

July 1, 2022

Honorable Mayor and Members of the City Council

This document presents the Fiscal Year 2022/23 Adopted Budget for the City of Camarillo (City operations) and the Camarillo Sanitary District (CSD), incorporated into one document. Any reference throughout this memo to the City should also be interpreted to include the CSD, where appropriate.

The past two years have brought significant challenges. The City persevered through the Pandemic as a result of strategic actions taken by the City Council, City Management and City staff's commitment to providing services and controlling expenditures. On June 22, 2022, staff delivered an operationally balanced budget for FY 2022/23. Despite the recent geopolitical events in Europe, and rising economic uncertainty, the City is in a solid fiscal position. The adopted budget includes a 50% General Fund reserve set-aside per the City's Reserve Policy to provide flexibility and stability.

We are optimistic that many of the unprecedented challenges we faced in FY 2020/21 and FY 2021/22 are behind us. Although trends suggest the local economy will continue to recover, the City has recognized that revenues could be impacted in the future as a result of geopolitical tension, future COVID-19 outbreaks and/or continued high inflation. As a result of these factors, staff continued to take a cautious and conservative approach to budgeting for the 2022/23 fiscal year.

The FY 2022/23 adopted budget continues to fund existing programs while expanding to include new action strategies such as the art mural program and renewable energy generation. Infrastructure projects include electrical vehicle (EV) charging infrastructure and energy efficiency improvements.

Many of the projected fund balances in other funds are expected to meet or exceed their targeted reserve levels at fiscal year end June 30, 2023. For the funds projected to end below their targeted reserve levels, staff is diligently working to bring those funds up to the target level stated in the City's Reserve Policy. Included in this document are summaries of the major funds and prominent changes to their recommended budgets. The budget detail is presented in each section grouped by fund-type. The report includes information related to the total revenue and expenditure activity for the major fund types.

AT A GLANCE -- CITY OPERATIONS & CSD

CITY OF CAMARILLO		
	2021/22 BUDGET	2022/23 BUDGET
Fund Balance,		
July 1	\$ 174,497,544	\$ 133,473,650
Revenues	107,729,997	104,724,108
Expenditures	148,753,891	117,681,919
Estimated Fund		
Balance, June 30	\$ 133,473,650	\$ 120,515,839
CAMARILLO SANITARY DISTRICT		
	2021/22 BUDGET	2022/23 BUDGET
Fund Balance,		
July 1	\$ 62,671,950	\$ 44,394,077
Revenues	17,345,965	17,284,786
Expenditures	35,623,838	26,300,468
Estimated Fund		
Balance, June 30	\$ 44,394,077	\$ 35,378,395
CITY AND CSD COMBINED TOTAL		
	2021/22 BUDGET	2022/23 BUDGET
Fund Balance,		
July 1	\$ 237,169,494	\$ 177,867,727
Revenues	125,075,962	122,008,894
Expenditures	184,377,729	143,982,387
Estimated Fund		
Balance, June 30	\$ 177,867,727	\$ 155,894,234

The total Budget for FY 2021/22 includes revenues of \$125.1 million and expenditures of \$184.4 million. The FY 2021/22 accumulated fund balance is projected to decrease \$59.3 million due to significant planned capital projects, primarily the *North Pleasant Valley Groundwater Desalter, Advanced Metering Infrastructure, Reclaimed Water Storage Reservoir, Pump Station #3 Rehabilitation, Lewis Road to Flynn Road Sewer, Standby Power, Pleasant Valley Road Bike Lanes, City Hall Chamber Remodel, Camarillo Train Station Undercrossing, and Dizdar Park Renovations.*

The total Adopted Budget for FY 2022/23 is operationally balanced (operating revenues are sufficient to fund operating expenditures), and includes revenues of \$122.0 million, and expenditures of \$144.0 million. The difference of \$22.0 million is due to the planned use of the accumulated fund balance for one-time costs or capital expenditures. The FY 2022/23 accumulated fund balance is projected to be \$155.9 million.

EXPENDITURES -- PERSONNEL

Consistent with the City Council goal to maintain an effective workforce through competitive salaries and benefits, the FY 2022/23 adopted personnel costs are estimated to increase 10.4% from FY 2021/22. The FY 2022/23 budget includes funding for a total of 151 full-time equivalent (FTE) positions, an increase of two (2) FTE's including one Laboratory Specialist and one Water Reclamation Plant Mechanic I-II in the Sanitary District. The increase in the staffing level is consistent with the City Council's Goals and Objectives, adopted March 9, 2022, and departmental operations and work plans. The addition of staffing resources is primarily in the Sanitary District to address the aggressive maintenance projects and activity in the 5-Year Capital Improvement Plan. Department Heads will continue to evaluate positions that become vacant through attrition as an opportunity to reassess staffing needs within the organizational structure and ensure the City continues to provide the highest level of service in the most effective way possible.

CHALLENGES AND UNCERTAINTIES

National Forecast. The future course of the Pandemic and the Russia-Ukraine war has impacted the world's economy resulting in considerable uncertainty in domestic economic forecasts.

U.S. inflation has surged to a new forty-year high of 8.5% in March 2022 driven by a steep rise in energy and food costs, supply chain constraints, and strong consumer demand. Persistently higher prices as a result of a strong economy and strong labor market will cut into booming economic growth as the economy bounces back from COVID-19.

The national and local recovery from COVID-19 is primarily due to years of low interest rates and swift government stimulus intended to counter the economic impact of the Pandemic and lockdowns. While the Federal Reserve's actions assisted in the recovery, their current focus is on reducing inflation by tightening monetary policy and cutting into demand without hindering future growth. Although inflation remains a concern, if these actions are taken by the Federal Reserve, along with other factors, economists forecast an inflation peak of 8.5% and a steady decline in the latter half of 2022.

U.S. real Gross Domestic Product (GDP), the nation's broadest measure of goods and services, grew 5.7% in 2021. The UCLA Anderson Forecast calls for continued economic growth, forecasting 4.3% growth in 2022 and expecting growth to normalize to 2.8% in 2023 and 2.3% in 2024. The forecasted growth is in line with pre-Pandemic actual GDP growth for FY 2018 and 2019.

State Budget Update. Due to the increase in personal income taxes, sales tax, and property tax, the state's budget is stronger than ever. The state has a projected surplus of \$45.7 billion, and \$34.6 billion is in budgetary reserves. The state budget includes funding for economic growth and job creation to strengthen small businesses, expand workforce training and opportunity, and address impacts from climate change such as wildfires and drought.

In mid-May, the State's Department of Finance provided an update on revenues, expenditures, and reserves based on the latest economic forecasts. The May update reported record revenue generation, and addressed inflation, energy prices, geopolitical tensions and supply chain constraints.

The City's General Fund Revenues are not dependent on the State's finances. Municipal revenues affected by the State's budgetary impacts are special revenue sources such as Highway Users Tax Account (HUTA), the SB1 Road Maintenance and Rehabilitation Account (RMRA) and Transportation Development Act (TDA Article 8) revenues.

EXECUTIVE TRANSMITTAL LETTER

Federal Stimulus. The American Rescue Plan Act of 2021 (ARPA) was signed into law on March 11, 2021 to provide direct relief to States, Counties, Cities, and other municipalities. These funds may be used to cover costs incurred to respond to the public health emergency with respect to COVID-19, or to alleviate its negative economic impacts. Primarily, ARPA is intended to replace revenue declines sustained during the public health emergency, and make investments in water, wastewater, and broadband infrastructure. The City's allocation under ARPA is \$9.0 million, and is programmed into the City's budget through December 31, 2024.

WHAT'S IN THE BUDGET

General Fund Focus

The General Fund is where the majority of discretionary revenues are recorded, and where the majority of general municipal services are provided.

GENERAL FUND				
	FY 2020/21	FY 2021/22	FY 2022/23	
	Actuals	Budget	Adopted Budget	Year over Year % Chg
Revenues & Transfers In	\$ 44,336,443	\$ 49,140,945	\$ 50,628,548	3.0%
Operating Expenditures	35,686,825	41,554,362	43,948,006	5.8%
One-Time Facility Capital Costs	-	-	3,811,753	
Operating Transfers Out	2,693,299	3,592,661	3,466,343	-3.5%
Total Operating Expenditures	38,380,124	45,147,023	51,226,102	13.5%
CIP Transfers Out	-	6,383,882	5,012,988	-21.5%
Expenditures & Transfers Out	38,380,124	51,530,905	56,239,090	9.1%
Revenues Over/(Under) Expenditures	5,956,319	(2,389,960)	(5,610,542)	
Fund Balance, July 1	66,173,723	72,130,042	69,740,082	
Fund Balance, End of Period	\$ 72,130,042	\$ 69,740,082	\$ 64,129,540	

The Budget for FY 2021/22 includes revenues and transfers in of \$49.1 million, and expenditures and transfers out of \$51.5 million.

The Adopted Budget for FY 2022/23 includes revenues and transfers in of \$50.6 million, and expenditures and transfers out of \$56.2 million. The change to the ending fund balance is a decrease of \$5.6 million, for a total ending fund balance of \$64.1 million. The primary reasons for the decrease in fund balance are one-time facility improvement projects in the amount of \$3.8 million, and a transfer out in the amount of \$5.0 million to the Capital Improvement Project fund to fund capital projects reflected in the first year of the 2022-2027 Five-Year Capital Improvement Plan (CIP).

Further details on the changes to General Fund revenue and expenditure levels for FY 2022/23 are provided on page 11-16 of this report.

Key General Fund Revenues

Several forecasting methods and practices are used to estimate City revenues depending on the type of revenue being analyzed. Evaluating historical growth patterns and current actual revenues is an important component to the analysis. The City also works with industry-leading consultants to project the City's two largest revenues, property tax and sales tax.

General Fund revenues are outlined below including the year-over-year changes to the budget. The top seven revenue sources account for approximately 88.9% of the total projected General Fund revenues of \$50.6 million in the Adopted FY 2022/23 budget. The other significant revenues are noted in the table below.

Although we have seen unprecedented growth in property and sales tax revenues that resulted in historic levels, we forecasted that the rapid pace of growth will slow over the next fiscal year with a steadier growth in the range of 2% to 3% when compared to current year estimated actual revenue receipts.

	FY 2020/21	FY 2021/22	FY 2022/23	
Revenue Sources	Actuals	Budget	Adopted Budget	Year over Year % Chg
Property Tax	\$ 16,230,523	\$ 16,536,300	\$ 16,980,000	2.7%
Sales Tax	14,841,167	16,800,000	17,100,000	1.8%
Franchise Fees	2,824,104	2,812,383	2,776,000	-1.3%
Transient Occupancy Tax	2,149,677	2,687,000	2,750,000	2.3%
Building Permits	1,440,413	1,542,360	1,500,000	-2.7%
Business Tax	1,438,552	1,400,226	1,415,000	1.1%
Charges for Services	1,185,613	2,340,600	2,500,000	6.8%
Total	40,110,049	44,118,869	45,021,000	2.0%
Other Revenue Sources	2,452,704	3,228,899	3,556,299	10.1%
Transfers In	1,773,690	1,793,177	2,051,249	14.4%
Total Fund Revenue	\$ 44,336,443	\$ 49,140,945	\$ 50,628,548	3.0%

- Sales Tax:** This is the second largest revenue source, accounting for 33.8% of the total General Fund revenue. This revenue has recovered from COVID-19 impacts. The City has seen an extraordinary growth that has exceeded the pre-Pandemic revenue levels. Projected sales tax revenue for FY 2022/23 is \$17.1 million, an increase of 1.8% over the current year. We have seen robust sales tax revenues due to the economic recovery, increased consumer confidence, pent-up demand and higher inflation in the current year, the projection for FY 2022/23 continues in line with these growth patterns.
- Property Tax:** This is the largest revenue source for the General Fund, accounting for 33.5% of the total FY 2022/23 revenue. Property tax revenues in FY 2020/21 and FY 2021/22 were not affected by COVID-19 revenue losses. To the contrary, the housing market remained strong through the end of the 2021 calendar year. The average median home sale price in Camarillo increased from \$650,000 pre-Pandemic to \$830,000 as of December 2021, an increase of 27.7%. FY 2022/23 budgeted property tax revenues are projected at \$17.0 million, a 2.7% increase from the current year. The City's net taxable value increase in FY 2022/23 is projected to be 5.9% versus 10.0% when compared to FY 2021/22.
- Franchise Fees:** Franchise Fee revenues for Cable, Refuse, Electric and Gas, are the third largest revenue source and produce 5.6% of the total General Fund revenue. These revenues were largely

unaffected by the Pandemic. In FY 2022/23, this revenue is projected to decrease by 1.3% for a total of \$2.8 million to reflect a three-year trend of declining revenues from traditional cable providers.

- **Transient Occupancy Tax (TOT):** Hotel Bed Tax revenue produces 5.5% of the total General Fund revenue. This revenue source is anticipated to recover to pre-Pandemic levels in FY 2022/23 due to pent-up demand from domestic leisure travelers. The occupancy rates have increased when compared to prior years, but this is partially offset by lower hotel room rates. Due to uncertainty as it relates to the return of international and business travel, the City expects moderate growth of 2.3%. The primary economic indicators influencing projections include room rates, occupancies, and demand growth.
- **Licenses & Permits:** Building Permit revenues are expected to decrease by 2.7% in FY 2022/23 for a total of \$1.5 million reflecting the anticipated levels of development activity.
- **Charges for Services:** These charges include engineering inspection fees, subdivision fees, and zoning and planning fees which are based on development activity which fluctuates year-over-year. The projected revenues for FY 2022/23 are \$2.5 million.
- **Other Revenue Services (Grants and Subventions):** This revenue in FY 2022/23 reflects \$2.4 million in ARPA funding. The City was allocated a total of \$9.0 million that must be obligated by December 31, 2024 and spent by December 31, 2026. This funding was intended to replace revenues impacted by the Pandemic, which were necessary to pay for essential services such as public safety.

Key General Fund Appropriations

The total Adopted General Fund expenditures and transfers out (appropriations) for FY 2022/23 are \$56.2 million, an increase of \$4.8 million from the FY 2021/22 budget.

EXECUTIVE TRANSMITTAL LETTER

	FY 2020/2021	FY 2021/2022	FY 2022/23	
Divisions	Actuals	Budget	Adopted Budget	Year over Year % Chg
City Council	\$ 340,711	\$ 590,763	\$ 625,287	5.8%
City Clerk	561,084	648,956	977,390	50.6%
City Attorney	469,560	639,967	476,324	-25.6%
City Manager	1,766,967	2,203,125	1,920,443	-12.8%
Community Relations	189,295	451,244	559,870	24.1%
Finance	1,248,788	1,464,317	1,687,213	15.2%
Human Resources	277,597	495,660	480,000	-3.2%
Community Development	1,883,917	2,243,971	2,253,792	0.4%
Code Compliance	650,073	788,401	828,810	5.1%
Police	15,898,259	18,605,476	19,532,237	5.0%
DART	22,605	35,486	35,686	0.6%
Building & Safety	1,026,886	1,103,150	1,145,256	3.8%
Public Works	2,539,933	2,501,764	2,625,144	4.9%
Traffic/Signal Maintenance	968,742	1,089,636	1,263,313	15.9%
Storm Water Management	806,779	1,204,738	1,224,909	1.7%
Street Maintenance	2,068,353	2,446,199	2,650,911	8.4%
Cultural Arts Services	284,596	601,343	660,850	9.9%
Library Operations	3,169,307	3,790,153	4,351,134	14.8%
Economic Development	1,512,108	561,923	634,437	12.9%
Non Departmental	1,258	7,275	15,000	106.2%
Total	35,686,818	41,473,547	43,948,006	6.0%
Operating Transfers Out	2,693,299	3,592,661	3,466,343	-3.5%
CIP Transfers Out	-	6,383,882	5,012,988	-21.5%
One-Time Facility Capital Costs	-	-	3,811,753	100.0%
Total General Fund Appropriations	\$ 38,380,117	\$ 51,450,090	\$ 56,239,090	9.3%

General Fund Appropriations

Key additions or eliminations to the FY 2022/23 General Fund expenditure budgets are detailed below.

- City Council:** An increase of \$34,524 in FY 2022/23 is primarily due to the City reinstating the contribution to the Channel Island University Scholarship Fund. The contribution was initially placed on hold until CSUCI could update the City Council on their policy. This was delayed during the COVID-19 Pandemic.
- City Clerk:** An increase of \$328,434 in FY 2022/23 is attributed to a new document imaging system, a Citywide scanning project and records retention schedule analysis and update. This new system will provide greater efficiency in responding to public records requests and more timely access to records.
- City Manager:** A decrease of \$282,682 in FY 2022/23 is a result of the elimination of the contract services for a districting demographer. The City completed the redistricting process and adopted the ordinance at the April 13, 2022 City Council meeting. Also, a reduction is attributed to one-time projects in emergency planning and Emergency Operations Center budgeted in FY 2021/22.

- **Community Relations:** An increase of \$108,626 is owed to the increased costs to expand the City's filming budget to produce more relevant video content in addition to CityScene TV interviews for government channel programming. Additionally, the budget increase anticipates more in-person community events that were otherwise not held, or held virtually, during the COVID-19 pandemic.
- **Police Department:** An increase of \$926,761 is essentially attributed to the cost related to the annual contract rate increase from Ventura County Sheriff's Office, as well as ongoing maintenance of the Police Facility.
- **Public Works – Traffic & Signal Maintenance:** An increase of \$173,677 is a result of a one-time cost of \$103,000 for a communication upgrade plan that will optimize our current software platform and maximize traffic signal communications.
- **Economic Development:** An increase of \$72,514 is due to staff allocation changes and additional online platforms to enhance the City's effort in economic development by expanding the City's presence online and reaching a more targeted audience with pertinent information.
- **Community Support:** In FY 2022/23, community support program costs are budgeted as follows:
 - **Activities:** The City will continue its support through funding programs such as Council of Aging, Boys and Girls Club, and Economic Development Collaborative.
 - **Community Service Grants (CSG):** The City Council awards grants to community service organizations for programs or projects that directly benefit the community. The CSG program allocation for FY 2022/23 is \$46,465.
 - **Events:** City support for the Pleasant Valley Recreation & Park sponsored Christmas Parade, 4th of July Celebration, and Concerts in the Park. Funding for SCIART and the Camarillo Wings Association is also included for a total amount of \$222,355.
- **Library Operations:** An increase of \$560,981 is essentially due to the annual contract increase for library operations, that includes the outsourcing of information technology services and costs related to library books and materials, previously reported in the Library Special Revenue Fund.
- **One-Time Facility Capital Costs & CIP Transfers:** An increase of \$2.4 million or 38.2% is attributed to the one-time facility improvement projects totaling \$3.8 million offset by a year-over-year decrease of \$1.4 million in other CIP projects reflected in the 2022-2027 Five-Year CIP.

EXECUTIVE TRANSMITTAL LETTER

Transfers In

Transfers In	FY 2021/22 Budget	FY 2022/23 Adopted Budget
Gas Tax Fund	\$ 1,793,177	\$ 2,051,249
Total	\$ 1,793,177	\$ 2,051,249

State allocated Highway User Tax Account (HUTA) revenues are recorded in the City's Gas Tax Special Revenue Fund. In FY 2022/23 the full amount of \$2.1 million in revenues will be transferred to the General Fund to help offset the \$2.6 million cost of the City's Street Maintenance division.

Transfers Out

Transfers Out	FY 2021/22 Budget	FY 2022/23 Adopted Budget
Library Debt Service Fund	\$ 493,531	\$ 491,872
Capital Improvement Projects (CIP) Fund	6,333,882	4,972,988
Citywide Lighting & Landscape Fund	2,906,578	2,974,471
Camarillo Ranch Events Fund	163,800	-
City Hall Facility Fund	50,000	40,000
Transit Fund	28,752	-
Total	\$ 9,976,543	\$ 8,479,331

The following transfers out were adopted in the FY 2022/23 budget:

- The transfer out to the Library Debt Service Fund represents the annual debt service payments for the 2012 Library Bonds. Final maturity is scheduled for 12/1/2033.
- The transfer out to the Capital Improvement Projects Fund primarily represents the funding needed for *the Camarillo Hills Drain Replacement at Ventura Blvd., the Storm Drain Infrastructure Repair, Undergrounding Project, and Stormwater Trash Compliance* capital projects.
- The transfer out to the Citywide Lighting and Landscape Maintenance District is necessary to subsidize this operation as not enough property tax revenue is generated to fund and support the full cost of the services provided.
- The transfer out to the City Hall Fund represents partial funding for the *City Hall Concrete Walkway* project, using CASp fees collected in FY 2021/22.

GENERAL FUND BALANCE AND RESERVES

The City's Reserve Policy 3.05 sets the goal for the General Fund reserve at 50% of the operating budget, which is \$22.5 million for FY 2021/22 and \$23.7 million for FY 2022/23. Additional Fund Balance commitments are approved by City Council in June of each year in accordance with GASB 54 standards. For the fiscal year ended June 30, 2022, the adopted commitments are as follows:

a. Council Reserve Policy Goal	\$23,707,175
b. Economic Development	6,900,000
c. Natural Disaster Recovery	10,000,000
d. Camarillo Springs Debris Remediation	200,000
e. Pleasant Valley Rec & Park District-Senior Center	8,000,000
Total Committed Fund Balance	\$48,807,175

While the General Fund is projected to exceed the established reserve level target, staff continues to forecast operations on a 5-year planning horizon and monitors its level given the draw required to subsidize ongoing operations in other funds and planned capital improvement projects while monitoring the continued economic uncertainties at both the national and state levels.

OTHER FINANCIAL KEY POINTS**Special Revenue Funds**

TDA Article 8 Fund. This fund is used to account for a special state subvention under the Transportation Development Act (TDA) that is legally restricted to the maintenance of highways and streets within the City's boundaries.

TDA funds, through the Local Transportation Fund (LTF), are derived from one-quarter cent of the general statewide sales tax collected each year. In FY 2022/23, revenues are estimated to be \$3.3 million. These monies are programmed to fund portions of the City's Transit operation, the *Annual Pavement Program* capital projects, and the *Road Rehabilitation Project*.

Gas Tax Fund. The Gas Tax Fund accounts for revenues generated from gasoline excise taxes. These funds must be allocated for transportation purposes such as eligible street improvements and street maintenance expenditures. In FY 2022/23 revenues are estimated to be \$2.0 million. These funds will be transferred to the General Fund to partially fund the City's Street Maintenance division's operating expenditures.

SB 1 Fund. The SB1 Fund is used to account for revenues restricted for maintenance on the state highway and local road system. These funds are derived from portions of state excise (per gallon) taxes on gasoline and diesel, and vehicle registration taxes. In FY 2022/23 revenues are estimated to be \$1.6 million and are programmed to fund a portion of the City's *Annual Pavement Program*.

Citywide Lighting & Landscape Maintenance District Fund. The Citywide Lighting and Landscape Maintenance District supports street median and tree maintenance, weed control, and storm drain maintenance throughout the City.

Citywide Lighting and Landscape Maintenance Fund Summary				
	FY 2020/21	FY 2021/22	FY 2022/23	
	Actuals	Budget	Adopted Budget	Year over Year % Chg
Revenues & Transfers In	\$ 4,134,250	\$ 5,222,050	\$ 5,505,727	5.4%
Expenditures & Transfers Out	4,134,250	5,142,978	5,584,799	8.6%
Revenues Over/(Under) Expenditures	-	79,072	(79,072)	
Fund Balance, July 1	-	-	79,072	
Fund Balance, June 30	\$ -	\$ 79,072	\$ -	

The source of funding is the City's share of the 1% ad valorem property tax which is designated for this purpose. In FY 2022/23 services are being fully reinstated to pre-Pandemic levels with some additional maintenance included for a total expenditure budget of \$5.6 million. With projected property tax revenues of only \$2.5 million, a transfer in of \$3.0 million from the General Fund is necessary. The remaining funding is a result of available fund balance in the fund.

Traffic Mitigation Fund (TMF). This fund is used to account for fees received from developers to accommodate and mitigate the adverse traffic impacts caused by new development and fund the cost of maintaining regional and local roads.

In FY 2022/23, revenues are estimated at \$1.2 million, and expenditures are estimated at \$1.3 million with an estimated fund balance on June 30, 2023, of \$7.3 million. Capital improvement projects funded with TMF funds in FY 2022/23 include the *Central Avenue Bike Lane* and the *Annual Pavement Program* capital projects.

Community Development Block Grant Fund (CDBG). The City of Camarillo participates in the CDBG Program, funded by an entitlement grant from the United States Department of Housing and Urban Development (HUD). The City's funding level for FY 2022/23 is estimated based on the most recent HUD allocation notification, plus estimated program income and unspent allocations from previous years. Total funding for FY 2022/23 is estimated at \$427,146. On April 27, 2022, the City Council met and approved the following allocations for FY 2022/23:

EXECUTIVE TRANSMITTAL LETTER

FY 2022/23 CDBG Allocations

Allocations	Amount
Lutheran Social Services	\$ 13,820
OASIS	10,000
St. Columba's Parish	13,820
Turning Point Homeless Program	13,820
Total Public Service	\$ 51,460
Affordable Property Acquisition Program	217,072
Habitat for Humanity	75,000
First Time Homebuyer Program	15,000
Total Other Programs	\$ 307,072
Fair Housing Program	7,161
Administration	61,453
Total Administration	\$ 68,614
TOTAL	\$ 427,146

Capital Improvement Projects Funds

Capital Improvement Projects Fund. This fund contains the expenditures for general capital projects that are funded from development fees, state and federal grants, transfers in from the General Fund and transportation-related funds allocated by the State. The projects budgeted in FY 2022/23 are reflective of the first year of the 2022-2027 Five-Year Capital Improvement Plan (CIP).

Capital Improvement Projects Fund Summary				
	FY 2020/21	FY 2021/22	FY 2022/23	
	Actuals	Budget	Adopted Budget	Year over Year % Chg
Revenues & Transfers In	\$ 5,359,428	\$ 22,649,671	\$ 13,487,988	-40.4%
Expenditures & Transfers Out	5,160,322	21,179,005	12,490,000	-41.0%
Revenues Over/(Under) Expenditures	199,106	1,470,666	997,988	
Fund Balance, July 1	6,731,063	6,930,169	8,400,835	
Fund Balance, June 30	\$ 6,930,169	\$ 8,400,835	\$ 9,398,823	

The year-over-year changes in the Capital Improvement Projects Fund reflect the timing of capital projects, which are one-time in nature.

The City is planning to spend \$26.9 million in FY 2022/23 on all projects throughout the City. Some of the significant expenditures in the Capital fund include *Camarillo Hills Drain Replacement at Ventura Blvd.*, *Dizdar Park Renovations*, *Storm Drain Rehabilitation*, *Annual Pavement Program*, *Central Avenue Bike Lane* and *Pleasant Valley Road Bike Lanes* projects.

EXECUTIVE TRANSMITTAL LETTER

Internal Service Funds

Internal Service Funds are cost centers for City services that are charged back or allocated to various City departments. The funds listed below represent the Internal Service Funds. Included in these budgets are the operating costs related to each facility and capital projects such as the *City Hall Council Chambers Remodel* and the *Standby Power for City and CSD Facilities* project.

- Risk Management Fund
- Information Services Fund
- Vehicles and Equipment Fund
- City Hall Facility Fund
- Corporation Yard Facility Fund
- Police Facility Fund
- Library Facility Fund
- Chamber of Commerce Facility Fund

Enterprise Funds

Solid Waste Fund. This fund administers programs providing for the collection of solid waste, yard waste, organics, household hazardous waste, and recyclable materials. The services are provided by a franchised waste hauler and other contracted services to approximately 18,000 customers. The rates remain intact, and no rate adjustment will be adopted for FY 2022/23. This fund is designed to be fully self-supporting and derives the majority of its revenue from ratepayers.

Solid Waste Summary				
	FY 2020/21	FY 2021/22	FY 2022/23	
	Actuals	Budget	Adopted Budget	Year over Year % Chg
Revenues & Transfers In	\$ 7,848,870	\$ 8,379,784	\$ 8,281,450	-1.2%
Operating Expenses	7,910,908	8,316,377	8,406,254	1.1%
Revenues Over/(Under) Expenses	(62,038)	63,407	(124,804)	
Adjustments	60,597	-	-	
Working Capital, July 1	431,149	429,708	493,115	
Working Capital, June 30	\$ 429,708	\$ 493,115	\$ 368,311	

The adopted revenue and transfers in for FY 2022/23, total \$8.3 million, while expenses and transfers out total \$8.4 million. The variance of \$124,804 between revenues and expenditures and use of fund balance is due to the revenues derived from the Assembly Bill (AB) 939 and Household Hazardous Waste (HHW) recycling program not keeping up with program cost.

Transit Fund. This fund records revenues and expenses associated with operating the City's transit system. The City contracts for Fixed Route and Dial-A-Ride (DAR) services. The services include dispatching, operating, and maintaining City-owned buses. The Adopted Budget for FY 2022/23 in the amount of \$3.2 million includes funding of \$150,000 for fleet purchases.

EXECUTIVE TRANSMITTAL LETTER

The City will receive \$1.4 million in Federal Transit Administration (FTA) Grants for the operation and maintenance of the transit service that offsets up to 40% of total expenses, and a \$120,000 FTA Capital Grant that offsets up to 80% of the cost of a bus purchase. An additional funding of \$1.5 million comes from TDA Article 8 funds and transit service revenue.

Transit Fund Summary				
	FY 2020/21	FY 2021/22	FY 2022/23	
	Actuals	Budget	Adopted Budget	Year over Year % Chg
Revenues				
Transit Services	\$ 64,779	\$ 193,600	\$ 187,500	-3.2%
Federal Stimulus Funds	2,414,925	1,661,666	-	-100.0%
Grants	21,460	996,220	1,489,875	49.6%
Total	2,501,164	2,851,486	1,677,375	-41.2%
Transfers In	-	309,532	1,494,455	382.8%
Total Transit Fund Revenue	2,501,164	3,161,018	3,171,830	0.3%
Expenses				
Operating Expenses	2,513,028	2,945,333	2,990,147	1.5%
Capital Purchases	-	150,000	150,000	0.0%
Grants/Allocations/Depreciation	234,566	33,326	33,969	1.9%
Total Transit Fund Expenses	2,747,594	3,128,659	3,174,116	1.5%
Revenues Over/(Under) Expenses	(246,430)	32,359	(2,286)	
Adjustments	272,246	-		
Working Capital Balance, July 1	373,700	399,516	431,875	
Working Capital, June 30	\$ 399,516	\$ 431,875	\$ 429,589	

All special CARES Act and ARPA allocations related to the transit operation are projected to be fully spent in FY 2021/22.

Camarillo Ranch Events Fund. This fund is designed to be fully self-supporting and the majority of the revenues are derived from events held at the Camarillo Ranch. The expenses are related to the operating and maintenance costs for the upkeep of this historic landmark.

Camarillo Ranch Events Fund Summary				
	FY 2020/21	FY 2021/22	FY 2022/23	
	Actuals	Budget	Adopted Budget	Year over Year % Chg
Revenues & Transfers In	\$ 397,138	\$ 442,759	\$ 668,237	50.9%
Expenditures & Transfers Out	399,445	512,707	720,811	40.6%
Revenues Over/(Under) Expenditures	(2,307)	(69,948)	(52,574)	
Working Capital Balance, July 1	518,253	515,946	445,998	
Working Capital, June 30	\$ 515,946	\$ 445,998	\$ 393,424	

For FY 2022/23 the adopted revenue and transfers in total \$668,237, while the expenses and transfers out combined are \$720,811. Revenues are generated primarily through commercial business activities including weddings and special events. The decrease of \$52,574 in fund balance is due to one-time facility improvement projects.

EXECUTIVE TRANSMITTAL LETTER

Water Utility Fund. The Water Utility Fund is where revenue and expenses associated with the City's water service are recorded. This fund is designed to be fully self-supporting and derives most of its revenue from ratepayers. The City provides water to approximately 14,000 customers in the City. Four other water districts service portions of the City. The largest of these districts is the Camrosa Water District, which serves customers east of Lewis Road.

Water Utility Fund Summary				
	FY 2020/21	FY 2021/22	FY 2022/23	
	Actuals	Budget	Adopted Budget	Year over Year % Chg
Revenues & Transfers In	\$ 17,140,867	\$ 15,799,458	\$ 16,739,258	5.9%
Expenditures & Transfers Out	16,131,471	20,154,326	20,336,884	0.9%
Revenues Over/(Under) Expenditures	1,009,396	(4,354,868)	(3,597,626)	
Working Capital Balance, July 1	16,222,599	17,231,995	12,877,127	
Working Capital, June 30	\$ 17,231,995	\$ 12,877,127	\$ 9,279,501	

The FY 2022/23 operating revenues and transfers in are projected at \$16.7 million, while expenditures and transfers out are projected at \$21.6 million.

Reclaimed Water Fund. The Reclaimed Water Fund records revenue and expenses associated with the City's reclaimed water service. This fund is designed to be fully self-supporting, and it derives the majority of its revenue from ratepayers. The City began operation of its reclaimed water distribution system in early 2015. The reclaimed water distribution system serves current agricultural potable water customers, and a 55-acre sports park. The source of reclaimed water is the Camarillo Sanitary District's Water Reclamation Plant.

Reclaimed Water Fund Summary				
	FY 2020/21	FY 2021/22	FY 2022/23	
	Actuals	Budget	Adopted Budget	Year over Year % Chg
Revenues & Transfers In	\$ 376,277	\$ 8,265,690	\$ 395,787	-95.2%
Expenditures & Transfers Out	448,093	10,008,872	341,496	-96.6%
Revenues Over/(Under) Expenditures	(71,816)	(1,743,182)	54,291	-103.1%
Working Capital Balance, July 1	2,055,929	1,984,113	240,931	
Working Capital, June 30	\$ 1,984,113	\$ 240,931	\$ 295,222	

In FY 2022/23, the revenue and expenditure budget decreased by 95.2% and 96.6% respectively as a result of expenses related to the *Reclaimed Water Storage Reservoir* capital project being fully budgeted in FY 2021/22. This project is ongoing and unspent budget is likely to carry over to FY 2022/23.

Water Conservation Credit Fund. The Water Conservation Credit Fund is a temporary drought mitigation fund where approved development fees are paid to offset new water demands imposed by their projects. The fund is used for water conservation programs offered to current water customers.

EXECUTIVE TRANSMITTAL LETTER

Water Conservation Credit Fund Summary				
	FY 2020/21	FY 2021/22	FY 2022/23	
	Actuals	Budget	Adopted Budget	Year over Year % Chg
Revenues & Transfers In	\$ 8	\$ 16,788	\$ 16,788	0.0%
Expenditures & Transfers Out	248,344	1,401,902	15,000	-98.9%
Revenues Over/(Under) Expenditures	(248,336)	(1,385,114)	1,788	-100.1%
Working Capital Balance, July 1	1,638,695	1,390,359	5,245	
Working Capital, June 30	\$ 1,390,359	\$ 5,245	\$ 7,033	

In FY 2022/23, the decrease of 98.9% of the expense budget is due to the professional services agreement to assist the City's effort in encouraging water conservation programs and rebates being fully encumbered in FY 2021/22.

Water Capital Projects Fund. The Water Capital Projects Fund sets forth the capital projects necessary to develop and maintain the City's water system infrastructure. It derives the majority of its revenue from capital connection fees, rate revenue, and grant funds. The FY 2022/23 budget represents the project costs included in the first year of the 2022-2027 Five-Year Capital Improvement Plan.

Water Capital Projects Fund Summary				
	FY 2020/21	FY 2021/22	FY 2022/23	
	Actuals	Budget	Adopted Budget	Year over Year % Chg
Revenues & Transfers In	\$ 15,286,063	\$ 10,103,465	\$ 2,022,711	-80.0%
Expenditures & Transfers Out	30,437,170	25,959,090	2,025,001	-92.2%
Revenues Over/(Under) Expenditures	(15,151,107)	(15,855,625)	(2,290)	-100.0%
Working Capital Balance, July 1	31,009,022	15,857,915	2,290	
Working Capital, June 30	\$ 15,857,915	\$ 2,290	\$ -	

The year-over-year changes in the Water Capital Projects Fund reflect the timing of capital projects, which are one-time in nature, primarily the *North Pleasant Valley Groundwater Desalter*.

The FY 2022/23 budget includes project funding primarily for *Charter Oak Pump Station No. 1 & 2*, *Camarillo Airport Water Main Improvements*, and *Advanced Metering Infrastructure* capital projects.

Water Debt Service Fund. In FY 2019/20, the City issued \$11.8 million in Water Revenue Bonds to partially fund the *North Pleasant Valley Groundwater Desalter* project. The annual debt service for FY 2022/23 is approximately \$817,000 and payment is funded by a transfer in from the Water Utility Fund.

EXECUTIVE TRANSMITTAL LETTER

Water Debt Service Fund Summary				
	FY 2020/21	FY 2021/22	FY 2022/23	
	Actuals	Budget	Adopted Budget	Year over Year % Chg
Revenues & Transfers In	\$ 816,203	\$ 812,350	\$ 847,424	4.3%
Expenditures & Transfers Out	358,335	812,350	816,600	0.5%
Revenues Over/(Under) Expenditures	457,868	-	30,824	0.0%
Adjustments	(488,692)	-	-	0.0%
Working Capital Balance, July 1	-	(30,824)	(30,824)	
Working Capital, June 30	\$ (30,824)	\$ (30,824)	\$ -	

CAMARILLO SANITARY DISTRICT (CSD)

The Camarillo Sanitary District (CSD) is a separate governmental entity that provides sewer services for residential and commercial customers within its boundaries. The CSD boundaries are not contiguous with the City of Camarillo boundaries. The CSD is fully self-supporting and derives the majority of its revenue from ratepayers. The CSD provides service to approximately 15,000 customers. The Directors of the Board are the same elected officials who also sit as the members of the City Council.

The CSD has been divided into three separate funds for budgeting purposes. The separation of these funds allows for ease in cash flow and rate setting.

CSD Operating Fund. The FY 2022/23 revenues and transfers in are projected to increase by 3% when compared to the FY 2021/22 budget. This is primarily based on a rate revenue increase of 4% to begin building fund balance for costs related to the City's Wastewater Master Plan.

CSD Operating Fund Summary				
	FY 2020/21	FY 2021/22	FY 2022/23	
	Actuals	Budget	Adopted Budget	Year over Year % Chg
Revenues & Transfers In	\$ 14,765,830	\$ 14,741,637	\$ 15,183,389	3.0%
Expenditures & Transfers Out	11,516,967	13,925,093	13,859,074	-0.5%
Revenues Over/(Under) Expenditures	3,248,863	816,544	1,324,315	62.2%
Working Capital Balance, July 1	25,329,751	28,578,614	29,395,158	
Working Capital, June 30	\$ 28,578,614	\$ 29,395,158	\$ 30,719,473	

The FY 2022/23 operating revenues and transfers in are projected at \$15.2 million while expenditures and transfers out are projected at \$13.8 million.

CSD Debt Service Fund. In the Debt Service Fund, property tax revenues are received, and estimates are reflective of the information received from the County Auditor-Controller, and the City's consultant on property tax assessed valuations. Expenses reflect the scheduled debt service on the outstanding 2015 Wastewater Bonds.

EXECUTIVE TRANSMITTAL LETTER

CSD Debt Service Fund Summary				
	FY 2020/21	FY 2021/22	FY 2022/23	
	Actuals	Budget	Adopted Budget	Year over Year % Chg
Revenues & Transfers In	\$ 1,413,077	\$ 1,368,044	\$ 1,368,044	0.0%
Expenditures & Transfers Out	574,840	1,310,994	1,311,394	0.0%
Revenues Over/(Under) Expenditures	838,237	57,050	56,650	0.0%
Working Capital Balance, July 1	106,240	944,477	1,001,527	
Working Capital, June 30	\$ 944,477	\$ 1,001,527	\$ 1,058,177	

CSD Capital Improvement Projects Fund. The CSD Capital Improvement Projects Fund sets forth the capital projects that are necessary to develop and maintain the City's wastewater (sewer) system infrastructure. CSD Capital Projects for FY 2022/23 are funded by rate revenue and capital fees. The FY 2022/23 budget represents project costs included in the first year of the 2022-2027 Five-Year Capital Improvement Plan.

CSD Capital Projects Fund Summary				
	FY 2020/21	FY 2021/22	FY 2022/23	
	Actuals	Budget	Adopted Budget	Year over Year % Chg
Revenues & Transfers In	\$ 213,685	\$ 1,236,284	\$ 733,353	-40.7%
Expenditures & Transfers Out	-	20,387,751	11,130,000	-45.4%
Revenues Over/(Under) Expenditures	213,685	(19,151,467)	(10,396,647)	-45.7%
Working Capital Balance, July 1	32,935,174	33,148,859	13,997,392	
Working Capital, June 30	\$ 33,148,859	\$ 13,997,392	\$ 3,600,745	

The year-over-year changes in the CSD Capital Projects Fund reflect the timing of capital projects, which are one-time in nature.

Significant projects included in the FY 2022/23 budget include *Daily Drive/101 Freeway Sewer Improvements*, *Pleasant Valley Road Sewer Force Main*, *Dawson Drive to Metrolink Station Sewer*, *Sewer Improvements per the Sewer Service Management Plan (SSMP)*, *Chemical System Improvements*, and *Wastewater Treatment Plant Upgrades – Phase II*.

IN CONCLUSION

The City continues to recover from the effects of the COVID-19 Pandemic with some of our major revenues rebounding stronger than expected. The Fiscal Year 2022/23 Adopted Budget builds on this recovery, while investing in enhancements to City services and infrastructure to improve the quality of life for our residents for decades to come.

Over the last two years, in an effort to jumpstart our economic recovery, the City distributed \$1.0 million in small business assistance grants, committed over \$1.0 million to a revolving business loan program, and provided over \$100,000 to fund childcare resource stipends. These efforts helped us persevere through the worst of the COVID-19 Pandemic. As the City's major revenues continue to recover, we are strategically planning to ensure the City can continue to provide the vital services our residents depend upon, while prioritizing areas with the greatest need.

As delineated in its goal of Fiscal Management, the City Council affirms its commitment to sound and conservative financial practices to ensure the City's ability to navigate through economically challenging times. The City will continue to monitor proposed legislation from the State and Federal government that could have additional fiscal impacts.

I appreciate the support and cooperative policy direction given by the City Council during the past year and believe that this budget fully supports its adopted policies and programs. Many thanks go to the Finance Department staff for the many hours spent to provide this budget.

Respectfully,



Greg Ramirez
City Manager