





As a result of these changes, you will see revenue and expenditure amounts have changed slightly in some funds since the study session, but these changes are only a result of the above additions being partially chargeable to other funds for internal support services provided. However, the overall fiscal outlook remains the same.

### **GENERAL FUND OVERVIEW:**

Public safety, general government, internal support services, community resources, such as youth and senior recreational services, library activities, parks and facilities maintenance services make up the majority of the General Fund budget. The proposed FY 23/24 and 24/25 budgets are balanced with projected surpluses, reflect continued service enhancements for the Azusa community and the City's commitment to upgrading community centers and parks and providing quality public safety. However, the budgets do not reflect three areas which will shorten the projected operational surpluses from year-to-year and excess reserve levels beyond designated targets: 1) increases to costs beyond our control – contract services, construction, and materials; 2) implementation of recommended changes for the pending comprehensive classification and compensation study; and 3) impacts of labor negotiations for the eight contracts expiring during this biennial budget period.

The Fiscal Year 2023/24 budget forecasts revenues of \$63,115,961 and proposes expenditures of \$60,296,897, a surplus of \$2,819,064. Requests in excess of normal operations and significant budget changes include:

- Capital improvement projects of \$1,392,876, including \$200,000 to create a Community Resources satellite service area in the southern part of the City
- Capital Outlays of \$642,404
- Personnel additions of 5.91 net full-time equivalent (FTE) positions totaling \$801,489
- Celebration event(s) funds of \$125,000 for the City's 125<sup>th</sup> Anniversary
- Allocation of \$100,000 for non-profit support programmed in Neighborhood Services
- Increase of \$1.1M or 17% for LA County Fire contract

The Fiscal Year 2024/25 budget forecasts revenues of \$64,274,971 and proposes expenditures of \$61,772,702, a surplus of \$2,502,269. Requests in excess of normal operations include:

- Capital improvement projects of \$1,272,753, including \$400,000 to establish a local farmer's market
- Capital Outlays of \$894,453
- Personnel additions of 1.05 net full-time equivalent (FTE) positions totaling \$124,500

The following is a high-level overview of General Fund revenues by type and expenditures by department, including variances from year-to-year.

### **Revenues and Transfers In**

The City's revenue base continues to be diverse with no major fluctuations in any category. Revenues are closely monitored to ensure contractual obligations to the City are met. Three of the largest revenue categories are property tax, sales and transaction use taxes, and other taxes which is comprised mainly of

transient occupancy taxes (TOT) and utility and landfill franchise fees. Table 1 shows overall revenues in aggregate are expected to increase by a total of \$2.8 million. Increased home values and inflation of goods and commodities is one of the driving factors for the steady increases.

**Table 1 – General Fund Revenues**

REVENUE SOURCE	REVISED BUDGET FY 22-23	PROJECTED ACTUALS FY 22-23	PROPOSED BUDGET FY 23-24	PROPOSED BUDGET FY 24-25	BUDGET \$ VARIANCE 23 TO 24	BUDGET % VARIANCE 23 TO 24	% OF BUDGET FY 23-24
Property Tax	\$ 14,544,731	\$ 14,517,134	\$ 15,325,616	\$ 15,692,078	\$ 780,885	5.4%	24.3%
Sales Tax	8,085,572	8,316,659	8,227,992	8,439,747	142,420	1.8%	13.0%
Utility User Tax	3,000,000	3,100,000	3,100,000	3,100,000	100,000	3.3%	4.9%
Transaction Use Tax	7,182,635	7,560,000	7,553,000	7,747,000	370,365	5.2%	12.0%
Other Taxes	11,282,937	12,592,395	12,483,771	12,653,156	1,200,834	10.6%	19.8%
License & Permit	3,077,283	3,242,931	3,104,285	3,104,285	27,002	0.9%	4.9%
Fines & Penalties	1,253,250	1,306,250	1,220,500	1,220,500	(32,750)	-2.6%	1.9%
Money & Property Use	2,559,199	2,920,899	2,898,040	2,899,120	338,841	13.2%	4.6%
Cost Reimbursements	58,000	64,580	20,700	20,700	(37,300)	-64.3%	0.0%
Charges for Services	5,971,965	6,893,367	6,379,820	6,484,341	407,855	6.8%	10.1%
Miscellaneous	811,864	858,206	671,100	671,100	(140,764)	-17.3%	1.1%
<b>Subtotal Revenues</b>	<b>\$ 57,827,436</b>	<b>\$ 61,372,422</b>	<b>\$ 60,984,824</b>	<b>\$ 62,032,026</b>	<b>\$ 3,157,387</b>	<b>5.5%</b>	<b>96.5%</b>
Transfers In	2,535,660	2,535,660	2,131,136	2,242,945	(404,524)	-16.0%	3.5%
<b>Total Revenues</b>	<b>\$ 60,363,096</b>	<b>\$ 63,908,082</b>	<b>\$ 63,115,961</b>	<b>\$ 64,274,971</b>	<b>\$ 2,752,864</b>	<b>4.6%</b>	<b>100.0%</b>

**Expenditures and Transfers Out**

Actions the Azusa City Council took starting in 2018 as part of an in depth, comprehensive Fiscal Sustainability Assessment to create long-term budget stability and to continue to address the needs of the growing Azusa Community, has resulted in a strong financial position for the City. Expenditure requests are prudent and propose only what is needed to meet the goals and priorities set by the Council. The City’s financial condition and the impacts of the State of California and the national economies were factored into the development of the biennial budgets. Inflation, a competitive job market, state mandates, and aged infrastructure were the most prominent factors in developing the budget.

Table 2 shows expenditure requests by department, with variances resulting mainly from contractual labor obligations. Overall, the FY 2023/24 proposed budget reflects a decrease of \$14.0 million compared to FY 2022/23 due to removal of one-time budgeted: \$13.0 million for extraordinary capital improvement projects, \$500,000 for a small business support grant program, and \$6.0 million ARPA transfers, offset by an increase to the Citywide cost center for removal of -\$2.1 million salary savings budget and a \$1.1 million increase in the LA County Fire contract.

**Table 2 – General Fund Expenditures**

DEPARTMENT	REVISED BUDGET FY 22-23	PROJECTED ACTUALS FY 22-23	PROPOSED BUDGET FY 23-24	PROPOSED BUDGET FY 24-25	BUDGET \$ VARIANCE 23 TO 24	BUDGET % VARIANCE 23 TO 24	% OF BUDGET FY 23-24
Administration							
City Council	\$ 161,835	\$ 162,826	\$ 177,625	\$ 177,625	\$ 15,790	9.8%	0.3%
City Manager	722,810	677,125	910,585	927,365	187,775	26.0%	1.5%
Neighborhood Services	531,523	532,140	157,250	32,350	(374,273)	-70.4%	0.3%
City Clerk	669,430	574,031	752,263	831,054	82,833	12.4%	1.2%
City Treasurer	146,880	146,352	149,135	149,135	2,255	1.5%	0.2%
City Attorney	372,160	375,000	315,000	315,000	(57,160)	-15.4%	0.5%
Administrative Services							
Accounting	1,260,009	1,451,269	1,618,995	1,641,461	358,986	28.5%	2.7%
Purchasing	292,711	306,955	420,968	395,725	128,257	43.8%	0.7%
Printing	8,850	8,750	8,750	9,000	(100)	-1.1%	0.0%
Citywide (excludes POBs)	2,666,630	5,197,198	5,843,759	5,792,927	3,177,129	119.1%	9.7%
HR-Personnel Relations	827,272	847,304	906,829	908,550	79,557	9.6%	1.5%
Library Services	1,465,560	1,379,350	1,852,325	2,039,431	386,765	26.4%	3.1%
Safety (excludes Fire Services)	20,931,304	19,483,253	20,939,871	21,838,938	8,567	0.0%	34.7%
Economic Development	4,971,212	3,628,752	4,325,323	4,262,134	(645,889)	-13.0%	7.2%
Community Resources	2,799,988	2,477,211	3,865,911	3,981,788	1,065,923	38.1%	6.4%
Public Works	4,076,274	3,747,238	3,956,355	4,144,539	(119,919)	-2.9%	6.6%
<b>Subtotal Expenditures</b>	<b>\$ 41,904,446</b>	<b>\$ 40,994,752</b>	<b>\$ 46,200,942</b>	<b>\$ 47,447,021</b>	<b>\$ 4,296,494</b>	<b>10.3%</b>	<b>76.5%</b>
Transfers Out (ARPA funds)	5,943,272	5,943,272	-	-	(5,943,272)	-100.0%	0.0%
Fire Safety Contract	6,340,707	6,340,707	7,428,671	7,577,244	1,087,964	17.2%	12.5%
Pension Obligation Bonds	4,750,942	4,750,942	4,749,972	4,748,436	(970)	0.0%	7.9%
Capital & Infrastructure Replacement (Outlays)	1,691,597	2,253,882	524,436	894,453	(1,167,161)	0.0%	0.9%
Capital & Infrastructure Replacement (CIP)	13,597,285	13,597,285	1,392,876	1,105,547	(12,204,409)	0.0%	2.3%
<b>Total Expenditures</b>	<b>\$ 74,253,731</b>	<b>\$ 73,880,840</b>	<b>\$ 60,296,897</b>	<b>\$ 61,772,702</b>	<b>\$ (13,956,836)</b>	<b>-18.8%</b>	<b>100.0%</b>

While Table 2 provides forecasts by Department as it relates to General Fund expenditures, some of the above listed Departments in addition to other Departments have costs funded by non-General Fund sources or special revenues. Later in this report, an overview of major initiatives by Department, citywide capital outlay, CIP and personnel change requests is provided.

**General Fund Reserves Analysis and Policy**

Through continued prudent policy decisions made by the City Council, implementation of best practices, and sound financial management, the General Fund’s cash reserve position allows the City to maintain core services and enhance programs and services for the Community while operating with a balanced budget and projected surpluses. The Council has made several decisions that have positively impacted the City’s financial position.

- On January 24, 2022, Council authorized the set aside of \$1.5 million to establish a trust account to address future increases in Other Post-Employment Benefit (OPEB) costs – the OPEB trust has been established with PARS and was funded in January 2023 with an initial investment of \$1.5 million. With the combined efforts of renegotiating retiree medical provisions with the city’s eight collective bargaining groups and the establishment of the Trust, the City’s OPEB liability has decreased by \$11M or 18% from \$60.6M to \$49.6M. Although, the initial \$1.5 million contribution was from designated reserves, the proposed budget includes \$1.0 million in each budget year for contribution to the Trust.
- On February 22, 2022, Council obligated the approximately \$12 million ARPA funds by adopting a resolution to designate \$10 million towards general government services and the balance of approximately \$2 million to address impacts related to the local unsheltered

population. – the projected reserves balances reflect these one-time funds and provides additional cash flow to one-time needs such as extraordinary capital improvements.

- On Saturday, April 15, 2022, the City Council held a special meeting and toured several city facilities including: Library, Senior Center, Memorial Park and North Recreation Center, Women’s Club, Scout House, potential dog park location, and a city-owned property located behind 325 S. Azusa Ave., and on April 25, 2022 approved allocation of \$13,035,000 to fund improvements to these facilities. – These are multi-year projects in which budgets will be carried forward until completed.

These directives are reflected in the revenue and expenditure projections previously discussed. And still, with Council’s approval to make significant investments in modernizing Azusa’s public facilities and tackling long-term debt, the General Fund’s reserves forecasts remain strong.

The General Fund Reserve Policy consists of four categories to mitigate risk in high liability exposure areas such as claims expenses, aging infrastructure, and for rising costs in retiree benefits. Each budget year, Staff recommends the City Council reaffirm or updates the reserve policy given current financial forecasts and economic trends. The proposed FY 23/24 and 24/25 budgets forecasts ending reserve balances of \$47.1 and \$49.6 million, respectively, of which over \$24 million is designated in accordance with the current reserve policy funding levels.

Given inflationary trends and the General Fund’s overall financial condition, Staff recommends the City Council update reserve funding levels for Fiscal Years 2023/24 and 2024/25 as shown in Table 3.

**Table 3 – General Fund Internally Restricted Reserves and Funding Levels**

Reserve Category	Purpose	Current Reserve Levels	FY 2023/24 Recommended Levels	FY 2024/25 Recommended Levels
Budget Stabilization and Catastrophic Event Reserve	To mitigate costs due to annual budget revenue shortfalls as a result of changes in economic environment and/or one-time expenditures and unforeseen emergencies or catastrophic events	30% of budget or \$18.3 million	35% of budget or \$21.1 million	40% of budget or \$24.7 million
Capital Assets & Infrastructure Replacement Reserve	To use for replacement of capital assets and infrastructure such as facilities, IT upgrades, and fleet operations	\$2.0 million	\$2.5 million	\$3.0 million
Insurance Reserve	To fund unanticipated liability and worker’s compensation claims up to City’s \$150K (GL) or \$250K (WC) SIRs per claim	\$2.5 million	\$3.0 million	\$3.5 million
Retiree Benefits Reserve	To mitigate impacts on the City’s future budgets that may arise from increased retiree benefit costs (pension and medical)	\$2.0 million	\$2.0 million	\$2.0 million

A summary of forecasted budget results and estimated reserve balances are shown in Table 4. If Council adopts the recommended reserve level updates, ending 23/24 and 24/25 fiscal year balances are estimated to remain above the total Reserves Target by \$16.5 million and \$14.4 million, respectively.

**Table 4 – General Fund Reserves Analysis**

	REVISED BUDGET FY 22-23	PROJECTED ACTUALS FY 22-23	CURRENT RESERVES LEVELS		RECOMMENDED RESERVES LEVELS	
			PROPOSED BUDGET FY 23-24	PROPOSED BUDGET FY 24-25	PROPOSED BUDGET FY 23-24	PROPOSED BUDGET FY 24-25
Total Revenues	60,363,096	63,908,082	62,824,748	63,879,475	63,115,961	64,274,971
Total Expenses	59,218,731	58,845,840	59,878,957	61,598,027	60,296,897	61,772,702
Normal Operating Surplus or (Deficit)	\$ 1,144,365	\$ 5,062,242	\$ 2,945,791	\$ 2,281,448	\$ 2,819,064	\$ 2,502,269
<b>Discretionary Uses from Excess Reserves:</b>						
<i>Small Business Support Program</i>	(500,000)	(500,000)				
<i>Initial OPEB Trust Contribution</i>	(1,500,000)	(1,500,000)				
<i>Extraordinary Capital Projects</i>	(13,035,000)	(13,035,000)				
<b>Total Sources or (Uses) of Reserves</b>	<b>\$ (13,890,635)</b>	<b>\$ (9,972,758)</b>	<b>\$ 2,945,791</b>	<b>\$ 2,281,448</b>	<b>\$ 2,819,064</b>	<b>\$ 2,502,269</b>
Beginning Reserves Balance	54,260,906	54,260,906	44,288,148	47,233,939	44,288,148	47,107,212
<b>Ending Reserves Balance</b>	<b>\$ 40,370,271</b>	<b>\$ 44,288,148</b>	<b>\$ 47,233,939</b>	<b>\$ 49,515,387</b>	<b>\$ 47,107,212</b>	<b>\$ 49,609,481</b>
<i>Less: Internally Restricted Reserves Target</i>	24,813,400	24,813,400	24,463,687	24,979,408	28,603,914	33,209,081
<i>Less: ARPA Funds Restricted for Homelessness Initiatives</i>	1,954,843	1,954,843	1,954,843	1,954,843	1,954,843	1,954,843
<b>Reserves In Excess/ (Short) of Restricted Funds</b>	<b>\$ 13,602,028</b>	<b>\$ 17,519,905</b>	<b>\$ 20,815,409</b>	<b>\$ 22,581,136</b>	<b>\$ 16,548,455</b>	<b>\$ 14,445,557</b>

**DEPARTMENT HIGHLIGHTS:**

The City has nine departments that perform a wide variety of services. Citywide, for FY 2023/24 forecasted revenues are \$188.0 million and proposed expenditures are \$207.2 million. For FY 2024/25 forecasted revenues are \$186.3 million and proposed expenditures are \$201.9 million. Expenditures in excess of revenues are funded by accumulated fund balances and are mostly for multi-year capital improvement projects. Following are key departmental initiatives for the biennial budget period:

**Administration**

The Administration Department includes operations, programs, and services related to City Council, City Clerk's Office, City Treasurer, City Attorney, Office of the City Manager, and program areas including Neighborhood Services, City Communications, Legislative Affairs, and Public Education and Government Access. Funding of capital assets and infrastructure replacement is also managed out of this department.

Key priorities and initiatives of the Administration Department for FY 23/24 and 24/25 include but are not limited to: Continue to ensure the long-term financial sustainability of the City; Support the development and implementation of strategies which stand to improve overall quality of life issues in the community; Proactively address community health and safety issues, including implementation of efforts to address issues of the local unsheltered population and homeless prevention/diversion; Invest in local infrastructure, public facilities, the Downtown, and support of the small business community; Administer the November, 2024 General Municipal Election; the Coordination of events and activities to commemorate the City's 125<sup>th</sup> anniversary; and establish a local farmer's market.

**Administrative Services**

The Administrative Services Department is responsible for the Finance, Human Resources and Risk Management operations of the City. Its 23/24 and 24/25 fiscal year budgets reflect continued compliance with all mandated financial reporting requirements and commitment to provide transparency and accountability to the Azusa community on the City's use and management of its resources. These commitments are accomplished by continuing education to stay apprised of governmental reporting standards and regulations and also by providing timely and accurate financial reports to the public.

Key goals for the Finance Division for FY 23/24 and FY 24/25 are implementation of all required GASB pronouncements to ensure the City stays compliant with governmental accounting standards and to continue to increase efficiencies in payment processing through technology. Staff also expects to kick-off comprehensive cost of service and development impact studies. Key goals of Human Resources and Risk Management is implementation of a citywide classification and compensation study, improving the recruitment, selection and onboarding process, workforce development, safety, and loss prevention. All eight of the City's collective bargaining agreements expire during the biennial budget years so labor negotiations will be also be a key focus for the Department.

### **Community Resources**

Community Resources oversees the City's Recreation, Senior Services, Family Services, and Transportation Divisions. These Divisions work closely with each other as well as other City Departments to best serve Azusa residents. A major focus for Fiscal Year 2023/24 and 2024/25 is to further aid Azusa residents of all ages and backgrounds in living a healthier, more balanced life.

The **All in for Azusa (AIFA)** is an initiative facilitated by the City of Azusa and has the goal of creating a network of care for residents so that they may be ready to take on any community challenge, and to increase access to ongoing services. Currently, **AIFA** is a collaborative effort made up of more than 40 partners including representatives from government, health care, education, nonprofit, the faith community, service clubs, residents, and the business community. Areas of priority have included recreational sports clinics, emotional well-being programs, teen chat programs, STEM and workforce development programming, in addition to social activities and family nights.

Program expansion in all divisions is key for the next two fiscal years as trends are picking up to pre-pandemic levels for all activities. Special emphasis will be placed on expanding special events, recreational sports programs in partnership with Azusa Unified School District and other partners, and the development of an Aging and Disability Strategic Plan.

### **Economic & Community Development**

The Economic & Community Development Department (ECD) manages the built environment by ensuring projects are planned, designed, constructed, and maintained in both safe and appealing manner. The Department is also responsible for attracting new businesses to the city while ensuring existing ones have opportunities to grow and succeed. ECD will continue to improve the development process with efficiency through the implementation of its new Land Management System GovSense.

Additionally, work in Downtown Azusa will continue with the ongoing construction of projects such as the Lumia, just north of the L Line Metro Stop. Further opportunities in the Downtown are also on the horizon. The Director will be focused on identifying opportunities to further galvanize Azusa as a premier destination. These opportunities will include implementation of the Phase One Downtown Streetscape Plan, along with making sure the Department is proactive in matters of maintaining cleanliness in the City's core. To continue, the Department is currently in the process of obtaining State approval of its Housing Element, when complete, this will usher the next critical step of planning for the City's future as an update to the City's General Plan will kick off. With many new projects under construction and in the pipeline, along with the beginnings of a new General Plan, the time is right to continue the refresh and update to the City's brand and image as part of the Department's work over the next fiscal year. Part of the branding effort will task the new Economic Development Specialist with



creating a template and roadmap to help the development community navigate the permitting and construction process with ease. The Community Improvement Team will continue to focus on deferred private property concerns and address them in a compassionate and timely fashion. Finally, to address ongoing challenges of illegal street vending and the heavy impacts related to those who are unsheltered, ECD is requesting an additional community improvement inspector to address these issues.

### **Information Technology**

The Department of Information Technology provides leadership citywide in the development of smart, cost-effective technical services and business solutions. Through strategic planning Information Technology works closely with all City departments to assist in meeting their many goals and objectives. The department provides management and support of technology infrastructure, including voice and data networks, data security, software and hardware support, a 24/7 virtual City Hall of information and services via WEB and social media to the community. For FY23/24 Information Technology will begin the 2-year implementation of **Microsoft Office 365** and Active Directory. This project will deliver a cloud-based productivity platform that will replace the City's existing legacy email system and give us access to the latest productivity applications from Microsoft. In addition to the department's initiatives to improve the City's data backup retention and a new cloud-based disaster recovery service for Utility Billing, Information Technology will be undergoing a **complete redesign of the city website**. The new website will not only employ a modern design, but will be built with the community in mind; offering ease of access to information, resources, and city services. In FY 24/25 the department will be completing the transition to Microsoft 365, focusing on enhanced security measures, including a full network security audit. Information Technology believes meeting these goals will provide meaningful impact through smart uses of technology in service of employees and the community we serve.

### **Library**

The Azusa City Library is forging ahead in establishing a continuum of services for patrons of all ages and walks of life. Targeted goals for FY 23/24 include increasing organizational capacity by collaborating with local and regional partners, leveraging grant opportunities to create multiple funding streams that support new and innovative programming, offering Inspired Citizenship, Grassroots ESL, and Digital Literacy classes at multiple community sites to promote lifelong learning and civic engagement, and expanding the reach of Neighborhood Connections and Prevention and Diversion services through increased funding. The addition of a Senior Librarian for FY 23/24 will further meet community needs for targeted programs and grant acquisition and implementation. A Part Time Youth Services Librarian will address the growing need for outreach and programming for young adults.

The FY 24/25 budget year will see the completion of the CA state grant-funded Outdoor Learning Center project as the next round of improvement projects will begin, resulting in upgrades to the Library building. Increasing access to Library materials and programs in underreached areas of Azusa will be a main focus of the Youth Services division. To facilitate this goal, the Library will partner with newly reorganized school sites via the Bookmobile while the Library team will increase outreach efforts.

The anticipated outcomes from FYs 23/24 and 24/25 are: a community destination with a new Outdoor Learning Center, a more efficient Library building through strategic CIP upgrades, pop-up Library services in the community, and more community members benefitting from Library services.

### **Light & Water**

The City of Azusa Light & Water Department prides itself on the safe and reliable distribution of electric power and supplying water to its customers that meets or exceeds all regulations. The Light & Water Department strives to accomplish major initiatives during the upcoming fiscal years. The Electric division initiatives include developing and implementing the Azusa Electric Facility Mapping system for efficiently maintaining the electric distribution system, to be 100% compliant with local, state, and federal regulations and legislations - including the Cap and Trade program and Wildfire Mitigation Plan, install a new underground electric line extension to support growth, and maintain system infrastructure to sustain reliable service. The Electric division will continue to implement initiatives to ensure Azusa is aligned with the State of California's electrification initiative, with a heavy emphasis to ensure that not only city fleets be supported but that access to electric vehicle charging infrastructure is available to the business community, residents and visitors to Azusa. The Water division initiatives include diversifying the water resource portfolio, designing the Aspan Groundwater Treatment and Well Rehabilitation project, and starting the South Reservoir project. A major challenge for the Water Utility is addressing a heavy back log of deferred maintenance, while mitigating the financial impacts to customers. Finally, the Water Division will continue educating and communicating to its customers about local water supply, state drought cycles, and conservation as a way of life. The Light & Water department looks forward to accomplishing these major initiatives along with its other strategic goals and objectives.

### **Public Safety**

The Azusa Police Department's goals for the 23/24 and 24/25 fiscal years are to continue addressing the following three (3) policing priorities: 1) Traffic-related issues, 2) Gang and graffiti crimes, and 3) Homelessness. The Police Department will continue integrating drone and camera technology programs to assist in policing efforts. The Police Department will continue to increase our community outreach and community education efforts through the use of social media and pre-planned events, as well as continue to provide training and education to community partners (Community Police Academy). The Police Department is also committed to taking proactive steps to protect our community from the dangers of Fentanyl and other narcotics by partnering with our local, state, and federal partners. Internally, continued training and development of staff is also a key focus to ensure organizational stability, as well as to ensure our staff is properly equipped with the tactics and tools needed when assisting the community.

### **Public Works**

The Public Works Department is continuing its momentum improving the City's roadways, public right of way, and City facilities. The Arrow Highway Median Installation project and Residential Resurfacing Project will be completed in the early part of fiscal year 23/24. These projects will include repair of curb & gutter, sidewalks, asphalt pavement as well as ADA upgrades and installation of drought tolerant landscaping. Pioneer Park will have its playground replaced and will include some new features to promote childhood health and wellness. Facilities upgrades will also be a major focus for the Department as the City looks to modernize its existing facilities. Fiscal Year 23/24 will focus primarily on the Dog Park, Library, Scout House, and Senior Center. Fiscal Year 24/25 will wrap up the City Facility Modernization Program by upgrading Memorial Park and the Women's Club.

A full copy of the City's proposed budget by Department can be found on our website at: <https://www.ci.azusa.ca.us/2012/FY2024-25-Proposed-Biennial-Operating-Bu>.

## **CITYWIDE CAPITAL OUTLAYS**

Citywide capital outlay requests for FY 23/24 and 24/25 total \$4.6 million, of which \$1.5 million is proposed to be funded by the General Fund. Major outlays over the two-year period include:

- Eight PD replacement vehicles and retrofits (\$638K)
- Three PD Drones (\$242K)
- New PD Furniture for North and South Buildings (\$295K)
- Disaster Recovery for Utility Billing (\$90K)
- Microsoft Licensing for O365 (\$320K)
- Client First IT Consulting Services (\$212K)
- IT Unitrends Back Up Expansion (\$190K)
- Public Works Asphalt Patch Truck (\$350K)
- Public Works John Deere Tractor Skip Loader (\$167K)
- Water Hydro Excavator (\$1M)
- Community Resources Ford F250, Electric Cargo Van, and Transit Van (\$209K)

Details of the proposed citywide capital outlay budget for Capital Outlays can be found in the online budget document.

## **Citywide Capital Improvement Projects (CIP)**

Staff proposes a 5-year Capital Improvement Plan totaling \$91.6 million Citywide. The total 2-year proposed CIP budgets for 23/24 and 24/25 are \$42.0 million Citywide, of which \$2.7 million is to be funded by the General Fund. Of the \$42.0 million in projects for the biennial budget years, special revenue funding sources for some projects still need to be identified, and therefore are unfunded totaling \$1.1 million.

Some of the major funded projects proposed for FYs 23/24 and 24/25 include:

### **General Fund Projects from Capital & Infrastructure Replacement Reserves**

- Slauson Pool Remodel (\$150K)
- Police Department Facility Improvements (\$116K)
- Farmer's Market (\$400K)
- City Hall Upgrade Phase 4 (\$1.2M)
- Veteran's Freedom Park Restroom Remodel (\$450K)
- Community Resources Satellite Center for Southern Azusa (\$200K)

### **Projects from Non-General Fund Sources**

- Foothill Boulevard Pavement Rehabilitation (\$2.8M)
- Gladstone Street Pavement Rehabilitation (\$1M)
- Pioneer, Memorial, and Veteran's Parks Playground Equipment with Shade (\$690K)
- 9TH Street Storm Drain Improvements (\$310K)
- MS4 Permit Compliance (\$1.1M)
- Sewer Master Plan Update (\$660K)
- San Gabriel Ave 2-Way Conversions plans, specs and engineering only (\$440K)

- Old Schoolhouse and Historic Row (\$2.9M)
- Well Rehabilitation Program – Aspen (\$3.5M)
- South Reservoir Design & Build (\$6.1M)
- Membrane Filter Replacements (\$1.2M)
- Electric Line Replacements & Extensions (\$2.5M)
- Kirkwall and Azusa Substation Facility Improvements (\$1M)

In the current FY 2022/23, Council approved \$13.0M in extraordinary community facilities upgrades to be funded by excess reserves. Below is a brief status update on those projects:

#### General Fund Projects from Excess Reserves

- Senior Center Remodel (\$4M) – Mechanical assessment underway; Concept Design RFP is under Review
- Women's Club (\$750K) - Mechanical assessment underway
- Scout House (\$750K) - Mechanical assessment underway
- Citywide Sidewalk Improvements (\$1M) – \$700,000 assigned to concrete improvements in residential resurfacing project to be completed by December 2023. Remaining funds to be utilized for sidewalk repair in Foothill Blvd. Pavement Rehab Project to maximize efficiencies
- Dog Park (\$750K) Final Concept Design pending June 5 Council Meeting, Additional funding requested with FY 23/24 budget. RFP for Construction projected Summer 2023 with Groundbreaking Fall of 2023
- Library Improvements (\$2M) – Library mechanical systems assessment underway. Outdoor learning classroom designs completed. Staff pursuing additional grant funding toward the project. Construction estimated FY 23-24
- Downtown Improvements (\$785K) – Design firm performed existing conditions analysis. Design alternatives taken to Commission(s) for initial input. Staff to incorporate feedback and bring final recommendations to Council in the next few months
- Memorial Park Improvements (\$3M) – Mechanical assessment underway

Details of the proposed citywide 5-year capital improvement plan can be found in the online budget document.

#### **PROPOSED PERSONNEL CHANGES**

As the Azusa community and amenities expand, demands on city staff for continued high-level customer service and support is also increasing. Citywide proposed personnel changes for FY 23/24 and FY 24/25 are net full-time equivalent (FTE) position increases of 8.16, including full-time and part-time positions, totaling a net budget increase of \$1,160,820, of which 5.91 FTEs and \$925,989 is the proposed General Fund impact. New full-time position requests include:

Fiscal Year 2023/24

- Senior Project Manager
- Storekeeper
- Community Resources Supervisor - Senior and Family Services
- Community Resources Supervisor – Recreation
- Information Technology Manager – Network Systems
- Information Technology Manager – GIS Systems
- Community Improvement Inspector
- Police Civilian Investigator
- Senior Librarian – Adult Services
- Administrative Technician (Public Works)
- Park Maintenance Worker I
- Customer Service Representative I

Fiscal Year 2024/25

- Police Records Specialist
- Library Assistant I/II/III

The proposed position changes are offset by elimination of some part-time and retired positions. There are also reclassification requests to support changes in the management structure of some departments. These personnel requests reflect the growing needs of the community such as addressing the impacts of those experiencing homelessness, providing oversight and project management for critical infrastructure projects, expanding programs and services, and addresses recruitment, retention and succession needs.

Tables 5 and 6 provides an overview of the requests by departments, which are detailed in the Budget Summaries attached to this report.

**Table 5 – Personnel Requests Summary Fiscal Year 2023/24**

<b>Fund</b>	<b>Department</b>	<b>FTE</b>	<b>Total Cost</b>
<b>GENERAL FUND</b>	Administration	0.32	92,280
	Administrative Services	0.50	65,770
	Community Resources	2.00	216,730
	Economic & Community Development	1.00	93,660
	Information Technology	0.25	725
	Library	1.00	130,710
	Public Safety	1.00	110,380
	Public Works	(0.16)	91,234
	<b>General Fund Total</b>	<b>5.91</b>	<b>\$ 801,489</b>
<b>GRANTS FUND</b>	Administration	0.20	60,000
	<b>Grants Fund Total</b>	<b>0.20</b>	<b>\$ 60,000</b>
<b>Gas Tax</b>	Public Works	-	5,425
	<b>Gas Tax Total</b>	<b>-</b>	<b>\$ 5,425</b>
<b>SEWER</b>	IT - Sewer	0.25	36,185
	Public Works	-	6,030
	<b>Sewer Total</b>	<b>0.25</b>	<b>\$ 42,215</b>
<b>LIGHT AND WATER</b>	IT - Light & Water	0.50	36,915
	Consumer Services	0.25	46,835
	Electric	-	43,440
	<b>Light &amp; Water Total:</b>	<b>0.75</b>	<b>\$ 127,190</b>
<b>GRAND TOTAL ESTIMATED IMPACT:</b>		<b>7.11</b>	<b>\$ 1,036,320</b>

**Table 6 – Personnel Requests Summary Fiscal Year 2024/25**

<b>Fund</b>	<b>Department</b>	<b>FTE</b>	<b>Total Cost</b>
<b>GENERAL FUND</b>	Library	0.05	38,915
	Public Safety	1.00	85,585
	<b>General Fund Total</b>	<b>1.05</b>	<b>\$ 124,500</b>
<b>GRAND TOTAL ESTIMATED IMPACT:</b>		<b>1.05</b>	<b>\$ 124,500</b>

A comprehensive overview of the City’s personnel plan be found in the online budget document.

**OVERALL FISCAL PICTURE:**

The proposed Biennial Fiscal Year 23/24 and Fiscal Year 24/25 General Fund budgets are balanced with an estimated surplus of \$2.8 million and \$2.5 million, respectively, and overall cash reserve balances are projected at \$47.1 million and \$49.6 million, respectively.

If Council approves Staff’s recommended General Fund Reserve Policy updates, undesignated reserves are estimated at \$16.5 million for FY 23/24 and \$14.4 million by end of 24/25. As a reminder, the



