$14.3 million), these funds are included as part of a resolution and can be used only through City Council action.

The San Clemente budget, if adopted, is subject to change by the Council action during the budget year to address items that arise during the year and to address revenue and cost adjustments. Staff reports updates to the City Council as the fiscal year progresses. Actions can be recommended and approved by Council to change the budget at any future City Council meeting.

**Council Options:**

- Approve the Resolution and adopt the revised FY 2023-24 Budget.
- Continue the item and direct staff to make additional revisions to the FY 2023-24 Budget prior to adoption.
- Deny the Resolution and the FY 2023-24 Budget.

**Fiscal Impact:**

The adoption of the FY 2023-24 budget will establish funding levels for all City funds for the period July 1, 2023 through June 30, 2024. For all funds for FY 2023-24, total revenues equal \$173,188,830 and total expenditures are \$190,654,030 utilizing fund balance for one-time costs.

**Environmental Review/Analysis:**

Not applicable.

**Recommended Actions:**

Staff Recommendation

Adopt Resolution No. 23-44 entitled: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN CLEMENTE, CALIFORNIA, ADOPTING AND APPROVING THE BUDGET AT THE FUND LEVEL FOR THE CITY OF SAN CLEMENTE FOR THE 2023-24 FISCAL YEAR AND THE COMMITMENT OF FUND BALANCE;

***Attachments:***

1. Resolution No. 23-44
2. Exhibit I - All Funds Budget Summary

***Notification:***

None.

## RESOLUTION NO. 23-44

## A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN CLEMENTE, CALIFORNIA, ADOPTING AND APPROVING THE BUDGET AT THE FUND LEVEL FOR THE CITY OF SAN CLEMENTE FOR THE 2023-24 FISCAL YEAR AND THE COMMITMENT OF FUND BALANCE

WHEREAS, the City Manager has prepared the City of San Clemente's budget for the Fiscal Year (FY) ending June 30, 2024; and

WHEREAS, the City Council held a public budget workshop and on the proposed 2023-24 Fiscal Year budget on May 23, 2023; and

WHEREAS, the City Council held a public hearing on the proposed 2023-24 Fiscal Year budget on June 6, 2023; and

WHEREAS, pursuant to Governmental Accounting Standards Board Statement No. 54, an action of the City Council is necessary to commit budget amounts in various funds for the specific purposes they intend.

NOW, THEREFORE, the City Council of the City of San Clemente does hereby resolve as follows:

Section 1. That the above recitals and true and correct and incorporated herein.

Section 2. That the City Council does hereby approve and adopt the Budget for the City of San Clemente for the Fiscal Year 2023-24 at the fund level for all funds as shown on see Exhibit I hereto which is incorporated fully by this reference.

Section 3 General Fund Reserves are established and maintained based on the following levels within the General Fund. The City Council is authorized to expend the reserved funds by approving a formal resolution. The Emergency Reserve for FY 2023-24 is 18% of budgeted operating expenditures.

Section 4. Copies of the FY 2023-24 budget document are on file in the Office of the City Clerk.

Section 5. The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED AND ADOPTED this \_\_\_\_\_ day of June, 2023.

ATTEST:

\_\_\_\_\_  
City Clerk of the City of  
San Clemente, California

\_\_\_\_\_  
Mayor of the City of San  
Clemente, California

STATE OF CALIFORNIA     )  
COUNTY OF ORANGE     ) §  
CITY OF SAN CLEMENTE    )

I, LAURA CAMPAGNOLO, City Clerk of the City of San Clemente, California, do hereby certify that Resolution No. 23-44 was adopted at a regular meeting of the City Council of the City of San Clemente held on the \_\_\_\_\_ day of June 2023, by the following vote:

AYES:

NOES:

ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of San Clemente, California, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
CITY CLERK of the City of  
San Clemente, California

Approved as to form:

\_\_\_\_\_  
Elizabeth A. Mitchell, City Attorney

# All Funds Budget Summary

	Beginning Balance	FY 2023-24 Revenues	FY 2023-24 Expenditures	Ending Balance	Changes in Balances	% Change
<b>General Fund</b>	22,259,217	79,641,760	85,106,290	16,794,687	(5,464,530)	-25%
<b>Special Revenue Funds</b>						
Street Improvement	645,030	2,052,000	2,628,050	68,980	(576,050)	-89%
Gas Tax	1,395,280	3,627,290	2,862,310	2,160,260	764,980	55%
Miscellaneous Grants	275,650	405,940	395,940	285,650	10,000	4%
Disaster Relief	0	0	0	0	0	0%
Air Quality Improvement	298,910	85,100	80,000	304,010	5,100	2%
Local Cable Infrastructure	910,230	202,000	10,360	1,101,870	191,640	21%
Police Grants	254,450	167,480	226,940	194,990	(59,460)	-23%
Local Transit Program Grants	195,090	857,850	999,000	53,940	(141,150)	0%
Building Homes & Jobs Act (SB2) Fund	29,890	295,830	253,460	72,260	42,370	0%
<b>Capital Project Funds</b>						
Parks Acquisition & Dev.	2,394,660	50,000	2,087,140	357,520	(2,037,140)	-85%
Local Drainage Facilities	972,510	545,700	1,325,590	192,620	(779,890)	-80%
RCFPP	839,020	14,000	9,930	843,090	4,070	0%
Public Facilities Construction Fee	1,044,350	52,500	768,380	328,470	(715,880)	-69%
Developers Improvement	4,811,270	199,400	12,160	4,998,510	187,240	4%
In-Lieu Housing	10,747,680	3,000	0	10,750,680	3,000	100%
Low/ Moderate Income Housing Reserve	2,827,120	10,540	41,930	2,795,730	(31,390)	-1%
	9,795,870	2,087,240	4,810,000	7,073,110	(2,722,760)	-28%
<b>Enterprise Funds</b>						
Water - Operating	8,485,772	25,819,614	27,363,730	6,941,656	(1,544,116)	-18%
- Depreciation Reserve	9,459,164	5,842,984	7,153,030	8,149,118	(1,310,046)	-14%
- Acreage Fee	296,302	2,734,228	3,007,890	22,640	(273,662)	-92%
- Other Agency	4,533,632	760,694	1,008,180	4,286,146	(247,486)	-5%
Sewer - Operating	1,034,338	10,888,321	11,736,130	186,529	(847,809)	-82%
- Depreciation Reserve	2,274,287	3,273,684	4,182,130	1,365,841	(908,446)	-40%
- Connection Fee	14,651	12,001,519	12,016,170	0	(14,651)	-100%
- Other Agency	905,404	217,246	264,560	858,090	(47,314)	-5%
Storm Drain - Operating	129,098	1,927,151	1,652,300	403,949	274,851	213%
- Depreciation Reserve	1,560,452	915,399	1,632,910	842,941	(717,511)	-46%
Solid Waste Management	521,630	222,850	227,270	517,210	(4,420)	-1%
Golf - Operating	1,171,186	3,233,863	3,013,060	1,391,989	220,803	19%
- Depreciation Reserve	3,441,042	278,430	104,750	3,614,722	173,680	5%
- Capital Improvement	1,467,262	147,367	417,380	1,197,249	(270,013)	-18%
Clean Ocean	144,020	2,744,070	2,391,910	496,180	352,160	245%
<b>Internal Service Funds</b>						
Central Services	283,440	435,550	510,060	208,930	(74,510)	-26%
Information Technology	1,092,560	2,219,030	2,666,330	645,260	(447,300)	-41%
Contract Fleet Services	46,665	1,319,848	1,366,470	43	(46,622)	-100%
Fleet Replacement Reserve	5,270,885	636,012	591,580	5,315,317	44,432	1%
Medical Insurance	86,190	4,003,340	3,917,840	171,690	85,500	99%
Workers' Compensation	1,862,530	510,000	617,110	1,755,420	(107,110)	-6%
General Liability Self Insurance	5,765,570	2,760,000	3,195,760	5,329,810	(435,760)	-8%
<b>Total All Funds</b>	<b>109,542,307</b>	<b>173,188,830</b>	<b>190,654,030</b>	<b>92,077,107</b>	<b>(17,465,200)</b>	<b>-16%</b>