



City of Pacific Grove

Recommended Operating and Capital Project Budget Fiscal Year 2015-16

BILL KAMPE, MAYOR

ROBERT HUITT, MAYOR PRO TEMPORE

KEN CUNEO, COUNCIL MEMBER

RUDY FISCHER, COUNCIL MEMBER

CASEY LUCIUS, COUNCIL MEMBER

DANIEL MILLER, COUNCIL MEMBER

BILL PEAKE, COUNCIL MEMBER



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CITY OF PACIFIC GROVE

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May 20, 2015

Honorable Mayor and Members of the City Council:

The recommended budget for Fiscal Year 2015-16, which begins on July 1, 2015, is presented herewith for the City Council's consideration and adoption. This budget was developed through the participation and involvement of staff throughout the organization and is forwarded to you by the entire employee team.

This budget message, and the proposed budget itself, continue the themes of recent years, adjusted for new realities.

The services required of the City, and the demands upon its budget, continue to increase, even when no action is requested by our community or taken by the Council. This results primarily from additional state mandates, most of them unfunded. For example, in 2014 the state imposed general storm water capture and treatment requirements, in addition to those we already face for Areas of Biological Significance (ASBS). As part of those requirements, by 2017 the City will be required to install trash collectors in storm drains, to prevent objects from entering the Bay and Ocean. The projection of capital costs alone to meet the State's overall storm water requirements by typical approaches exceeds \$50M, some three times our General Fund annual budget.

The costs for certain resources required by the City, i.e., the inputs needed to create the service outputs, are also increasing disproportionately. Water will cost us half again per acre foot in FY 2015-16 what it cost in 2010; public safety pensions will cost us nearly double; and monitoring of our storm water outfalls are adding a new 6-digit cost.

The dominant feature of these increases is that they occur without action by the Council, and are generally not susceptible to influence by the Council. Thus, an increasing portion of the City's budget is mandated. The Council has less and less discretion. The City has taken some actions that have also reduced the Council's influence over its budget. For example, as a result of the contract the City signed with Monterey for Fire protection services, the City has limited formal influence on the cost of those services. (This is a matter that we are currently addressing with Monterey.)

The Council also has limited ability to influence the revenues accruing to the City, as a result of Proposition 13, Proposition 218, and other voter initiatives. The City has invested considerable effort over the past several years, by collecting back sales taxes, conducting Transient Occupancy Tax (TOT) audits, and raising fees to cover full costs of the services provided, to ensure it receives all revenues to which it is entitled.

As the Council's control over the budget decreases, traditional budget adjustments, such as cutbacks, have less and less impact. This is true, for example, on what is the largest unexpected and ongoing impact this year, the increase in CalPERS costs: the annual bill is being driven in large part by changes in the actuarial assumptions made by CalPERS for employees who have already retired; the increase that has just been levied would be essentially the same, even if we did not have any employees.

Another measure of how the City's revenues are increasing at a slower pace than costs is the City's revenues in the current year are 47% of the City's Gann limit. In FY 2015-6, they will be 44% of the limit. Thus, the City's existing revenue sources continue to fall further behind the level of revenues and expenditures voters statewide viewed as a reasonable cap on growth. Additionally, because of Proposition 13 and other measures, resident's contribution to the City's budget has decreased over recent years while the contribution by visitors during the same period has increased.

In spite of our reliance on visitors, we are losing the competition for tourist dollars with our neighboring cities. Of the seven cities on the peninsula, it is estimated that only Del Rey Oaks generates fewer visitor-generated sales tax dollars than Pacific Grove. Although TOT revenues in Pacific Grove have increased since the Great Recession, they have increased by a greater degree in Monterey and Carmel during the same interval.

As a result, the City continues to suffer from a growing structural budget deficit, in two senses:

- ❖ The services requested and required by the community exceed the resources available.
- ❖ The ability of the City to generate the additional revenues needed to provide those services, without a vote of the people, is less than the City's ability to provide the additional required services.

The City is also precluded by the state from earning a reasonable return on our invested funds. Although state funds are invested in a fairly broad range of instruments, we are precluded from using many of those same instruments. Thus, in general, the City earns less than the rate of inflation; our retained earnings actually lose purchasing power over time. During the last quarter, the City's average return on its portfolio was less than one percent (.95%). The general public may not recognize—or misunderstands—many of these complex relationships, and their impact on the City. Some residents may: be unaware of how little of their property and sales taxes actually accrue to the City, believe that the tax burden accruing to the City is actually higher than in the past, and contend that as a "residential community" we should not encourage tourism.

The City has undertaken a number of steps to improve its cost effectiveness, including sharing services, contracting out, and increasing productivity. It is arguable, that Pacific Grove, in comparison to other cities in the County, has taken the broadest range of steps to ensure that the services it provides are as cost effective as possible, through:

- ❖ reducing staffing without reducing services
- ❖ competitive contracting

- ❖ sharing of services with other jurisdictions,
- ❖ developing public-private partnerships
- ❖ pegging employee salaries and benefits below the median for comparable public, private, and not-for-profit sector organizations
- ❖ increasing employee productivity.

Staff has reported on many of the efforts the City has undertaken. However, one area of improvement—employee productivity—has not received much attention. The following highlights some of the areas in which City employees, mostly at their own initiative, have found ways to provide greater benefits to the community at a lower cost to the City:

Community Development

From May 2012 to May 2013, there were 3.75 people in Planning processing 290 land use and planning permits. From May 2013 to May 2014, there were 3 staff to process 442 permits. And from May 2014 to May 2015, 2.5 people processed 573 permits.

Library

During FY 2005-6 the Library circulated 241,545 items, added 5,059 items to the collection, and conducted 292 children's and adult services programs, among other services, with a staff of 14.5 FTE. In FY 2013-14, circulation increased to 275,981 items, the Library added 5,247 items, and supported 303 events, with 30% fewer staff hours (9.5 FTEs).

Public Works

In 2006, the mechanical department had 3 full-time mechanics to maintain and repair a rolling stock of 119 units. In 2015 the City now has a rolling stock of 123 items, all maintained with two full-time mechanics, who also perform fabrication (for example, the new gull-proof trash can lids, which they designed and fabricated).

In 2006 the streets crew had 4.5 employees, compared to 4 in 2015. In 2006, street crews filled approximately 200 potholes, where now we average roughly 600-700 per year, with similar increases in other areas.

The wastewater division in 2006 had 3.5 employees, compared to 1.5 in 2015. By contracting out sewer line maintenance, at lower cost, staff has now taken on the maintenance of the entire storm drain system, including the three urban diversion systems, ASBS monitoring, and other duties.

These are just a few examples of increased productivity, from a few programs. Similar successes have been achieved by our staff in the City's other programs as well.

The recommended budget for FY 2015-16, carefully developed, is based on these realities, includes cuts, furloughs, and the temporary use of reserves, and has the following characteristics:

- ❖ Provides the Council with many decision points.
- ❖ Frames the issues in policy terms.
- ❖ Allows the Council to adjust both objectives, and costs, in concert.

In keeping with Council policy, it is a program budget, not a line item budget. Once the Council determines what objectives are to be achieved, and the level of resources it is willing to appropriate to each program to meet those objectives, it directs staff to use its professional

expertise to determine how best to assemble and structure the resources to meet the terms of the budget “contract.”

The FY 2015-16 budget projects the use of General Fund balance reserves. There is a cycle for reserves. Some years they are added to; other years they are drawn from. For the past five years, we have been adding. When the Council chooses, reserves can be drawn down for one-time budget needs, but should not be utilized for ongoing needs, unless structural problems are also being addressed. It calls for the use of reserves, however, only with the recognition that, given the structural nature of the deficit, the use of reserves cannot be sustained. Unless the City cuts services even further, which would widen the service deficit, only additional revenues can provide the needed long-term solution. As the Council has already discussed, these new revenues need to come from both economic development, and a new revenue source. Further deliberation by the Council will be necessary to determine the parameters of that new revenue source.

In summary, the City has demonstrated extreme adaptability and resilience throughout the difficult times we have faced over recent years. The challenges we face have not diminished and, in many ways, have increased. It fully appears that the future will continue to demand the best we can offer.

As should never be forgotten, this budget depends on the commitment, dedication, and expertise of our employees and volunteers, the wisdom and leadership of the Council, and the continued faith and support of our community. I hereby forward it to you for your consideration.

Sincerely,

A handwritten signature in dark ink that reads "THOMAS FRUTCHEY". The signature is written in a cursive, slightly slanted style.

Thomas Frutchey
City Manager

Strategic Goals Overview

Vision Statement

The City of Pacific Grove is a model of sustainability, adaptability and resilience with a vibrant local business community... a genuine refuge from the hustle and bustle... original, yet constantly renewing

Mission Statement

The City of Pacific Grove's mission is to foster and preserve a sense of community, deliver City services, and support economic and environmental vitality

Strategic Goals

1. Achieve significant and sustained economic development that achieves the appropriate community-friendly and tourist-friendly balance.
2. Achieve long-term financial stability; increase revenue; adopt balanced budgets that include adequate reserves, as well as asset maintenance and replacement; resolve all CalPERS issues.
3. Protect and enhance the city's natural/physical environment and coastline, housing stock, and infrastructure.
4. Develop a sustainable non-potable water delivery system and continue involvement on regional alternative water supply solutions
5. Protect and enhance public health and safety.
6. Enhance the City's governance and the public trust in City government by: making sound and consistent decisions; providing high quality services consistent with our financial resources; maintaining effective two-way communication with our citizens; and operating in an open and ethical manner.

FY 2015-16 All Funds Appropriations Summary

Fund	Fund #	Beginning			Budgeted		Ending
		Fund Balance	Revenues	Expenditures	Fund Balance	Fund Balance	
General	01	\$ 6,817,000	\$ 18,486,900	\$ 18,694,967	\$ (208,067)	\$ 6,608,933	
Carillon	03	\$ 9,311	\$ 25	\$ 3,000	\$ (2,975)	\$ 6,336	
Hyperbaric Chamber	04	\$ 28,874	\$ 10,000	\$ 18,382	\$ (8,382)	\$ 20,492	
Coastal Parks Grant	05	\$ 169,445	\$ 1,500	\$ 144,000	\$ (142,500)	\$ 26,945	
State Franchise PEG	06	\$ 344,430	\$ 60,100	\$ 40,000	\$ 20,100	\$ 364,530	
Library Building & Equipment	07	\$ 22,079	\$ 4,000	\$ 10,000	\$ (6,000)	\$ 16,079	
Museum Improvement	08	\$ 462,487	\$ 1,000	\$ 90,000	\$ (89,000)	\$ 373,487	
Downtown Business District	09	\$ 1,774	\$ 30,000	\$ 30,000	\$ -	\$ 1,774	
Hospitality Improvement	10	\$ 8,290	\$ 450,000	\$ 450,000	\$ -	\$ 8,290	
Library Book	11	\$ 10,573	\$ 70,000	\$ 80,000	\$ (10,000)	\$ 573	
Fire Emergency Equipment	12	\$ 147,007	\$ 18,500	\$ 5,775	\$ 12,725	\$ 159,732	
Housing	15	\$ 294,702	\$ 20,500	\$ 175,000	\$ (154,500)	\$ 140,202	
Gasoline Tax	18	\$ 175,954	\$ 480,100	\$ 617,818	\$ (137,718)	\$ 38,236	
DARE	21	\$ 17,905	\$ 2,000	\$ 8,200	\$ (6,200)	\$ 11,705	
Asset Seizure	22	\$ 5,305	\$ -	\$ 1,600	\$ (1,600)	\$ 3,705	
Lovers Point Pool	24	\$ 57,242	\$ -	\$ 10,000	\$ (10,000)	\$ 47,242	
Youth Center	25	\$ 27,046	\$ 2,000	\$ 4,000	\$ (2,000)	\$ 25,046	
Chautauqua Hall	26	\$ 21,091	\$ 1,500	\$ 10,000	\$ (8,500)	\$ 12,591	
Lighthouse Maintenance	27	\$ 76,733	\$ 30,000	\$ 50,000	\$ (20,000)	\$ 56,733	
Senior Housing Fund	28	\$ 9,701	\$ -	\$ 9,700	\$ (9,700)	\$ 1	
Operating Donations	31	\$ 98,981	\$ 250	\$ 70,000	\$ (69,750)	\$ 29,231	
CDBG Grant Fund	34	\$ 77,913	\$ 200	\$ 77,913	\$ (77,713)	\$ 200	
CalHOME Resuse	36	\$ 88,788	\$ 200	\$ 88,788	\$ (88,588)	\$ 200	
CDBG 2013	37	\$ 34,894	\$ 120,000	\$ 154,894	\$ (34,894)	\$ -	
Poetry Promotion	40	\$ 62,857	\$ 2,000	\$ 15,500	\$ (13,500)	\$ 49,357	
Yount Trust (Expendable)	41	\$ 80,663	\$ 5,000	\$ 21,000	\$ (16,000)	\$ 64,663	
Public Safety Augmentation	42	\$ 81,738	\$ 400,000	\$ 403,000	\$ (3,000)	\$ 78,738	
Supplemental Law Enforcement Support	43	\$ (2,452)	\$ 170,000	\$ 155,562	\$ 14,438	\$ 11,986	
Storm Water	44	\$ 49,317	\$ 500,000	\$ 503,248	\$ (3,248)	\$ 46,069	
Butterfly Bond Debt Service	54	\$ 61,973	\$ 106,965	\$ 92,005	\$ 14,960	\$ 76,933	
Building & Facilities	61	\$ 562,650	\$ -	\$ 341,000	\$ (341,000)	\$ 221,650	
Employee Benefit	70	\$ 368,024	\$ 234,000	\$ 184,000	\$ 50,000	\$ 418,024	
Workers Compensation	71	\$ (10,373)	\$ 720,000	\$ 695,577	\$ 24,423	\$ 14,050	
Liability Insurance	72	\$ 750,763	\$ 301,000	\$ 336,077	\$ (35,077)	\$ 715,686	
Other Post Employment Benefits (OPEB)	73	\$ 125,000	\$ 131,000	\$ 95,000	\$ 36,000	\$ 161,000	
Cemetery Fund	75	\$ (7,378)	\$ 266,000	\$ 247,839	\$ 18,161	\$ 10,783	
Sewer	76	\$ 5,748,722	\$ 2,100,000	\$ 4,805,277	\$ (2,705,277)	\$ 3,043,445	
Golf Course	77	\$ 93,329	\$ 300,000	\$ 293,000	\$ 7,000	\$ 100,329	
Sewer Lateral Loans	78	\$ 93,254	\$ 200	\$ 3,000	\$ (2,800)	\$ 90,454	
Library Trust	85	\$ 532,008	\$ 3,500	\$ 4,000	\$ (500)	\$ 531,508	
Cemetery Endowment	86	\$ 1,257,637	\$ 50,000	\$ -	\$ 50,000	\$ 1,307,637	
McIndoo Gift	92	\$ 99,745	\$ 250	\$ 15,000	\$ (14,750)	\$ 84,995	
Koo Estate Donation	93	\$ 348,014	\$ 800	\$ 272,000	\$ (271,200)	\$ 76,814	
Pension Obligation Bond	98	\$ -	\$ 1,875,000	\$ 1,875,000	\$ -	\$ -	
ASBS Grant (Storm Water Improve)	New	\$ -	\$ 1,200,000	\$ 1,188,781	\$ 11,219	\$ 11,219	
Clean Beach Prop 84	New	\$ -	\$ 3,289,000	\$ 3,289,000	\$ -	\$ -	
Greening Grant	New	\$ -	\$ 269,000	\$ 269,000	\$ -	\$ -	
Strong Trust Disbursements	New	\$ 137,190	\$ 42,000	\$ 42,000	\$ -	\$ 137,190	
Local Water Project (incl. in GF total)	New	\$ -	\$ 295,000	\$ 295,000	\$ -	\$ -	
Abandoned Vehicle Program (County)	New	\$ -	\$ 5,000	\$ 1,000	\$ 4,000	\$ 4,000	
		\$ 19,440,206	\$ 32,054,490	\$ 35,990,903	\$ (4,231,413)	\$ 15,208,793	

Authorized Staffing Summary

The FY 2015-16 Budget includes a total of 105.95 full-time equivalent (FTE) positions of which 73.60 are full-time and 32.35 are part-time, a decrease of 4.45 FTE over the prior year. This is primarily due to reductions in Public Works. A detailed comparison by Department, Division and position title may be found in Appendix D.

Authorized Full-Time Equivalent Positions FY 2013-14 through FY 2015-16

	FY 2013-14	FY 2014-15	FY 2015-16	Change Over Prior Year
City Council	3.50	3.50	3.50	0.00
City Manager's Office	3.50	4.00	4.00	0.00
Finance/Risk Management	6.70	6.95	6.45	-0.50
Information Services	0.00	0.00	0.50	0.50
Community Development	6.25	8.05	7.65	-0.40
Police	34.00	34.00	34.00	0.00
Library	9.50	9.50	11.00	1.50
Recreation	14.90	14.90	13.65	-1.25
Public Works	21.00	22.00	18.64	-3.36
Storm Water	0.00	0.00	0.63	0.63
Cemetery	1.50	1.50	1.45	-0.05
Sewer	6.00	6.00	4.08	-1.92
Yount	0.00	0.00	0.40	0.40
	106.85	110.40	105.95	-4.45

Long-Term Debt Summary

	Outstanding FY Ending June 30, 2015	Original Issue Date	Original Amount	Year of Final Payment (FY Ending)
Debt Outstanding as of June 30, 2015				
General Obligation Bonds, Principal & Interest				
Wastewater Series 2001-B Refunding	\$ 1,103,095	2013	\$ 1,220,588	2032
Butterfly Habitat Bonds	\$ 259,890	2004	\$ 1,300,013	2018
Pension Obligation Bonds A-1 & A-2	\$ 25,970,000	2006	\$ 38,497,099	2029
Total General Obligation Bonds	\$ 27,332,985		\$ 41,017,700	
Certificates of Participation, Principal & Interest				
Golf Course COP Refunding Project	\$ 4,217,502	2014	\$ 4,353,550	2031
Total Certificates of Participation	\$ 4,217,502		\$ 4,353,550	
Capital Lease/Purchase Obligations				
Pierce Pumper Fire Engine	\$ 50,277	2005	\$ 502,767	2016
PNC Equipment Finance Lease	\$ 152,363	2012	\$ 338,585	2018
Total Capital Lease/Purchase Obligations	\$ 202,640		\$ 841,352	
TOTAL LONG TERM DEBT OUTSTANDING	\$ 31,753,126			

Annual Debt Service Requirements	General Obligation Bonds			Certificates of Participation
	Source of Payment			Source of Payment
	Pension Obligation Bond General Fund 01	Butterly Habitat Bonds Butterfly Fund 54	Wastewater Bond Refunding Sewer Fund 76	Golf Course COP Refunding Project Golf Fund 77
FY 2015-16	\$ 1,875,000	\$ 84,005	\$ 87,456	\$272,097
FY 2016-17	\$ 1,935,000	\$ 86,690	\$ 87,936	\$272,097
FY 2017-18	\$ 2,000,000	\$ 89,194	\$ 88,254	\$272,097
FY 2018-19	\$ 2,065,000		\$ 88,307	\$272,097
FY 2019-20	\$ 2,130,000		\$ 88,117	\$272,097
Total Principal & Interest	\$ 10,005,000	\$ 259,890	\$ 440,069	\$1,360,485
Less Interest	\$ 5,052,262	\$ 2,450	\$ 191,917	\$589,777
Total Principal	\$ 4,952,738	\$ 257,440	\$ 248,152	\$770,707
Capital Lease/Purchase Obligations				
Source of Payment				
General Fund 01				
FY 2015-16	\$119,795			
FY 2016-17	\$6,717			
FY 2017-18				
FY 2018-19				
FY 2019-20				
Total Principal & Interest	\$126,512			
Less Interest	\$8,708			
Total Principal	\$117,804			

Ordinance Adopting the FY 2015-16 Recommended Budget

ORDINANCE NO. 15-014

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE ADOPTING THE OPERATING AND CAPITAL PROJECTS BUDGET FOR THE FISCAL YEAR 2015-16

WHEREAS, the City Council held a public hearing and first reading of an ordinance to adopt the FY 2015-16 Operating and Capital Projects Budget

WHEREAS, the City Manager is recommending adoption of the FY 2015-16 Budget to reflect the City Council's expressed goals for the fiscal year budget; and

WHEREAS, in the enactment of this ordinance, the City followed the guidelines adopted by the State of California and published in the California Code of Regulations, Title 14, Section 15000, et seq. Enactment of this ordinance action does not constitute a "project" as defined by California Environmental Quality Act (CEQA) because it is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment pursuant to the California Quality Act (CEQA), CEQA Guideline Section 15378.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE:

SECTION 1. The foregoing recitals are adopted as findings of the City Council as though set forth fully herein.

SECTION 2. The appropriation budget for the General fund is adopted as follows:

Fund/Department/Program	Revenues	Expenditures
General Fund	\$ 18,486,900	
CEDD		\$ 1,427,269
Finance		\$ 997,982
City Council		\$ 397,211
City Attorney		\$ 291,837
City Manager		\$ 726,845
Information Services		\$ 171,700
Library		\$ 931,441
Fire		\$ 3,144,840
Museum		\$ 200,032
Public Works		\$ 3,224,630
Recreation		\$ 484,840
Police		\$ 6,401,340
Local Water Project		\$ 295,000
Total	\$ 18,486,900	\$ 18,694,967

SECTION 3. The appropriation budgets for the Enterprise Funds are adopted as follows:

Fund	Revenues	Expenditures
Cemetery Fund	\$ 266,000	\$ 247,839
Sewer	\$ 2,100,000	\$ 4,805,277
Golf Course	\$ 300,000	\$ 293,000
Sewer Lateral Loans	\$ 200	\$ 3,000
Total	\$ 2,666,200	\$ 5,349,116

SECTION 4. The appropriation budgets for the Internal Service Funds are adopted as follows:

Fund	Revenues	Expenditures
Employee Benefit	\$ 234,000	\$ 184,000
Workers Compensation	\$ 720,000	\$ 695,577
Liability Insurance	\$ 301,000	\$ 336,077
Other Post Employment Benefits (OPEB)	\$ 131,000	\$ 95,000
Total	\$ 1,386,000	\$ 1,310,654

SECTION 5. The appropriation budgets for the Debt Service Funds are adopted as follows:

Fund	Revenues	Expenditures
Pension Obligation Bond	\$ 1,875,000	\$ 1,875,000
Butterfly Bond Debt Service	\$ 106,965	\$ 92,005
Total	\$ 1,981,965	\$ 1,967,005

SECTION 6. The appropriation budgets for the Permanent Funds are adopted as follows.

Fund	Revenues	Expenditures
Yount Trust	\$ 5,000	\$ 21,000
Library Trust	\$ 3,500	\$ 4,000
Cemetery Endowment	\$ 50,000	\$ -
Total	\$ 58,500	\$ 25,000

SECTION 7 The appropriation budget for the Capital Fund is adopted as follows.

Fund	Revenues	Expenditures
Building & Facilities	\$ -	\$ 341,000

SECTION 8 The appropriation budgets for the Special Revenue Funds are adopted as follows.

Fund	Revenues		Expenditures	
Carillon	\$	25	\$	3,000
Hyperbaric Chamber	\$	10,000	\$	18,382
Coastal Parks Grant	\$	1,500	\$	144,000
State Franchise PEG	\$	60,100	\$	40,000
Library Building & Equipment	\$	4,000	\$	10,000
Museum Improvement	\$	1,000	\$	90,000
Downtown Business District	\$	30,000	\$	30,000
Hospitality Improvement	\$	450,000	\$	450,000
Library Book	\$	70,000	\$	80,000
Fire Emergency Equipment	\$	18,500	\$	5,775
Housing	\$	20,500	\$	175,000
Gasoline Tax	\$	480,100	\$	617,818
DARE	\$	2,000	\$	8,200
Asset Seizure	\$	-	\$	1,600
Lovers Point Pool	\$	-	\$	10,000
Youth Center	\$	2,000	\$	4,000
Chautauqua Hall	\$	1,500	\$	10,000
Lighthouse Maintenance	\$	30,000	\$	50,000
Senior Housing Fund	\$	-	\$	9,700
Operating Donations	\$	250	\$	70,000
CDBG Grant Fund	\$	200	\$	77,913
CalHOME Resuse	\$	200	\$	88,788
CDBG 2013	\$	120,000	\$	154,894
Poetry Promotion	\$	2,000	\$	15,500
Public Safety Augmentation	\$	400,000	\$	403,000
Supplemental Law Enforcement Support	\$	170,000	\$	155,562
Storm Water	\$	500,000	\$	503,248
McIndoo Gift	\$	250	\$	15,000
Koo Estate Donation	\$	800	\$	272,000
ASBS Grant (Storm Water Improve)	\$	1,200,000	\$	1,188,781
Clean Beach Prop 84	\$	3,289,000	\$	3,289,000
Greening Grant	\$	269,000	\$	269,000
Strong Trust Disbursements	\$	42,000	\$	42,000
Local Water Project	\$	295,000	\$	295,000
Abandoned Vehicle Program (County)	\$	5,000	\$	1,000
Total	\$	7,474,925	\$	8,598,161

SECTION 9. The City Manager is directed to execute all documents and to perform all other necessary City acts to implement and effect this Ordinance.

SECTION 10. In accord with Article 15 of the City Charter, this ordinance shall become effective upon adoption hereof.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE this 17th day of June, 2015, by the following vote:

AYES: Mayor Kampe, Councilmembers Cuneo, Fischer, Lucius, and Peake

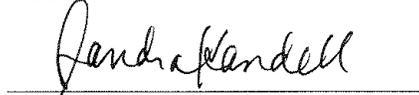
NOES: Councilmember Miller

ABSENT: Councilmember Huitt

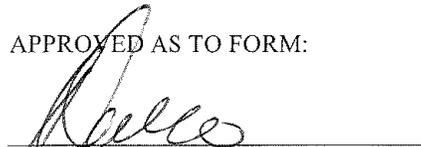
APPROVED:


BILL KAMPE, Mayor

ATTEST:


SANDRA KANDELL, City Clerk

APPROVED AS TO FORM:


DAVID C. LAREDO, City Attorney

General Fund Five-Year Forecast

The five-year forecast is a tool that helps decision-makers identify important trends and understand long-term consequences of budget decisions. The forecast is not a budget and does not represent a financial plan, but is rather a model based on cost and revenue assumptions. Since the degree of revenue uncertainty increases with each successive year of the forecast, the forecast is a framework for decision-making in the near-term.

The economic scenario assumed at this time suggests that the economy is recovering from the Great Recession, and therefore revenues have returned to pre-2008 levels, and in some few instances have exceeded those levels. However, the forecast does not project for catastrophic occurrences such as a “water cliff” event that could take place in FY 2016-17.

The following table shows the assumptions for annual growth of the City’s largest revenues.

**Revenue Growth/Decline Factors (%) Assumed in
5-Year Forecast**

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-2020
Property Tax	3%	3%	3%	3%	3%
TOT - Commercial	3%	3%	3%	3%	3%
TOT - Residential	2%	2%	2%	2%	2%
Sales Tax	2%	2%	2%	2%	2%

Five-year projections for other significant revenue sources vary from no annual growth to a lesser percentage growth in the out years. For example, Franchise Tax and Recreation Program/Rental revenues are anticipated to increase 1.0% in 2015-16.

Costs. In general, costs for City services in the five-year forecast model are projected to increase by 3% per year to account for inflationary impacts on labor and materials, as well as increase in construction costs. Significant forecast assumptions include:

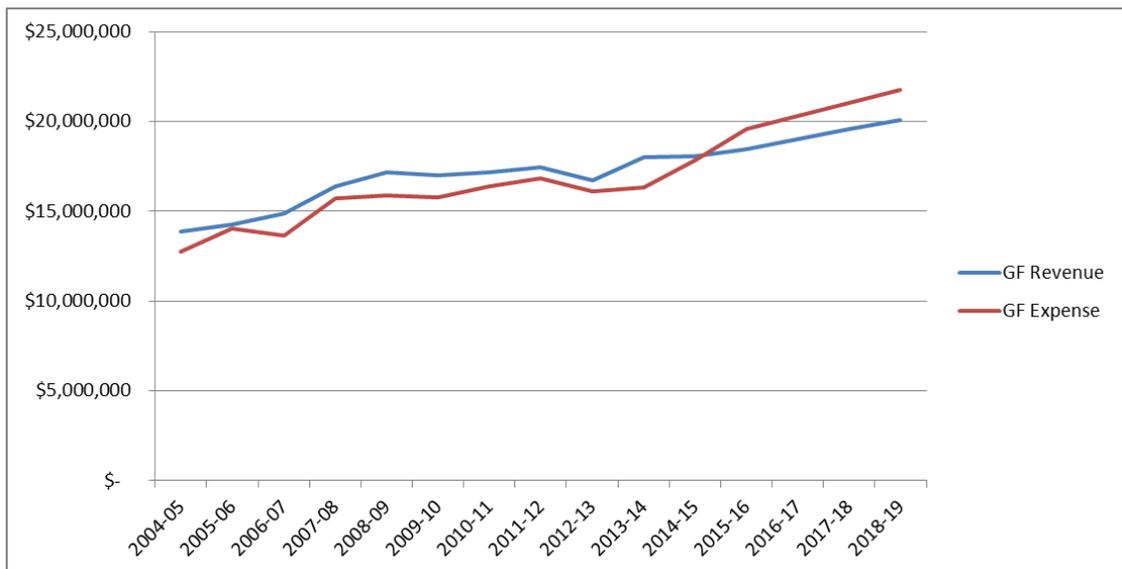
1. *CalPERS:* The City received its annual valuation reports from CalPERS in October 2014. Based on this valuation, the City’s CalPERS expense will increase significantly beginning in FY 2015-16. CalPERS’ new contribution rate and amortization method policy aimed at increasing the funding level status of pension plans to 100% while minimizing the volatility of rate increases in the case of extreme events has resulted in significant cost increases for the City. While the five year ramp up period that included rate smoothing by CalPERS to assist jurisdictions in absorbing the increases, the City was disproportionately impacted to a much greater degree than other member jurisdictions. The number of members receiving benefits from CalPERS versus the number of employees the City has contributing to CalPERS, also

contributes to the higher employer paid percentage as well as the unfunded liability. Pension Obligation Payments and CalPERS expense combined, is the City's second largest expenditure after salaries.

2. *Police Officers Association Agreement:* When negotiations with the Police Officers Association are complete, there may be additional impacts to the City's costs that are not currently factored into the forecast (with the exception of the known CalPERS expense).
3. *MEA & GEA MOU Negotiations:* The City concluded successful negotiations with the General Employees Association and the Management Employees Association in March 2015 which included incrementally adjusted compensation based on a classification and compensation study at 95% of the median as a benchmark.
4. *Infrastructure Maintenance:* Pursuant to City Council direction during the Spring of 2011, the forecast includes a plan to reduce the City's deferred maintenance backlog over the five-year forecast period. The FY 2015-16 forecast includes funding for street maintenance, storm drain repairs, sidewalk construction, and other capital outlay.

The following chart provides both prior years' actual data as well as the current five-year forecast of General Fund revenues and expenditures.

General Fund Revenue and Expenditure Trend and Projections



Capital Improvement Plan Budget Summary

Beautification, street maintenance and buildings and grounds improvements are typically funded from the General Fund. Allocations for capital improvements over the past two fiscal years (FY 2013-14 and FY 2014-15) have been substantially higher than previous years, as it was recognized that the ongoing deferral of maintenance could potentially result in greater future expenditures. In order for the City to continue with projects such as road and building maintenance, City staff has determined that the use of funding sources set aside for onetime expenses should be allocated in this year's budget.

Reiko Koo Bequest:

There are no restrictions associated with the Reiko Koo Bequest and, with the City Council's authorization, the funds may be used for one-time project costs.

Buildings and Grounds Fund 61:

The City's Capital Improvement Fund currently has a sufficient fund balance to finance a number of capital improvement projects in FY 2015-16. The Capital Improvement Budget Summary provides specific projects that are recommended for funding.

Bertha Strong Trust:

The City receives an annual distribution from the Bertha Strong Trust in an amount equal to 5% of the average fair market value (FMV) of the res of the trust. The trust restricts the use of the distributed funds to specific purposes which included the acquisition of a new City Hall. The City utilized the distributed funds to pay the debt service on the Civic Center improvements until that debt was retired in 2014. The distribution for FY 2015-16 of \$42,000 is recommended to fund beautification, recreation, and educational capital improvements as specified in the Capital Improvement Budget Summary

Capital Improvement Recommendation Highlights

Staff recommends using \$272,000 of the Reiko Koo funds for the trail at the Great Tide Pool site, coastal access project, and improvements at Lovers Point. Staff also recommends using \$341,000 from the Buildings and Grounds Improvement Fund 61 to fund sidewalk replacements, repair the "Cave" at Lovers Point, and the Seawall Construction.

The Bertha Strong annual trust distribution of \$42,000 Fund will be used to install low level lighting along the recreation trail and a new pier railing at Lovers Point. By using these alternative funding sources, Public Works is able to accomplish needed capital improvements while saving \$150,852 from the general fund.

Use of the Koo and Strong trusts, and the Capital Projects fund will not deplete the fund balances. The Reiko Koo fund will retain a balance of \$71,000 and the Buildings and Grounds Fund will have a \$132,000 balance for future Capital projects. Finally, the Strong Trust fund balance will be \$137,000 and the res of the trust (managed by Wells Fargo) is valued at approximately \$945,000 (after the FY 2015-16 distribution).

Expenditures and revenues for the Capital Improvement Plan have been budgeted for in the General Fund and Outside Funds as specified in the following summary.

Item	Project	Program	Description	Funding Source	5-Year Projection					FY 2015-16 Cumm Total
					FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	
1	Local Water Project	Storm Water	Continue to proceed with the development, design and engineering of the Local Water Project.	General Fund	\$295,000					\$295,000
2	Annual Street Crack Seal / Slurry Seal /Asphalt Overlay	Streets	Various streets throughout the City based on condition assessment	General Fund \$225,000 Streets 505	\$1,025,000	\$200,000	\$200,000	\$200,000	\$200,000	\$520,000
3	Annual Sidewalk Replacement	Streets	Install sections of new sidewalk various locations throughout the City - Safe Routes to School. Areas to include completion of David Avenue approximately 630 feet of sidewalk and construction of 3 ADA ramps. Multiple ADA compliant ramps throughout town.	Capital Fund 61	\$270,000	\$50,000	\$50,000	\$50,000	\$50,000	\$590,000
4	Streetlights for safety, at select locations within Candy Cane Lane and other neighborhoods	Street Lights	Purchase and install solar lights for the Candy Cane Lane neighborhood to install at key locations to improve safety for residents and visitors.	General Fund Streets 505	\$150,000	\$25,000	\$25,000	\$25,000	\$25,000	\$640,000
5	Great Tidepool Site Construction		Implement trail system through Great Tide Pool Site and link trail system from Great Tide Site to Rocky Shores.	Reiko Koo Fund	\$172,000					\$812,000
6	Recreation Trail/Coastal Access Project	Buildings and Grounds	Engineering, design and construction of Coastal Access at Lovers Point. Project to include removal of off-street parking lot at Lovers Point and Construct a ramp that is accessible. Park to include information about downtown, Lovers Point and surroundings. Also updating ramps at Forest and Ocean View	Reiko Koo - \$100K and \$90K from 503	\$190,000					\$1,002,000
7	Repair the building leased to Adventures by the Sea (the "Cave") at Lovers Point	Buildings and Grounds	Evaluate and make necessary structural repairs to be able to withstand the constant load that is placed upon the cave's roof.	Capital Fund 61	\$30,000					\$1,032,000
8	Police Mobile Data Computers (8 ea.)		Purchase new mobile data computers for installation into the new Ford Explorer police units. The City maintains a fleet of eight marked patrol units. With advancements in technology, new computers are more compact, have touch screen capability, and have the ability to fit into the dash. This will help officers better utilize this invaluable tool, alongside the existing radio equipment, video equipment, and equipment bags. The budget includes the purchase of (8) mobile data computers, modems, docking stations, accessories, and installation.	General Fund	\$45,000					\$1,077,000
9	Annual Street Light Pole Inventory Replacement	Streets	Replace damage or aging downtown poles and standard dark green light pole inventory depleted-need restore inventory of approximately 5 poles	General Fund Streets 505	\$88,000	\$15,000	\$15,000	\$15,000	\$15,000	\$1,105,000

Capital Improvement Plan Budget Summary (cont'd)

Item	Project	Program	Description	Funding Source	5-Year Projection					FY 2015-16 Cumm Total
					FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	
10	Seawall Construction	Buildings and Grounds	Repair seawall at three locations near Esplanade and Perkins Park. Repairs to include engineering, design, and construction.	Capital Fund 61	\$241,000					\$1,346,000
11	Marked Patrol Vehicles (8 ea.)		Purchase eight new marked patrol units for the Police Department. Purchase includes the required vehicle accessories and markings.	General Fund 301	\$356,000	\$58,000	\$120,000			\$1,404,000
12	Fire Station Exterior Painting and Repairs	Buildings and Grounds	Exterior painting of building and complete third phase of roof installation	General Fund 503	\$50,000					\$1,454,000
13	Chautauqua Hall Repairs & Painting	Buildings and Grounds	This project consists of interior and exterior repairs and painting of Chautauqua Hall. The Building has not had interior or exterior painting since 90's and the interior has been roughly 30 years. Interior and exterior painting is maintenance that needs to occur to ensure the longevity of structures and enables the structures to withstand daily use and weather conditions.	Fund 26	\$40,000	\$20,000	\$20,000			\$1,474,000
14	Upgrade Traffic Signals	Streets	Forest Ave at Sinex Ave., Forest Ave at Pine Ave. locations: upgrade existing streetlights to larger LED signal lights and install required ADA push buttons, pedestrian crosswalk assembly, and framework. Install traffic loops at Pine and Forest	General Fund Streets 505	\$22,000					\$1,496,000
15	Fencing at Lovers Point Pier	Buildings and Grounds	Remove and replace old failing railing on the Lovers Point Pier to match existing railing near Adventures by the Sea.	Strong Trust	\$12,000					\$1,508,000
16	Drainage and storm drain repairs	Storm Water	19th and Gibson - Laurel and Locust - Laurel and Fountain - Laurel and Carmel - 15th and Laurel	Fund 44	\$340,000	\$60,000	\$60,000	\$60,000	\$60,000	\$1,608,000
17	Public Works Corp Yard	Storm Water	Install oil/grease separator, repair and replace the storm drain and manholes, reconstruct the material storage bins, and install a vehicle wash rack. The oil/grease separator and storm system improvements are required BMPs under the City's NPDES MS4 storm water permit under the requirements for Municipal Operations. The vehicle wash rack is needed for long term vehicle maintenance.	General Fund Streets 505	\$180,000	\$90,000	\$90,000			\$1,718,000
18	Heater Replacement	Buildings and Grounds	This project replaces an aging heater system at the Pacific Grove Municipal Library. The current heater does not properly operate, is more than 30 years old and is inefficient.	General Fund 503 \$27,000, \$10,000 Fund 07 Library Bldg & Mtce	\$35,000					\$1,753,000
19	Recreation Trail Lighting	Buildings and Grounds	Install low level landscape lighting along trail from Eardley Ave to Lovers Point Park	Strong Trust	\$30,000	\$30,000				\$1,783,000

Guide to Program Budgets

Program budgets are presented with an emphasis on each program's purpose and objectives for FY 2015-16. To the extent applicable, budgets include the following information:

Mission: The fundamental purpose for the program; answers the question, "why does the City have this program?"

Services and Responsibilities: Describes the functions performed to fulfill the mission; answers the question, "what does the department do?"

Budget Summary: Displays the budgeted expenditure level for FY 2015-16 compared with the estimated actual and budget expenditures for FY 2014-15 and the actual expenditures for FY 2013-14 summarized by expenditure categories: Salary and Benefits, Services and Supplies, non-operating transfers, debt service (including lease payments), and capital. The section also includes the number of full-time equivalent (FTE) staffing positions that were authorized for each year.

Major Budget Changes: Describes significant changes in the budget, organization, or staffing level, compared with the prior year's budget.

Key Initiatives: Specific goals and initiatives that will be completed in the budget year.

Workload and Performance Indicators: Objective, quantitative measures that can help clarify the relationship between resources and services. Over time, with a series of high-quality performance measures and explanatory management information, budget decisions can be made with a clearer understanding of budget consequences. Budgets for departments that provide direct services to the public include a sampling of performance information currently available; mostly of the "workload" or "output" type of indicator. Staff will continue to develop this information, with the goal of providing more robust performance information in coming years.

City Council

Mission

Under the City's Council/Manager form of government, provide overall policy direction for all City services and programs. Develop the City's long-term goals; oversee the City's fiscal and organizational management; adopt the annual operating and capital improvement budget; engender respect for the community, its citizens, and each other; and fulfill the community's commitment to protecting the environment and quality of life for Pacific Grove. Serve on regional and statewide policy bodies, and serve the public as ambassadors.

Budget Summary

City Council Appropriations Summary (ALL FUNDS)	FY 2013-14 Actual	FY 2014-15 Budget	FY 2014-15 Estimated	FY 2015-16 Budget
Revenues				
General Fund Appropriation	327,030	403,182	398,000	397,211
Total Revenues	327,030	403,182	398,000	397,211
Expenditures				
Salaries and Benefits	40,962	41,120	41,120	41,120
Services and Supplies	253,609	327,200	322,018	320,897
Non-Operating Transfers	30,993	33,220	33,220	33,552
Debt Service	1,466	1,642	1,642	1,642
Capital	-	-	-	-
Total Expenditures	327,030	403,182	398,000	397,211
Authorized Staffing (FTE)	3.50	3.50	3.50	3.50

Major Budget Changes

The budget includes an increase in services mainly due to increases for participation in regional authorities such as the Monterey Peninsula Water Management Agency.

Key Initiatives for FY 2015-16

- Ensure that development of the local water project stays on schedule by approving an acceptable funding plan and selecting the design/build operator.
- Continue to develop and implement solutions to the employee pension crisis, at both the local and state levels.
- Direct the development and approve the implementation of major initiative(s) to generate additional City revenues and to stimulate economic development in the City.
- Continue the City's efforts to restore best practice maintenance efforts for the City's infrastructure (including streets and sidewalks, parks and open space, and facilities).
- Make needed decisions to achieve an organizational structure and staffing levels that provide stability and effective services over the long-term.

City Manager / Human Resources / City Clerk

Mission

Assist the City Council in achieving its goals for the community by developing recommendations and facilitating policy decisions and by providing organizational leadership for ongoing City services and implementing City Council decisions.

Services and Responsibilities

The City Manager's Office provides leadership and management for all city operations. The Department is directly responsible for providing information to the City Council and managing requests for service and information from the City Council. The Department also performs all City Clerk and Human Resources functions and provides management services for many major City initiatives, including economic development, water projects, and others.

Budget Summary

City Manager Appropriations Summary (General Fund)	FY 2013-14 Actual	FY 2014-15 Budget	FY 2014-15 Estimated	FY 2015-16 Budget
Revenues				
General Fund Appropriation	685,675	687,948	687,000	684,827
Total Revenues	685,675	687,948	687,000	684,827
Expenditures				
Salaries and Benefits	345,897	492,886	492,886	543,266
Services and Supplies	224,746	117,000	116,052	62,718
Non-Operating Transfers	65,561	22,651	22,651	22,878
Debt Service	49,471	55,411	55,411	55,965
Capital	-	-	-	-
Total Expenditures	685,675	687,948	687,000	684,827
Authorized Staffing (FTE)	3.50	4.00	4.00	4.00

Major Budget Changes

The City Manager's budget for FY 2015-16 is slightly decreased from the prior year, but contains no major changes.

Key Initiatives for FY 2015-16

- Focus City efforts on several key economic development strategies and opportunities.
- Provide overall direction and management of Pacific Grove's Local Water Project and fully participate in other water efforts required to lift the Cease and Desist Order.
- Identify opportunities and lead overall organizational development efforts for the City.
- Achieve necessary changes in the organization's structure and functioning, and parallel efforts in staffing and compensation, to ensure the organization's effectiveness and stability into the future.

Finance

Mission

Assist the City Council, City Manager and operating departments/programs in prudently managing financial resources and planning for the future by providing high-quality information and financial management services.

Services and Responsibilities

The department achieves its mission through its core functions, including:

- Accounting for the City's resources and disclosing the financial condition of the City in the year-end Comprehensive Annual Financial Report (CAFR).
- Preparing and monitoring the annual operating budget and assisting in the development of the 5-Year Capital Improvement Plan.
- Providing accounts payable, accounts receivable, and payroll functions for all departments/programs.
- Support HR/Labor Relations activities with financial analysis and alternative proposal evaluations.
- Assisting and supporting departments by calculating costs of proposals and their financial impacts that are recommended to the Mayor and City Council as well as assisting with the financial assessment of new legislative and legal developments.
- Collecting and auditing all revenues, including taxes, fees, charges and fines.
- Administering licenses and programs, including business license, parking, and dogs
- Managing the City's debt, treasury/investment, and banking functions.
- Managing risk management activities, workers compensation program, including general liability insurance issue, claims management, and safety programs.
- Provide general reception to the public for Pacific Grove City Hall and other locations.
- Oversight and administration of Cemetery operations other than grounds maintenance.

Major Budget Changes

The department hired a Finance Director in August 2014. A Chief Account/Senior Accountant/Financial Analyst was authorized but unfilled in previous fiscal years. A 2014 recruitment for a Chief Accountant was unsuccessful and the position remains vacant (although authorized for FY 2015-16). The department is pursuing the use of contract accountants as an alternative operating strategy. A student intern position was deleted for FY 2015-16 as a cost saving measure.

Key Initiatives for FY 2015-16

- Improve the functionality of the financial system by integrating the existing human resources, payroll, purchase order, accounting and budgeting modules. This integrated approach would yield future cost savings in the department's operations.
- Collaborate with Human Resources to institute health and wellness programs designed to minimize Workers' Compensation claims.

- Engage a Third Party Administrator for Workers' Compensation that provides advisory services to minimize Workers' Compensation claims.

Budget Summary

Finance Appropriations Summary (General Fund)	FY 2013-14 Actual	FY 2014-15 Budget	FY 2014-15 Estimated	FY 2015-16 Budget
Revenues				
General Fund Appropriation	1,268,572	940,075	940,000	921,404
Total Revenues	1,268,572	940,075	940,000	921,404
Expenditures				
Salaries and Benefits	522,444	574,746	574,671	706,286
Services and Supplies	490,651	274,000	274,000	123,240
Non-Operating Transfers	67,034	22,651	22,651	22,878
Debt Service	188,443	68,678	68,678	69,000
Capital	-	-	-	-
Total Expenditures	1,268,572	940,075	940,000	921,404
Authorized Staffing (FTE)	6.70	6.95	6.45	6.45

Workload Indicators

Description	FY 2014-15	FY 2015-16
Accounts payable invoices processed per fiscal year	8535	10,500
Payroll transactions	4,420	4,500
Number of Funds (independent cost centers) Administered	43	44
Dog Licenses Issues	276	285
Hours spent providing staff support to the City's Recreation Programs	330	330
Business Licenses Issued/Renewed	1812	1840
Debt Managed	\$33.2 million	\$32.2 million
Treasury Assets Managed	\$15.0 million	\$17.7 million

Community and Economic Development

Mission

Work in partnership with the community to protect the beauty, sustainability, economic vitality and environmental integrity of Pacific Grove. Preserve the existing housing stock and support new affordable housing in order to help meet the housing needs of Pacific Grove residents and to support current and new commercial development. Consistently pursue high quality, structurally sound development that is in keeping with the community's land use and design goals.

Services and Responsibilities

The Community and Economic Development Department is organized into six work units: advance planning, economic development, current planning, building, housing, and code compliance, which collaborate to achieve the Department's mission. The Advance Planning function involves proactive maintenance of the City's General Plan, Local Coastal Program, Zoning Ordinance, and other documents that guide the City's development and that provide a framework for regulation of the built environment. The Economic Development function seeks to retain and attract new businesses to the City. The Current Planning function processes a variety of permits to ensure compliance with the City's Zoning Ordinance, including the Historic Preservation Ordinance and Architectural Design Guidelines. The Building function administers permit and inspection services for all construction activity to ensure compliance with local and state building codes. The Housing function administers programs that provide affordable housing for low-income households and that rehabilitate aging or deteriorating housing stock in the community as grant funding is available. The Code Compliance function works to resolve potential Municipal Code violations by seeking to achieve compliance through the most collaborative means, with enforcement measures used when necessary.

Budget Summary

Community Development Appropriations Summary (General Fund)	FY 2013-14 Actual	FY 2014-15 Budget	FY 2014-15 Estimated	FY 2015-16 Budget
Revenues				
General Fund Appropriation	1,170,000	1,413,843	1,282,000	1,394,076
Total Revenues	1,170,000	1,413,843	1,282,000	1,394,076
Expenditures				
Salaries and Benefits	410,169	608,890	609,000	567,776
Services and Supplies	617,773	705,584	573,631	726,300
Non-Operating Transfers	82,463	32,618	32,618	32,900
Debt Service	59,595	66,751	66,751	67,100
Capital	-	-	-	-
Total Expenditures	1,170,000	1,413,843	1,282,000	1,394,076
Authorized Staffing (FTE)	6.25	8.05	7.65	7.65

Budget Summary (cont'd)

Outside Funds	Fund #	Expenditures
Environmental Enhancement	05	\$ 144,000
Housing Services	15	\$ 175,000
CDBG Program Income	34	\$ 77,913
CalHOME Reuse	36	\$ 88,788
CDBG 2013	37	\$ 154,894

Key Initiatives for FY 2015-16

Advance Planning

- Update the 2011 Housing Element
- Update & Certify the City's 1989 Local Coastal Plan/Land Use Plan/Implementing Ordinances
- Update the General Plan (1995)
- Conduct an cleanup and reorganization of the Zoning Code to clarify sections and to make it more user-friendly
- Prepare Commercial Design Guidelines for the Downtown
- Seek grant opportunities to fund development of a Downtown Specific Plan
- Find a solution for tour bus parking
- Seek to annex the Mission Linen site into the City of Pacific Grove
- Implement an Emergency Shelters Ordinance
- Develop a conceptual streetscape design for Lighthouse Avenue median.
- Participate through AMBAG on the regional growth forecast and a Sustainable Communities Strategy.
- Participate through TAMC on the development of local and regional transportation plans.
- Work with other City Departments to develop a Pedestrian & Bicycle Master Plan

Economic Development

- Fund a Façade Improvement Program
- Continue to abate gulls in the downtown
- Continue to make beautification improvements in the downtown
- Update and improve the City's website
- Manage and attend the Economic Development Commission meetings
- Meet with and work with the Business Improvement District
- Assist restaurants with Sidewalk Dining applications
- Continue to encourage and assist the redevelopment of the Holman block
- Hire a part-time Economic Development manager
- Continue to seek a best practices approach to parking in the Downtown

- Revise Zoning Ordinance to restrict undesirable ground-floor uses in the Downtown
- Implement a Lovers Point Tribute Catalog
- Seek to locate an electric car charger in the downtown area
- Work with the Monterey Bay Aquarium in online/digital marketing

Current Planning

- Maintain a strong public service ethic in all interactions with the community, and seek early and continuous public participation in the planning and permit processes
- Provide permit assistance to encourage local business development and retention.
- In the review of development projects, ensure preservation of historic buildings, protection of special status endangered species and areas of archeological significance and compliance with the California Environmental Quality Act (CEQA) while also providing comprehensive permitting services for property owners to make needed improvements.
- Support other City departments with permit processing and CEQA review services.

Building

- Educate the public about safe building practices and the current building codes.
- Provide comprehensive building permitting process, plan check review and building inspection services.
- Carry all related activities to insure ADA compliance.

Housing

- Implement ongoing housing programs and projects, based on funding availability.
- Pursue grant funds to expand implementation of housing programs and for other action items in the City's adopted Housing Element.
- Manage the Housing Rehabilitation Loan and Private Sewer Lateral Replacement Loan portfolios.
- Provide public education about Fair Housing protections.

Code Compliance

- Address municipal code violations by seeking to achieve compliance through education and escalating enforcement.
- Add one FTE Code Compliance Officer
- Implement ongoing Abandoned Property Registration Program, Housing Monitoring Program, and Transient Use Occupancy Program and continue to recommend and implement changes to procedures and possible Municipal Code amendments.
- Implement a rental property inspection and registration program.
- Support other City departments with the enforcement of the Municipal Code.
- Support the abatement of gulls in the downtown

Workload and Performance Indicators by calendar year

	2012	2013	2014
Architectural approvals	78	63	56
Other planning approvals	180	209	323
Building permits issued	278	427	350
Value of building construction	\$10,017,960	\$12,170,756.00	\$12,706,192
Number of Housing Rehabilitation Loans	2	2	3
Value	\$75,200	128,084.00	\$56,847.60
Number of Sewer Lateral Loans			3
Value			\$9,950
Value of housing grants awarded to City	\$ 0	\$600,000	\$600,000
Value of housing revolving loan accounts			\$208,952
Value of Sewer Loan Portfolio			\$101,887
Value of Housing Loan Portfolio			\$1,711,411
Number of housing units monitored	109	112	112

Information Services

Mission

Provide technical support services, and coordinate the installation and maintenance of hardware and software functions for the City information system infrastructure and applications.

Services and Responsibilities

Through a contract for service with Knight Communications, Information Services provides expertise in current system maintenance and facilitates the transition to hosted technologies. Information Services is the primary contact for day to day help desk support and technology projects including the Library patron system.

Budget Summary

Information Services Appropriations Summary (General Fund)	FY 2013-14 Actual	FY 2014-15 Budget	FY 2014-15 Estimated	FY 2015-16 Budget
Revenues				
General Fund Appropriation	82,814	170,000	170,000	171,700
Total Revenues	82,814	170,000	170,000	171,700
Expenditures				
Salaries and Benefits	13,117	-	26,235	26,235
Services and Supplies	69,697	170,000	145,375	145,375
Non-Operating Transfers	-	-	-	-
Debt Service	-	-	-	-
Capital	-	-	-	-
Total Expenditures	82,814	170,000	171,610	171,610
Authorized Staffing (FTE)	-	-	0.50	0.50

Key Initiatives for FY 2015-16

- Improve the quality and reliability of the City Council video streaming of Council meetings.
- Migrate the City from servers to Google Docs
- Redesign City's website
- Obtain a copier and document management system.
- Provide Verizon connectivity for police vehicles.

Fire and Emergency Medical Services

Mission

Protect life, property and the environment from the adverse effects of fire, medical emergencies, accidents, the release of hazardous materials, natural and man-made disasters and exposure to hazardous conditions.

Services and Responsibilities

Through a contract for service with the City of Monterey, the City provides a broad range of emergency response, preparedness, and loss prevention services. These services include (but are not limited to) emergency response and impact mitigation of fires, fire alarm activations, vehicle collisions, rescues, medical emergencies, hazardous materials, severe weather, hazardous conditions, ocean rescue and other miscellaneous service requests.

Fire Department prevention services include community education initiatives, building construction plan review for fire code compliance, and fire cause and origin investigations. Community education initiatives include: Community Emergency Response Team (CERT) program coordination, fire and life safety education for schools, care facilities and businesses, and an annual Open House at the Fire Station. The City also provides smoke detector/battery installation assistance.

Budget Summary

Fire and EMS Appropriations Summary (General Fund)	FY 2013-14 Actual	FY 2014-15 Budget	FY 2014-15 Estimated	FY 2015-16 Budget
Revenues				
General Fund Appropriation	2,965,143	3,205,065	3,205,000	3,003,989
Total Revenues	2,965,143	3,205,065	3,205,000	3,003,989
Expenditures				
Salaries and Benefits	-	139,456	139,456	140,851
Services and Supplies	2,072,194	2,111,105	2,111,040	1,899,089
Non-Operating Transfers	400,701	403,149	403,149	407,180
Debt Service	492,248	551,355	551,355	556,869
Capital	-	-	-	-
Total Expenditures	2,965,143	3,205,065	3,205,000	3,003,989

Major Budget Changes

As a cost cutting measure, the City has decreased the Fire and Emergency Medical Services Budget by \$187,500.

Golf

Mission

Provide outstanding and memorable golf experiences for Pacific Grove residents and visitors with a business model that provides discounted golf for residents and a direct economic benefit to the community in the form of revenue for general City services.

Services and Responsibilities

In Fiscal Year 13/14 the City contracted the services of CourseCo Inc. for management and operations of the golf course and related facilities. It is the responsibility of CourseCo to manage the 18-hole golf course, driving range, putting greens, golf shop, and clubhouse. Golf operations are funded entirely through golf fee revenues.

Budget Summary

	Beginning				Ending
	Fund Balance	Revenues	Expenditures	Budgeted	Fund
Golf Course	\$ 93,329	\$ 300,000	\$ 293,000	\$ 7,000	\$ 100,329

Key Initiatives for FY 2015-6

- Work with CourseCo Inc. to develop a Capital Improvement Plan and implement identified projects.
- Assist in development of non-potable irrigation sources of city-owned facilities.
- Continue marketing efforts to raise the profile of Pacific Grove Golf Links in the regional golf market and increase the number of tournaments and events at the course and clubhouse.
- Completion of the multi-year dunes restoration project.

Major Budget Changes

- FY 2015-16 will be the first full fiscal year in which the City receives a Base Rent of \$300,000 for its ten year agreement CourseCo Inc.

Legal Services

Mission

Provide timely legal advice and support to the City through its officials, commissions and committees, represent the City's interests and positions before judicial and administrative agencies in civil proceedings, and enforce misdemeanor and civil violations of the Municipal Code.

Services and Responsibilities

The City Charter requires appointment of a City Attorney by the City Council, and sets qualifications and duties for the incumbent. The City Attorney exercises independent discretion to charge and prosecute any Charter or ordinance violation as either a misdemeanor or an infraction under California law. He supervises his assistants and any special counsel retained on behalf of the City, and is lead counsel for all civil actions filed by or against the City. The City Attorney holds a fiduciary responsibility to represent the City as a client within the mandates of the State Bar Rules of Professional Conduct, not individual officers or employees. The City Attorney provides general advice to commissions, committees, individual officers, and employees, but may not represent their interests if in opposition to the interests of the City.

Budget Summary

Legal Services Appropriations Summary (General Fund)	FY 2013-14 Actual	FY 2014-15 Budget	FY 2014-15 Estimated	FY 2015-16 Budget
Revenues				
General Fund Appropriation	510,951	328,552	328,000	291,837
Total Revenues	510,951	328,552	328,000	291,837
Expenditures				
Salaries and Benefits	-	-	-	-
Services and Supplies	500,099	317,711	317,148	280,876
Non-Operating Transfers	10,852	10,852	10,852	10,961
Debt Service	-	-	-	-
Capital	-	-	-	-
Total Expenditures	510,951	328,563	328,000	291,837

Library

Mission

The mission of the Pacific Grove Public Library is to provide a welcoming place and a balanced collection while preserving the past and planning for the future.

Services and Responsibilities

Pacific Grove Public Library (PGPL) provides library services to the community through online and print collections, programs for all ages, a comfortable, accessible building and knowledgeable, friendly and dedicated staff.

Along with traditional library formats, PGPL also provides access to streaming video, online magazines, electronic books and audiobooks. These free services are accessible through the Internet and are available with a PGPL library card.

Budget Summary

Library Appropriations Summary (General Fund)	FY 2013-14 Actual	FY 2014-15 Budget	FY 2014-15 Estimated	FY 2015-16 Budget
Revenues				
General Fund Appropriation	732,528	770,366	770,300	931,441
Total Revenues	732,528	770,366	770,300	931,441
Expenditures				
Salaries and Benefits	525,524	587,771	587,705	788,267
Services and Supplies	135,935	105,300	105,300	65,300
Non-Operating Transfers	20,876	21,074	21,074	21,074
Debt Service	50,194	56,221	56,221	56,800
Capital	-	-	-	-
Total Expenditures	732,529	770,366	770,300	931,441
Authorized Staffing (FTE)	9.50	9.50	11.00	11.00

Major Budget Changes

Significant changes to the Library budgets are primarily due to increased retirement costs and salary schedule adjustments.

Key Initiatives for FY 2015-16

- Extend the loan period from 2 to 3 weeks on select material types in response to the community library survey
- Implement the strategic plan as developed by the Library Advisory Board and the library staff and approved by City Council in March 2015
- Continue the renewal project including interior building upgrades (lighting, carpet, painting, heating, etc.) and exterior building updates (exit ramps, remaining landscape)
- Partner with the Friends of the Library to complete the renovation of the public meeting room/gallery space
- Continue to implement a collection management plan based on use, currency, and community needs including a separate, more visible foreign language section
- Implement a marketing strategy using social media, etc. to promote the online branch and other available services
- Continue to partner with the school district and the Friends of the Library to support a technology training program for the community; coordinate with the Friends of the Library using Monterey Gives grant funds to provide mobile devices to outreach patrons
- Provide a minimum of 320 children/teen story times/projects per year, including evening family programs, teen gaming nights and special holiday events
- Promote and conduct a Summer Reading Program for young people aged 2 to 15 with goals of signing up 500+ participants
- Increase the number of adult author and poetry programs from 8-10 to 12-15 per year in partnership with the Friends of the Library and Poet in Resident Program
- Participate in statewide and regional library community through conferences, trainings, and planning sessions

Workload and Performance Indicators

Collection	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15*
Circulation	215,383	239,820	253,770	275,981	297,867
Books Added	3,485	4,129	4,501	5,247	4,165
Books Withdrawn	2,399	4,587	15,345	7,705	7,642

Library Usage	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15*
Traffic	122,066	116,320	121,855	130,124	141,136
Events	289	403	343	303	349
Reference Questions	17,124	23,499	24,225	25,294	26,583
AudioBook Downloads	938	2,204	2,419	3,037	3,721
E-Book Downloads	190	1,734	3,063	3,939	4,617
Music Downloads	8	50	14	505	2,045
Internet Users	12,552	11,248	11,970	16,073	15,196
Website Hits	0	9,948	32,720	70,607	93,943

Source: Statistics - PGPL, California Library Statistics

*Note: FY2014-15 figures are an estimate

Museum

Mission

To inspire discovery, wonder, and stewardship of our natural world.

Services and Responsibilities

The City of Pacific Grove owns the Pacific Grove Museum of Natural History and the Museum Foundation of Pacific Grove, Inc. operates the Museum and stewards the Museum collection through a public/private partnership.

Budget Summary

Museum Appropriations Summary (General Fund)	FY 2013-14 Actual	FY 2014-15 Budget	FY 2014-15 Estimated	FY 2015-16 Budget
Revenues				
General Fund Appropriation	202,279	198,051	200,000	200,032
Total Revenues	202,279	198,051	200,000	200,032
Expenditures				
Salaries and Benefits	-	4,000	4,040	7,158
Services and Supplies	177,835	167,108	169,017	165,662
Non-Operating Transfers	10,878	11,748	11,748	11,865
Debt Service	\$ 13,566	\$ 15,195	15,195	15,347
Capital	-	-	-	-
Total Expenditures	202,279	198,051	200,000	200,032

Major Budget Changes

Pursuant to the agreement with the Museum Foundation of Pacific Grove, the City's contribution to the Museum operations is fixed at 1.01% of total general fund expenditures for FY 2015-6.

Police

Mission

The Pacific Grove Police Department's Mission is to maintain the public peace, safeguard lives and property, and to provide for a quality of life whereby people within the City of Pacific Grove have a sense of security and freedom in their daily activities.

Services and Responsibilities

The Pacific Grove Police Department will seek and embrace traditional and non-traditional strategies to provide services more efficiently. The Police Department embraces the philosophy of "community policing" which encourages an open-minded partnership with citizens to identify problems and develop strategies to prevent crime before it occurs. This approach is integrated with all facets of the department's services: patrol, investigations, animal control, and parking enforcement.

Budget Summary

Police Appropriations Summary (General Fund)	FY 2013-14 Actual	FY 2014-15 Budget	FY 2014-15 Estimated	FY 2015-16 Budget
Revenues				
General Fund Appropriation	5,113,134	5,837,383	5,750,000	6,401,340
Total Revenues	5,113,134	5,837,383	5,750,000	6,401,340
Expenditures				
Salaries and Benefits	3,153,885	3,588,892	3,501,509	4,246,075
Services and Supplies	657,770	557,400	557,400	586,485
Non-Operating Transfers	509,690	511,753	511,753	515,510
Debt Service	759,175	874,338	874,338	862,270
Capital	32,614	305,000	305,000	191,000
Total Expenditures	5,113,134	5,837,383	5,750,000	6,401,340
Authorized Staffing (FTE)	34.00	34.00	34.00	34.00

Outside Funds	Fund #	Expenditures
Drug Awareness (DARE)	21	\$ 8,200
Asset Seizure	22	\$ 1,600
Public Safety Augmentation	42	\$ 403,000
Supp Law Enforcement Fund	43	\$ 155,562
Total		\$ 568,362

Major Budget Changes

The City plans to purchase new body cameras to be worn by police officers, send newly hired police recruits to the police academy and contribute toward a regional Gun Buy Back Program.

Key Initiatives for FY 2015-16

- Maintain the City of Pacific Grove’s status as the safest city in Monterey County.
- Enhance our ability to staff and train for our Emergency Operations Center and our City’s emergency preparedness.
- Work with area agencies to expand collaborative services.
- Enhance special operations such as traffic enforcement, special events, parking and investigations.
- Attract and retain qualified personnel to the fully authorized staffing level thereby creating more efficient police and support services operations.
- Improve organizational development to achieve recognition as the police department that serves as the standard for law enforcement.
- Expand and enhance the Reserve Officer Program to more effectively and efficiently meet the needs of the department and the community.
- Integrate technology to enhance service delivery and refine operations.

Performance/Workload Indicators

2012- 2014 Part I Uniform Crime Reports

	2012	2013	2014
Homicide	0	0	0
Rape	4	4	9
Robbery	7	6	1
Aggravated Assault	16	15	24
Burglary	97	89	51
Larceny	147	216	236
Auto Theft	5	19	26
Arson	1	4	3
<i>Part I Totals</i>	<i>281</i>	<i>353</i>	<i>350</i>
Subtotal Violent	27	25	34
Subtotal Property	277	328	316

Computer Automated Dispatch(CAD) Incidents Defined

Priority Type	2012	2013	2014	% Change
E-Multiple Discipline Response (incl. Medical)	1,203	1,167	1,343	+15%
1-Emergency-Immediate Threat to Life/Property	232	211	234	+11%
2-Serious Incident-Dispatched ASAP	7,138	7,116	8,087	+14%
3-Routine-Held for Available Officer	3,595	3,339	3,346	+2%
4-Found Property, Breaks, Reports, Admin., etc.	3,916	3,574	3,070	-14%
<i>Total Incidents</i>	<i>16,084</i>	<i>15,407</i>	<i>16,080</i>	<i>+4%</i>

Key:

- Priority E – Requires a multiple discipline response (usually medical).
- Priority 1 – Emergencies, dispatched immediately due to immediate threat to life or property.
- Priority 2 – Serious incidents, dispatched ASAP.
- Priority 3 – Routine, can be held for available officer.
- Priority 4 – Found property, meal breaks, reports, telephone calls, admin tasks, information, etc.

Public Works

Mission

Ensure stewardship and maintenance for the City’s natural and constructed environment, including streets, parks, open space, forested areas, storm water program and facilities, public buildings and vehicles, sanitary sewer system, and El Carmelo Cemetery.

Services and Responsibilities

The Public Works Department is responsible for all activity in public rights-of-way. To achieve its mission, the department provides the following services:

- Maintenance of streets, city-owned streetlights, traffic signs, pavement markings, trees on city property, and street and directional signs.
- Maintenance of City parks, open space areas including trees on public lands, the coastal recreation trail, and City buildings.
- Storm water and dry-weather flow management, so as to collect and re-use water, protect the Pacific Grove Area of Special Biological Significance, and achieve compliance with Federal and State laws and storm water discharge permits.
- Maintenance and upgrades of sewer and wastewater infrastructure.
- Maintenance of City vehicles and equipment.
- Operation of the City-owned El Carmelo Cemetery.
- Special event logistics, set-up, and clean-up

For budget purposes, the sewer and cemetery operations are funded in enterprise funds, and are not included in the Public Works Department budget.

Budget Summary

Public Works Appropriations Summary (General Fund)	FY 2013-14 Actual	FY 2014-15 Budget	FY 2014-15 Estimated	FY 2015-16 Budget
Revenues				
General Fund Appropriation	3,037,340	3,195,188	3,190,000	3,059,395
Total Revenues	3,037,340	3,195,188	3,190,000	3,059,395
Expenditures				
Salaries and Benefits	1,296,527	\$ 1,272,660	1,267,472	\$ 1,244,177
Services and Supplies	601,824	\$ 631,350	631,350	\$ 676,563
Non-Operating Transfers	104,772	\$ 105,635	105,635	\$ 106,691
Debt Service	589,899	\$ 551,543	551,543	\$ 558,111
Capital	444,318	\$ 634,000	634,000	\$ 473,852
Total Expenditures	3,037,340	3,195,188	3,190,000	3,059,395
Authorized Staffing (FTE)	21.00	22.00	18.64	18.64

Major Budget Changes

In FY 15/16, the Public Works budget is focused on implementation of the five year, Citywide Capital Improvement Plan that has been approved by the Council to serve as a roadmap for investment in the City's infrastructure assets. Capital project expenditures for the fiscal year 14/15 had been administered at a total of \$1,074,000 million for streets, city facilities, and open space improvements. As the City progresses into FY 15/16, capital projects expenditures are planned to remain steady, allocating funds for street improvements, facilities improvements, and continued upgrading of our parks and open spaces.

This year is the third year of the new Statewide Municipal MS4 Phase 2 Storm water Permit, which incorporated the Areas of Special Biological Significance Special Protections that places a higher regulatory burden on Pacific Grove due to the number of direct ocean outfalls and an aging storm system. The City has also proposed the Pacific Grove Local Water Project (PGLWP), a project to replace potable water irrigation at the City-owned golf links, cemetery, and other open spaces. The City has been successful in obtaining several grants to help with the implementation these otherwise unfunded regulatory requirements. Grant funds that will be expended in FY 15/16 include a \$240,000 California Department of Natural Resources Urban Greening Grant, the \$2.4M SWRCB Proposition 84 grant already in implementation and the Clean Beach Prop 84 Grant at \$3.29 million.

Key Initiatives for FY 2015-16

- Carry out the Five Year Capital Improvement Plan to serve as a roadmap for investment in the City's infrastructure assets.
- Complete design and construction for repaving, slurry seal and/or crack sealing of at least one linear mile of City streets.
- Develop an ongoing street pavement and sidewalk repair management plan that incorporates complete streets and handicap access upgrades in the downtown area and school zones.
- Through the Urban Greening Grant, create an inventory and database of all City trees to improve the City's tree maintenance and planting programs, update the City tree planting list and recommended trees and other plants appropriate for the climate and local environment. This grant also includes watershed modeling and preparation of an Urban Greening Plan.
- Implement Year 3 of the SWRCB newly adopted National Pollution Discharge Elimination System (NPDES) Phase II Municipal Storm water permit, including continued regional collaboration with other local agency permittees in Monterey County.
- Conduct water quality monitoring and prepare compliance plans to meet the requirements of the State mandated Area of Special Biological Significance (ASBS) Special Protections.
- Continue implementation of the Proposition 84 grant funded storm drains improvements within the Greenwood Park watershed and the Residential Retrofit project.
- Continue the design, engineering, and construction of the Pacific Grove Local Water Project.

Workload and Performance Indicators

Workload Indicators	FY 2015-16
Linear-miles of streets maintained	55
Linear miles of sewer line maintained	58
Number of storm drains (all cleaned twice per year)	332
Number of streetlights in the City	699
Number of vehicles (rolling stock) maintained	123

Activity Indicators	FY 2012-13	FY 2013-14	FY 2014-15
Number of potholes patched	750	700	725
Number of bulb replacements	58	74	48
Number of streetlight repairs	8	13	14
Number of City sewer overflow spills	2	3	6

Cemetery Enterprise Function

Services and Responsibilities

The City operates and maintains El Carmelo Cemetery. The City coordinates with area mortuaries and other individuals for services at the cemetery.

Budget Summary

Cemetery Summary (Enterprise Fund)	FY 2013-14 Actual	FY 2014-15 Budget	FY 2014-15 Estimated	FY 2015-16 Budget
Expenditures				
Salaries and Benefits	97,220	94,288	92,500	101,473
Services and Supplies	93,895	73,485	73,485	89,460
Non-Operating Transfers	30,712	-	-	10,300
Debt Service	35,271	95,493	95,493	46,606
Capital	-	-	-	-
Total Expenditures	257,098	263,266	261,478	247,839
Authorized Staffing (FTE)	1.50	1.50	1.45	1.45

The Cemetery is funded by fees for service and interest earnings on the Cemetery Endowment fund.

Major Budget Changes

The budget is structured to continue correcting the cemetery business model. For several years, costs in the enterprise fund exceeded revenues. However in FY 2013-14, the cemetery showed a modest profit of \$5,233. In FY 2014-15 the City purchased eight columbaria, of 48 niches each, which increases the City's capacity for additional burials. Cemetery irrigation will be part of the Local Water Project, but until this project is on line, utilities (irrigation) continue to be a significant expense of the enterprise.

Key Initiatives for FY 2015-16

- Exceed FY 2014-15 sales due to the installation of the new columbarium.
- Continue working with staff for local water project development.
- Explore the contracting of a national cemetery management company to broaden the exposure of the Cemetery.

Sewer Enterprise Function

Services and Responsibilities

The City owns and maintains the sanitary sewer system that collects and delivers sewage to the Monterey Regional Water Pollution Control Agency (MRWPCA) treatment facility. In addition to performing maintenance activities, the City also manages the **Sewer Lateral Loan Program** that provides low-interest loans up to \$10,000 to repair or replace private sewer lateral facilities.

Budget Summary

Sewer Fund Summary (Enterprise Fund)	FY 2013-14 Actual	FY 2014-15 Budget	FY 2014-15 Estimated	FY 2015-16 Budget
Expenditures				
Salaries and Benefits	304,874	291,970	291,970	320,590
Services and Supplies	772,340	1,363,691	1,363,691	1,168,207
Non-Operating Transfers	303,430	220,000	220,000	424,347
Debt Service	290,361	350,538	350,538	282,133
Capital	8,551	2,500,000	2,500,000	2,610,000
Total Expenditures	1,679,556	4,726,199	4,726,199	4,805,277
Authorized Staffing (FTE)	6.00	6.00	4.08	4.08

The Sewer Enterprise is funded entirely by sewer bill surcharge revenues.

Major Budget Changes

In FY 2014/15, a Sewer Collection System Master Plan (SCSMP) was certified. The SCSMP will be the basis for sewer capital project planning for the next ten years. Through the SCSMP, the City's local sewer fees will be re-evaluated and will need to be adjusted to reflect the costs of both O&M and long term planned capital expenditures.

While the SCSMP effort is underway, the City will continue to implement sewer pipeline repair and replacement projects in strategic locations with planned storm drainage improvements. The \$2.5 Million Capital Maintenance Plan for FY 15/16 will address infrastructure and noted deficiencies identified in the SCSMP. Capital projects to be constructed in FY 2015/16 include the reconstruction of Pump Station 15.5, as it relates to the Local Water Project, complete reconstruction of the sewer mains along Ocean view & Mermaid, 14th and Sinex and initial engineering to upgrade sewer mains through Pebble Beach that serve the Del Monte Park residence.

Key Initiatives for FY 2015-6

- Complete hydro-jet cleaning of all sewer line (58 miles) and additional root-foaming on highest risk sections of system to reduce clogged lines and reduce chances of sewer spills.
- Continued support with the Local Water Project.
- Complete the design and construction components to replace at least approximately 10,000 linear feet of City main sewer line(s) and spot repairs in various locations citywide.
- Implementation of the Sewer Collection System Master Plan, including finalizing and administering the rate study and adjustment to the local collection fees.

Recreation

Mission

Make Pacific Grove the best possible place to live, by providing high-quality recreational programs that enhance the quality of life, health, fun and lifelong learning, while keeping people active and engaged in our community, while providing exceptional customer services.

Services and Responsibilities

The department provides a broad range of recreational services through programs, contract instructors and collaboration with outside agencies. Citizens are offered sports leagues for youth and adults, leisure and educational programs for all ages, programs and services for teens, management of the historic Chautauqua Hall, Community Center, the Youth Center, rental of City parks and facilities, a range of summer camps and programs for children and teens, and involvement with a wide range of special events in the City. The Recreation Department also coordinates City approval and services required for special events.

Budget Summary

Recreation Appropriations Summary (General Fund)	FY 2013-14 Actual	FY 2014-15 Budget	FY 2014-15 Estimated	FY 2015-16 Budget
Revenues				
General Fund Appropriation	405,011	343,419	340,000	450,322
Total Revenues	405,011	343,419	340,000	450,322
Expenditures				
Salaries and Benefits	246,256	231,512	228,093	338,376
Services and Supplies	136,059	87,100	87,100	87,100
Non-Operating Transfers	8,000	8,346	8,346	8,346
Debt Service	14,696	16,461	16,461	16,500
Capital	\$	\$	\$	\$
Total Expenditures	405,011	343,419	340,000	450,322
Authorized Staffing (FTE)	14.90	14.90	13.65	13.65

Major Budget Changes

For FY 2015-16, the budget includes part-time FTE authorization and salaries to staff the Lover's Point Pool throughout the summer of 2015 and the development and implementation of a summer instructional swimming program, along with youth summer camps.

Key Initiatives for FY 2014-15

- Maintain and expand existing program offerings through pursuit of partnerships and professional providers
- Continue to identify cost savings in Special Events programming
- Work with special event organizers to develop long term agreements for events
- Ensure the sustainability of the Youth Center through pursuit of partnerships with local non-profit organizations
- Develop sustainable swimming instruction and recreational swimming programs at the Lover's Point Pool.

Funds Organizational Charts

General Fund	Internal Service Funds	Special Revenue Funds
<ul style="list-style-type: none"> •General Fund Operating •Hyperbaric Chamber •DARE (Drug Awareness) •Asset Seizure •Lovers Point Pool •Recreation Donation •Operating Donations •Storm Water •Koo Donation 	<ul style="list-style-type: none"> •Employee Benefits •Workers Compensation •Liability Insurance •Other Post Employment Benefits (OPEB) 	<ul style="list-style-type: none"> •Carillon •State Franchise PEG •Library Building & Equipment •Museum Improvement •Downtown Business District •Hospitality Improvement District •Library Book •Fire Dept Emergency Equipment •McIndoo Donations •State Gas Tax •Coastal Parks Grant •Chautauqua Hall Preservation •Lighthouse Maintenance •Senior Housing Fund •Housing Program - Funds 15, 28, 34, 36, and 37 •Yount Trust Income •Public Safety Augmentation •Supplemental Law Enforcement •Poetry Promotion •ASBS Grant •Clean Beach Prop 84 •Greening Grant •Strong Trust Disbursements •Local Water Project •Abandoned Vehicl Program

Enterprise Funds	Capital Projects	Debt Service	Permanent
<ul style="list-style-type: none"> • Cemetery • Golf Course • Sewer Operating • Sewer Lateral Loans 	<ul style="list-style-type: none"> • Buildings & Facilities Improvement 	<ul style="list-style-type: none"> • Butterfly Habitat Bond • Pension Obligation Bond 	<ul style="list-style-type: none"> • Library Endowment Trust • Cemetery Endowment Trust • Yount Trust

Appendix B

Summary of Inter-fund Transfers

	Liability Insurance Fund	Storm Water Fund	Public Safety Augmentation Fund	Other Post Employment Benefits	Employee Benefits Fund	Workers' Compensation Fund	Transfers Out Total
City Council	\$ 11,900						\$ 11,900
City Attorney							\$ -
City Manager	\$ 11,900			\$ 6,670	\$ 29,850		\$ 48,420
Finance	\$ 11,900			\$ 7,735	\$ 35,235		\$ 54,870
Police	\$ 25,780		\$ 203,010	\$ 45,683	\$ 47,800	\$ 312,500	\$ 634,773
Fire	\$ 30,600		\$ 153,800			\$ 253,381	\$ 437,781
Public Works	\$ 10,937	\$ 404,000		\$ 15,365	\$ 51,350	\$ 106,690	\$ 588,342
Community Development	\$ 11,900			\$ 8,360	\$ 32,745	\$ 21,000	\$ 74,005
Recreation	\$ 4,320			\$ 3,243	\$ 10,140		\$ 17,703
Library	\$ 2,476			\$ 7,950	\$ 27,417		\$ 37,843
Museum	\$ 10,878						\$ 10,878
Cemetery	\$ 9,334				\$ 4,500		\$ 13,834
Sewer	\$ 75,609						\$ 75,609
Transfers in Total	\$ 217,534	\$ 404,000	\$ 356,810	\$ 95,006	\$ 239,037	\$ 693,571	\$ 2,005,958

Appendix B (cont'd)

Summary of Indirect Cost Allocation

Department	Total Budget	Capital	Other Adj	Direct Service	Indirect Service	Indirect Cost Allocation
City Council	\$397,211	\$0	\$12,150	\$0	\$385,061	\$0
City Atty	\$291,837	\$0	\$13,309	\$0	\$278,528	\$0
City Manager	\$726,845	\$0	\$22,470	\$0	\$704,375	\$0
Finance	\$997,982	\$35,000	\$24,950	\$0	\$940,512	\$0
Information Services	\$171,700	\$0	\$0	\$0	\$146,750	\$0
Comm Dev	\$1,427,269	\$0	\$12,750	\$1,414,519		\$305,115
Police	\$6,401,340	\$176,000	\$208,400	\$6,016,940		\$1,297,869
Fire	\$3,144,840	\$50,277	\$105,800	\$2,988,763		\$644,684
Library	\$931,441	\$0	\$10,800	\$920,641		\$198,585
Museum	\$200,032	\$0	\$2,920	\$197,112		\$42,518
Recreation	\$423,322	\$0	\$3,135	\$420,187		\$90,635
Public Works	\$3,224,630	\$433,452	\$408,400	\$2,382,778		\$513,971
Golf Course	\$197,563	\$25,000	\$66,225	\$106,338		\$22,937
Cemetery	\$247,839	\$5,000	\$34,200	\$208,639		\$45,004
Sewer	\$4,805,277	\$2,610,000	\$228,000	\$1,967,277		\$424,347
Non- Dept	\$2,141,731	\$189,798	\$821,494	\$0	\$1,130,439	\$0
TOTAL	\$25,730,859	\$3,524,527	\$1,975,003	\$16,623,194	\$3,585,665	\$3,585,665
	Column A	Column B	Column C	Column D	Column E	Column F

Indirect Cost Rate Calculation:

$$\begin{aligned}
 \text{Rate} &= \text{Total Overhead Costs} / \text{Total Direct Service Costs} \\
 &= \text{Column E} / \text{Column D} \\
 &= 0.21570253 = \mathbf{22\%}
 \end{aligned}$$

Indirect Cost Charges to Enterprise Funds Programs

Program	Direct Cost Base	Indirect charge calculation
Cemetery	\$208,639	\$45,004
Sewer	\$1,967,277	\$424,347
Golf	\$106,338	\$22,937
Total		\$492,288

General Fund Revenues and Background

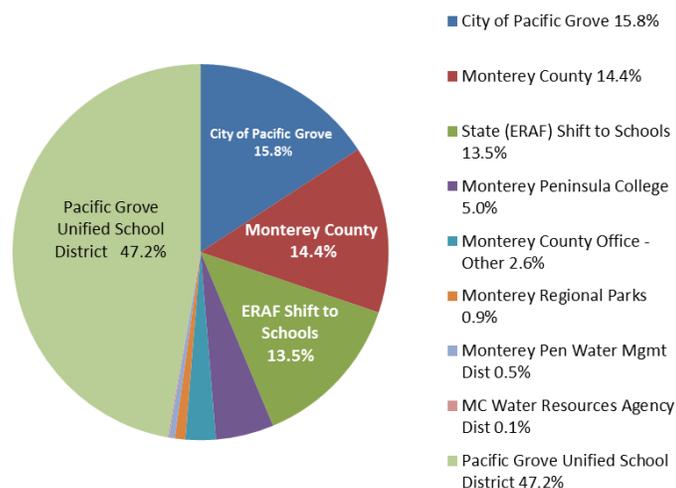
Fiscal Year 2015-16 General Fund estimated revenues are forecast at \$18,486,900, which is \$418,295 or 2.3% higher than total estimated revenues for FY 2014-15. Approximately two-thirds of General Fund revenues (62.86%) come from three sources: property taxes, transient occupancy tax, and sales taxes. This section provides additional background and forecast information for these revenues.

Property Tax

Property tax is an ad valorem tax (based on value) imposed on real property (land and permanently attached improvements such as buildings) and personal (movable) property. Proposition 13, adopted by California voters on June 6, 1978, created a comprehensive system for the assessment and limitation of real property taxes. Property owners pay the tax based on their real property’s adjusted assessed full value. Proposition 13 set the FY 1975-76 assessed values as the base year from which future annual inflationary assessed value increases would grow (not to exceed 2% for any given year). The County Assessor also re-appraises each real property parcel when there are purchases, construction, or other statutorily defined, “changes in ownership.” Proposition 13 limits the property tax rate to 1% of each property’s full value plus overriding rates to pay voters’ specifically approved indebtedness. Property taxes are the City’s single largest revenue source; comprising approximately 25% of total FY 2014-15 projected revenues, or \$4.5 million.

The City of Pacific Grove receives approximately 16 cents of every dollar of property tax paid (see graph below). Monterey County and the Pacific Grove Unified School District receive the majority of the revenue from property taxes assessed on real property located in the City.

Jurisdictional Property Tax Allocations



Proposition 13 (Section 1. Article XIII A of the State Constitution) transferred control and accountability for property tax rates from city and county government to the State Government. It allows the State legislature to apportion the property tax collections among the various cities, counties, and special districts “according to law.” In the late 1970s the State Legislature settled on an allocation method under which each local government’s percentage share of property taxes was the same as that government’s prorated share of the entire county’s property taxes in the mid-1970s. Beginning in 1992, the legislature reduced city allocations through the ERAF I and ERAF II legislation so that millions of dollars in City property taxes were transferred to the schools. In FY 2003/04, to deal with the State’s fiscal crisis the legislature adopted ERAF III, which resulted in another allocation change that caused the City of Pacific Grove to lose \$418,000 between FY 2004/05 and FY 2005/06.

California voters passed Proposition 1A on November 4, 2004 giving California cities some relief from future State tinkering with historical local revenues. The State Legislature can only change city property tax allocations in emergencies and by a two-thirds vote in both legislative bodies, and then for only two years before the revenue has to be repaid. While not perfect, these provisions help reduce the City’s revenue uncertainty.

Property tax revenues are projected to total \$4,480,000 in FY 2015/16. This projection is based on the amount of “secured” property tax received by the City which is the portion commonly understood by taxpayers as “property tax”.

Sales and Use Tax

The City receives both Bradley-burns statutory sales tax and local sales and use tax. The City’s sales and use tax rate went from 8.5% to 8.625 effective April 1, 2015. A ballot measure to increase the tax rate by .125% increase was approved by the City Council in June 2014 at the request of Monterey Salinas Transit (MST). MST utilizes the 1/8 cent sales tax to fund senior, veteran, and persons with disabilities services. The Bradley-Burns Uniform Sales and Use Tax Law provides for a city/county rate of 1.25%. One-quarter cent of the levy is sent to the countywide regional transportation fund. The balance goes to support local government general funds.

Effective July 1, 2004, 0.25 of the one percent local sales and use tax was diverted to guarantee state deficit bonds approved by Proposition 57. The withheld funds are backfilled from county property taxes each January and May per the state’s “Triple Flip” borrowing plan. The Triple Flip is scheduled to end in Fiscal Year 2015-16.

In 2008, Pacific Grove voters approved Measure U, which enacted a 1.0% sales tax (technically a district tax) which applies only to purchases in Pacific Grove. Due to the rules governing district taxes, the City also realizes sales tax revenues from automobile purchases by Pacific Grove residents.

Combined, sales and use taxes, including the Triple Flip, (collectively, “Sales Taxes” in the budget) are the City’s third-largest revenue source and comprise 20% of FY 2015-16 projected General Fund revenues.

Forecast. FY 2015-16 revenues from the statutory sales tax, including the triple flip replacement, is projected to total \$3.7 million.

Transient Occupancy Tax

Transient Occupancy Tax (TOT) is charged on hotel and motel room occupancies of fewer than 30 days. It is paid by hotel and motel customers in addition to the room rate so that visitors to Pacific Grove may contribute to the cost of the public services they enjoy during their stay. Pacific Grove’s TOT rate has been 10% since 1985. In 2010, the City began collecting TOT on residential transient uses which is a residential property rental for fewer than 30 days. While traditional TOT has generally remained consistent (with the exception of Fiscal Year 2010-11), residential TOT is the fastest growing revenue source for the City. From its inception in 2010, residential TOT has grown from \$50,000 to nearly a \$.5 million in FY 2014-15.

Forecast: Residential TOT revenues in the current fiscal year are at 140% of budget, and are forecasted to increase by \$250,000 over the FY 2014-15 budgeted figure. Traditional TOT is projected to remain steady with minimal growth in FY 2015-16.

General Fund 5-Year Revenue Forecast

	2013-4 Actual	2014-5 Estimate	2015-6 Projection	FY 2016-7 Projection	FY 2017-8 Projection	FY 2018-9 Projection	FY 2019-20 Projection
<u>REVENUES AND TRANSFERS IN</u>							
Property Tax	\$ 4,307,251	4,413,400	4,480,000	4,614,000	4,752,000	4,895,000	5,042,000
Transient Occupancy Tax - Commercial	3,278,458	3,137,000	3,200,000	3,296,000	3,395,000	3,497,000	3,602,000
Sales and Use Tax - Measure U	1,757,991	1,700,000	1,734,000	1,769,000	1,804,000	1,840,000	1,877,000
Sales and Use Tax	1,175,058	1,553,582	1,600,000	1,673,000	1,749,000	1,828,000	1,910,000
Utility User Taxes	1,580,401	1,445,779	1,475,000	1,519,000	1,565,000	1,612,000	1,660,000
Motor Vehicle-in Lieu fee (VLF)	1,261,277	1,327,042	1,354,000	1,381,000	1,409,000	1,437,000	1,466,000
Franchise Taxes	838,221	800,787	809,000	817,000	825,000	833,000	841,000
Development revenues	695,067	691,905	693,000	707,000	721,000	735,000	750,000
Transient Occupancy Tax - Residential	453,048	595,000	606,900	619,000	631,000	644,000	657,000
Indirect cost charges to enterprise funds	507,135	410,000	449,000	462,000	476,000	490,000	505,000
Parking revenue	256,281	235,580	375,000	379,000	383,000	387,000	391,000
Property Tax in-lieu of Sales Tax (Triple Flip)	392,518	362,821	370,000	377,000	385,000	393,000	401,000
Business License Tax	290,717	340,000	350,000	361,000	372,000	383,000	394,000
Miscellaneous revenues	299,684	375,936	325,000	328,000	331,000	334,000	337,000
Recreation programs/rentals	360,544	322,524	235,000	237,000	239,000	241,000	243,000
Public works programs	111,157	165,678	165,000	165,000	165,000	165,000	165,000
Real Estate Transfer Tax	108,985	70,000	70,000	70,000	70,000	70,000	70,000
Transient License and Business License fees	27,650	22,700	55,000	59,000	61,000	63,000	63,000
Police programs	51,543	44,518	49,000	110,000	124,000	126,000	126,000
Library programs	25,664	18,000	26,000	26,000	26,000	26,000	26,000
Interest earnings	20,640	25,000	25,000	26,000	26,000	26,000	26,000
Fire programs	12,327	11,355	16,000	16,000	16,000	16,000	16,000
Transfer from Golf Enterprise Fund	-	0	25,000	30,000	35,000	41,000	77,000
Revenues and Transfers Total	17,811,620	18,068,607	18,486,900	19,041,000	19,560,000	20,082,000	20,645,000

Appendix D

FY 2015-16 Authorized Staffing						
GENERAL FUND AUTHORIZED STAFFING						
				FY 2013-4	FY 2014-5	FY 2015-6
Dpt	Division	Positions	Position#	FTE%	FTE %	FTE %
City Council						
10	101	COUNCILMEMBER	002-000	3.00	3.00	3.00
		MAYOR	001-001	0.50	0.50	0.50
Part-time				3.50	3.50	3.50
TOTAL: CITY COUNCIL				3.50	3.50	3.50
City Manager/Human Resources/City Clerk						
12	121	CITY MANAGER	301-001	1.00	1.00	1.00
		HUMAN RESOURCES ANALYST	208-003	0.00	1.00	1.00
		CITY CLERK	243-001	1.00	1.00	1.00
		ADMINISTRATIVE TECHNICIAN	170-000	0.00	0.00	1.00
		OFFICE ASSISTANT II	104-001	1.00	1.00	0.00
Full-Time				3.00	4.00	4.00
12	121	INTERN III	66-000	0.50	0.00	0.00
Part-time				0.50	0.00	0.00
TOTAL: CITY MANAGER/HUMAN RES./CITY CLERK				3.50	4.00	4.00
Finance/Risk Management						
13	131	ADMINISTRATIVE SERVICES MANAGER	219-001	1.00	0.00	0.00
		FINANCE DIRECTOR	256-000	0.00	1.00	1.00
		FINANCE ANALYST/SENIOR-CHIEF ACCOUNTANT		1.00	1.00	1.00
		ACCOUNTING ASSISTANT III	125-01	2.75	3.00	0.00
		ACCOUNTING ASSISTANT SENIOR	125-01	0.00	0.00	2.00
		ACCOUNTING ASSISTANT	120-001	0.00	0.00	1.00
		ASSISTANT FINANCE MANAGER	216-002	0.20	0.20	0.20
		HUMAN RESOURCES ANALYST	208-003	1.00	0.00	0.00
		ACCOUNTANT	124-001	0.75	0.75	0.75
Full-Time				6.70	5.95	5.95
		OFFICE ASSISTANT	104-001	0.00	0.00	0.50
13	131	INTERN III	66-000	0.00	1.00	0.00
Part-time				0.00	1.00	0.50
TOTAL: FINANCE/RISK MANAGEMENT				6.70	6.95	6.45
Community Development						
20	201	COMMUNITY & ECONOMIC DEVELOPMENT DIRECTOR	168-001	0.00	1.00	1.00
		PUBLIC WORKS SUPERINTENDANT	168-001	0.20	0.00	0.00
		ASSOCIATE PLANNER	168-002	2.00	2.00	1.00
		ASSISTANT PLANNER	165-001	0.00	0.00	1.00
		SENIOR PLANNER	169-001	0.00	0.00	0.90
		CHIEF PLANNER	229-001	1.00	1.00	0.00
		ADMINISTRATIVE TECHNICIAN	170-000	0.50	0.50	0.75
		HOUSING PROGRAM COORDINATOR	169-002	0.50	0.50	0.50
Full-Time				4.20	5.00	5.15
	201	ADMINISTRATIVE TECHNICIAN	170-000	0.00	0.00	0.50
Part-Time				0.00	0.00	0.50
	204	HOUSING PROGRAM COORDINATOR	169-002	0.50	0.50	0.50
		CODE COMPLIANCE AID	168-004	0.50	0.50	0.00
		HOUSING REHABILITATION INSPECTOR	71-001	0.05	0.05	0.50
		ADMINISTRATIVE TECHNICIAN	170-000	0.50	0.50	0.50
		PLANNING AID -HOUSING	152-002	0.50	0.50	0.00
13	204	INTERN III	66-000	0.00	1.00	0.50
Part-Time				2.05	3.05	2.00
TOTAL: COMMUNITY DEVELOPMENT				6.25	8.05	7.65

Police						
30	301	POLICE CHIEF	602-001	0.00	0.00	0.00
		POLICE COMMANDER	601-001	1.00	1.00	1.00
		POLICE ADMINISTRATIVE SERVICES MANAGER	201-000	1.00	1.00	1.00
		POLICE SERGEANT	524-001	4.00	4.00	4.00
		POLICE CORPORALS	520-001	4.00	4.00	4.00
		POLICE OFFICER	516-001	10.00	10.00	10.30
		RECORDS SUPERVISOR	514-002	1.00	1.00	1.00
		POLICE SERVICES TECHNICIAN II	508-001	3.00	3.00	0.00
		PARKING ENFORCEMENT OFFICER/CSO	506-001	2.00	2.00	2.00
		ANIMAL CONTROL OFFICER	505-001	1.00	1.00	1.00
		POLICE SERVICES TECHNICIAN	508-001	0.00	0.00	5.00
		POLICE SERVICES TECHNICIAN I	504-001	1.00	1.00	0.00
	304	POLICE OFFICER- SLESF	516-001	1.00	1.00	0.70
Full-Time				29.00	29.00	30.00
	301	POLICE RESERVE OFFICER	65-001	3.50	3.50	3.00
		POLICE SERVICES TECHNICIAN I -PT	504-001	1.00	1.00	0.00
		PROGRAM MANAGER	219-001	0.00	0.00	0.50
		CROSSING GUARD	40-1	0.50	0.50	0.50
Part-Time				5.00	5.00	4.00
	301	POLICE OFFICER				1.00
		POLICE SERVICES TECHNICIAN				1.00
Defunded Positions (Police Officer, Police Services Tech)						2.00
TOTAL: POLICE				34.00	34.00	34.00
Library						
40	401	LIBRARY DIRECTOR	217-001	0.75	0.75	0.00
		LIBRARY & INFO SERVICES DIRECTOR	213-000	0.00	0.00	0.75
		LIBRARIAN II	208-002	1.00	1.00	0.00
		LIBRARY ASSISTANT II	122-001	1.00	1.00	0.00
		OFFICE ASSISTANT II	100-001	0.25	0.25	0.00
		LIBRARIAN	208-002	0.00	0.00	1.00
		ADMINISTRATIVE TECHNICIAN	170-000	0.00	0.00	0.50
		LIBRARY TECHNICIAN	123-000	0.00	0.00	1.00
		SENIOR LIBRARY ASSISTANT	144-002	2.00	2.00	2.00
Full-Time				5.00	5.00	5.25
	401	LIBRARIAN	208-002	0.00	0.00	3.00
		LIBRARY CLERK	199-000	0.00	0.00	2.75
		LIBRARIAN I	200-001	1.00	1.00	0.00
		LIBRARY ASSISTANT I	112-001	3.00	3.00	0.00
		SHELVER/VOLUNTEER COORDINATOR	168-004	0.50	0.50	0.00
Part-Time				4.50	4.50	5.75
TOTAL: LIBRARY				9.50	9.50	11.00
Information Services						
	133	LIBRARY & INFO SERVICES DIRECTOR	213-000	0.00	0.00	0.25
		ADMINISTRATIVE TECHNICIAN	170-000	0.00	0.00	0.25
Full-Time				0.00	0.00	0.50
TOTAL: INFORMATION SERVICES				0.00	0.00	0.50

Recreation						
42	421	PARKS & RECREATION MANAGER	219-001	0.10	0.10	0.00
		PUBLIC WORKS DIRECTOR		0.30	0.30	0.20
		SENIOR RECREATION COORDINATOR	217-003	1.00	1.00	1.00
		ADMINISTRATIVE TECHNICIAN	170-000	0.00	0.00	0.20
		RECREATION COORDINATOR	118-001	0.75	0.75	0.75
Full-Time				2.15	2.15	2.15
	421	RECREATION ASSISTANT II	51-001	0.25	0.25	4.25
		RECREATION ASSISTANT I (Incl. Lifeguards)	10-001	8.00	8.00	6.00
		MAINTENANCE WORKER	132-000	0.00	0.00	0.50
		POOL INSTRUCTOR/LIFEGUARD	10-001	3.00	3.00	0.00
		RECREATION COORDINATOR (Pool Manager)	118-001	0.00	0.00	0.25
		PRE-SCHOOL AID	60-1	0.50	0.50	0.00
		PRE-SCHOOL DIRECTOR	62-0	0.50	0.50	0.50
		PRE-SCHOOL TEACHER	61-001	0.50	0.50	0.00
Part-Time				12.75	12.75	11.50
TOTAL: RECREATION				14.90	14.90	13.65
Public Works						
50	501	PUBLIC WORKS DIRECTOR		0.30	0.30	0.30
		ENVIRONMENTAL PROGRAMS MANAGER	219-001	0.00	0.00	0.44
		ENGINEERING TECHNICIAN	102-000	0.30	0.30	1.00
		ADMINISTRATIVE TECHNICIAN	170-000	0.40	0.40	0.40
	502	SAFETY OFFICER	153-000	0.20	0.20	0.20
		EQUIPMENT MECHANIC	156-001	0.00	0.00	2.00
		EQUIPMENT MECHANIC I		1.00	1.00	0.00
		EQUIPMENT MECHANIC II	156-003	1.00	1.00	0.00
	503	MAINT FIELD SUPERVISOR - BLDG & GROUNDS	154-003	0.70	0.70	0.50
		MAINTENANCE WORKER	132-000	0.00	0.00	6.05
		PUBLIC WORKS DIRECTOR		0.10	0.10	0.10
		SAFETY OFFICER	153-000	0.20	0.20	0.20
		SENIOR MAINTENANCE WORKER	146-001	1.00	1.00	0.80
		MAINT WORKER II - BLDG & GROUNDS	132-001	6.00	6.00	0.00
	505	MAINT FIELD SUPERVISOR - STREETS	154-002	0.40	0.40	0.40
		SAFETY OFFICER	153-000	0.40	0.40	0.20
		MAINTENANCE WORKER	132-000	0.00	0.00	1.70
		MAINT WORKER II - STREETS	132-002	1.70	1.70	0.00
		SENIOR MAINTENANCE WORKER - STREETS	146-003	0.40	0.40	0.00
	508	MAINT WORKER II - STREETS	132-002	0.30	0.30	0.00
		MAINTENANCE WORKER	132-000	0.00	0.00	1.05
		MAINT FIELD SUPERVISOR - STREETS	154-002	0.30	0.30	0.30
		SENIOR MAINTENANCE WORKER - STREETS	146-003	0.60	0.60	0.00
	510	MAINT WORKER II - BLDG & GROUNDS		0.20	0.20	0.00
Full-Time				15.50	15.50	15.64
	501	LIGHTHOUSE PROGRAM COORDINATOR	50-004	0.50	0.50	0.50
		INTERN III	66-000	0.00	1.00	0.50
	503	MAINTENANCE WORKER I - PT BLDG & GROUNDS	116-004	2.50	2.50	0.00
	503	MAINTENANCE WORKER	132-000	0.00	0.00	0.50
	503	CUSTODIAN	115-000	0.00	0.00	1.50
	508	MAINTENANCE WORKER I - PT STREETS		2.50	2.50	0.00
Part-Time				5.50	6.50	3.00
Defunded Position (Engineering Technician)						1.00
TOTAL: PUBLIC WORKS				21.00	22.00	18.64

OUTSIDE FUND AUTHORIZED STAFFING						
Storm Water Runoff						
	512	PUBLIC WORKS DIRECTOR		0.00	0.00	0.05
		ENVIRONMENTAL PROGRAMS MANAGER	219-001	0.00	0.00	0.23
Full-Time				0.00	0.00	0.28
	512	ASSISTANT PLANNER	165-001	0.00	0.00	0.35
Part-Time				0.00	0.00	0.35
TOTAL: STORM WATER RUNOFF				0.00	0.00	0.63
Cemetery						
60	601	MAINTENANCE WORKER	132-000	1.00	1.00	0.75
		MAINT FIELD SUPERVISOR - BLDG & GROUNDS	154-003	0.00	0.00	0.20
Full-Time				1.00	1.00	0.95
		CEMETERY OFFICE ASSISTANT	136-1	0.50	0.50	0.50
Part-Time				0.50	0.50	0.50
TOTAL: CEMETERY				1.50	1.50	1.45
Sewer						
61	611	ENVIRONMENTAL PROGRAMS MANAGER	217-004	0.25	0.25	0.33
		ADMINISTRATIVE TECHNICIAN	170-000	0.00	0.00	0.40
		MAINT FIELD SUPERVISOR - SEWER	154-004	1.00	1.00	1.00
		MAINT FIELD SUPERVISOR - STREETS	154-003	0.30	0.30	0.60
		MAINT WORKER II - STREETS		0.05	0.05	0.00
		MAINT WORKER	132-000	0.00	0.00	0.25
		PUBLIC WORKS DIRECTOR		0.35	0.35	0.35
		SENIOR MAINT. WORKER		1.05	1.05	0.00
		PUBLIC WORKS SUPERINTENDANT	220-002	0.30	0.30	0.00
		ASSISTANT PLANNER	165-001	0.00	0.00	0.00
		SAFETY OFFICER	153-000	0.20	0.20	0.40
Full-Time				3.50	3.50	3.33
	611	MAINTENANCE WORKER	132-000	2.00	2.00	0.50
	613	ASSISTANT PLANNER		0.50	0.50	0.25
Part-Time				2.50	2.50	0.75
TOTAL: SEWER				6.00	6.00	4.08
Yount						
	510	MAINTENANCE WORKER	132-000	0.00	0.00	0.20
		SENIOR MAINTENANCE WORKER	146-001	0.00	0.00	0.20
Full-Time				0.00	0.00	0.40
TOTAL: YOUNT				0.00	0.00	0.40
				Total Full-Time Employees	70.05	71.10
				Total Part-Time Employees	36.80	39.30
Grand Total All Departments				106.85	110.40	105.95

Budgetary and Financial Policies

The City of Pacific Grove recognizes that budgetary compliance is an important component of its government's accountability. Its citizens, regardless of their profession, participate in the process of establishing the City's original annual operating budget. The annual budget becomes the City's fiscal statement of goals and priorities for the upcoming fiscal year. In order for the budget to be used as a strategic document, mid-year changes should be limited to minor adjustments and responses to unforeseen emergencies. Major program changes should only be considered as part of the annual budget process.

Generally Accepted Accounting Principles ("GAAP"), including those pronouncements issued by the Government Accounting Standards Board ("GASB") require the City to provide budgetary comparative information and written analysis in its annual reports including a comparison of its original budget and revised budget to actual spending. The City of Pacific Grove may revise its original budget over the course of the year for a variety of reasons. With its annual reporting, the City will publish its original budget in addition to a revised budget which will add an additional analytical dimension and increases the usefulness of the budgetary comparison.

On an annual basis, the City Manager and Finance Director will prepare their insights in a Management's Discussion and Analysis ("MD&A") informing the citizens with an objective and readable analysis of the City's financial performance for the year based on current known facts, decisions and conditions. This analysis, when read in combination with the City's financial statements and required supplemental information, will provide citizens with useful information to assess whether the City's financial position has improved or deteriorated as a result of the year's operations.

Annual Budget Process Overview

The annual budget process is initiated by the City Manager and the Finance Director through meetings and discussions with the City Council, Mayor and Staff to develop an overall strategy to fulfill the identified priorities of the City's citizens. Concurrently, the annual capital spending plan is incorporated into the annual budget. The capital spending plan is based on the City's five-year General Fund forecast of operating revenues, expenditures, and other available funding sources.

Key staff members (the City Manager, the Finance Director, and other department heads) meet to discuss underlying fiscal policies, goals and objectives of the Council, personal service proposals, material changes in anticipated revenue/income and expenditures/expenses. The process continues with the distribution of a budget request package to all department heads. This package includes a brief message from the Finance Director along with general instructions for completing the budget template documents. For FY 2015-16, a ceiling for General Fund Contributions of FY 2014-15 expenditures +1% was placed on the requested budgets. Additionally, salaries, benefits, and retirement costs were pre-calculated and loaded into the workbooks to ensure sufficient funds were designated for those expenditures.

Departmental requests are analyzed by the City Manager and the Finance Director who then discuss each departmental request with the applicable department manager. Adjustments are made as appropriate and as required to meet the City Council's goals and objectives.

The Finance Director prepares the final proposed revenue and expenditure for each department covering all funds and other supplemental material as well as combining all funds appropriately to present a comprehensive annual budget. The City Manager prepares a narrative budget overview. The proposed budget is submitted to the Council in May and the budget is scheduled for adoption in June.

With the adoption of the annual budget the City Council recognizes that appropriations for the many operating activities and capital budgets are based upon estimates of municipal needs for the fiscal year. In order to establish reasonable flexibility in the administration of the budget, the following policies have been adopted. These policies are intended to provide the authority necessary for the City Manager to administer the budget during the course of the fiscal year in light of varying conditions which may occur.

Operating Budget Policies

- The City Council will adopt and maintain a balanced annual operating budget and an integrated five-year capital improvement budget.
- The City will maintain a long-range fiscal perspective by annually preparing and maintaining a five-year General Fund operating revenue, expenditure and available reserve schedule (the five-year forecast) and a five-year capital improvement plan.
- Any normal existing revenue inflation will be used to pay for normal existing expenditure inflation. The identification of funding sources will be required for any new or expanded programs.
- The City will provide for adequate maintenance and the orderly replacement of fixed assets and equipment.
- As resource allocation plans are developed, consideration for citywide public safety shall be given high priority.
- The City will comply with all the requirements of Generally Accepted Accounting Principles (GAAP).
- The City will annually retain the services of an independent Certified Public Accounting firm to audit the City's financial statements and conduct any tests of the City's records deemed necessary to render an opinion on the City's compliance with Generally Accepted Accounting Principles (GAAP).

The City of Pacific Grove will apply its Financial Policies (below) in developing and preparing its budgets

Budget Timeline - Annual Budget Schedule for Fiscal Year Ending June 30

No specific dates are included below; however, the months in which these meetings would occur are as follows:

- January
Council meeting entirely devoted to setting goals and priorities and ensuring City decisions are made in an efficient and effective manner with optimum public input and understanding.
- February
Agenda item during regular Council meeting will present information on the City's revenues and expenditures through the first half of the fiscal year, and a projection of revenues and expenditures for the remainder of the fiscal year.
- February/March
Agenda item during regular Council meeting that seeks Council direction on priorities and framework and to provide input into the development of the Budget.
- May
Proposed Budget presented to City Council; Agenda item during regular Council meeting in which staff presents proposed Fiscal Year Budget
- June - Council adopts final budget
- September
Council approves revisions to prior year final budget based on information provided by staff on final year-end revenue and expenditure figures.

Periodic Budget Review and Guidance:

Budgetary control is maintained through monthly reports of all revenue and expenditure accounts. The City Manager, Finance Director and each department head review the monthly reports. The City Manager and/or Finance Director are to report to the City Council at the next Council meeting any material variances affecting the veracity of the budget. A mid-year budget review and adjustment process is completed each January and submitted to Council for review and approval at the first meeting in February.

Projections of revenues and expenditures through the end of the fiscal year will be prepared and reviewed by the Finance Director with a report to the City Council. Budgetary adjustments are only considered within the framework of the adopted budget and work plan. New work programs and new appropriations are discouraged during the mid-year budget review.

Financial Policies

Revenue Policies

- The City will set fees and user charges for each enterprise fund at a level that fully supports the total direct and indirect program costs including any debt service associated with capital projects. Indirect costs will include the cost of annual depreciation of fixed assets.
- The City Council will establish fees for non-enterprise funds based upon an awareness of the total direct and indirect costs of offering a service. It is recognized that certain services may be subsidized by general taxes based upon a level of subsidy determined by the Council.
- The City will aggressively pursue collection of all revenues when due.
- The Budget will be developed following the same accounting policies utilized for Financial Reporting purposes set forth below.

The accounts of the City are reported and organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. These various funds are grouped as follows, in the general-purpose financial statements:

- *General Fund* - is the general operating fund of the City. It is used to account for all resources except those required to be accounted for in another fund.
- *Special Revenue Funds* - are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes. The City maintains twenty-six Special Revenue Funds.
- *Debt Service Funds* - are used to account for financial resources to be used for the payment of principal and interest on long-term obligations. The City maintains two Debt Service Funds (Butterfly Habitat Bond, Pension Obligation Bond).
- *Capital Projects Funds* - are used to account for financial resources segregated for the acquisition or construction of major capital facilities (other than those financed by proprietary fund types). The City maintains one Capital Projects Fund.
- *Enterprise Funds* - are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City

maintains four Enterprise Funds (Golf, Sewer, Sewer Lateral Loans, and Cemetery).

- *Internal Service Funds* - are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City maintains four Internal Services Funds. (Employee Benefits, Workers' Compensation, Liability Insurance, and Other Post-Employment Benefits).
- *Permanent Funds* - are used to account for assets held by the City as a trustee for individuals, private organizations, other governments and/or other funds. Nonexpendable trust funds are accounted for in the same manner as proprietary funds except that the principal of the trust may not be spent. The City maintains three Permanent Funds (Library Endowment, Cemetery Endowment, and the Yount Trust).

Basis of Accounting: All governmental fund types are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt, which is recognized when due. Financial resources usually are appropriated in other funds for transfer to a debt service fund in the period in which maturing debt principal and interest must be paid. Such amounts are not current liabilities of the debt service fund as their settlement will not require expenditure of existing fund assets.

All proprietary fund types and nonexpendable trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Basis of Budgeting: For the City of Pacific Grove, the basis of budgeting is the same as the basis of accounting.

Capital Improvement Policies:

- All estimated construction, maintenance and operating costs and potential funding sources for each proposed capital improvement and neighborhood improvement will be identified before it is submitted to the City Council for approval.
- The City will finance only those capital improvements consistent with the adopted capital improvement plan and City priorities. All capital improvement operating and maintenance costs will be included in operating budget forecasts and in outside funds identified for funding specific capital projects.

Debt Policies:

- Only capital improvements that cannot be financed from current revenues or resources will be financed with debt borrowing except for enterprise funds. The City will determine and use the least costly financing method for all new capital improvement projects.
- The term for repayment of long-term financing for capital improvements will not exceed the expected useful life of the project.

Reserve Policies

- In October 2014, the City Council amended Policy 400-6, *Budget and Financial Management*. The City established "...a target reserve level of 10% of the current year's General Fund budgeted expenditures, and shall maintain reserves of at least 10%, unless otherwise approved by the City Council for specific purposes."
- The City will maintain appropriate reserves in the Self-Insurance Funds based on statutory requirements and actuarially projected needs.

Property Management

- Acquisition of real property shall be tied to a specific objective, with the source of adequate funds identified and considerations given for the long-term fiscal and policy impacts.
- Disposition of real property shall be considered for those properties without specific deed restrictions and which are unused, under-utilized, economically not viable, or which were acquired for an outdated plan or purpose.

Glossary of Budgetary and Financial Terms

Appropriation

An authorization by the City Council to make expenditures and to incur obligations for a specific purpose within a specific time frame.

Assessed Valuation

A dollar value placed on real estate or other property by Monterey County as a basis for levying property taxes.

Audit

Scrutiny of the City's accounts by an independent auditing firm to determine whether the City's financial statements are fairly presented in accordance with generally accepted accounting principles.

Balanced Budget

The budget for a fund is balanced when total budgeted resources, including revenues, transfers in from other funds, and unrestricted fund balance from previous years meet or exceed total budgeted use of resources, including expenditures and transfers out to other funds.

Base Budget

Under traditional budgeting, the base budget is that amount carried over from one year to the next. Each year, approved amounts may be added to the base budget.

Beginning Fund Balance

Unencumbered resources available in a fund from the prior fiscal year after payment of prior fiscal year expenditures.

Bond

Capital raised by issuing a written promise to pay a specified sum of money, called the face value or principal amount, with interest at predetermined intervals.

Budget

A fiscal plan of financial operation listing an estimate of proposed applications or

expenditures and the proposed means of financing them. The budget must be approved by the City Council prior to the beginning of the fiscal year.

California Public Employees' Retirement System (CalPERS)

The retirement system, administered by the State of California, to which all full-time long-term City employees belong.

Capital Asset/Capital Outlay

Land, infrastructure, and equipment used in operations that have initial useful lives greater than one year. The City, by provision of the Municipal Code (Section 2.14.020) has set the capitalization threshold for reporting capital assets at \$12,500. Expenditures made for Capital Assets are commonly referred to as "Capital Outlay," and are shown in each fund (or at the department level, where applicable).

Certificates of Participation (COPs)

A lending agreement secured by a lease on the acquired asset or other assets of the City.

Debt Service

Payment of the principal and interest on an obligation resulting from the issuance of bonds, notes, or certificates of participation (COPs).

Deficit

An excess of expenditures over revenues (resources).

Department

An organizational unit comprised of divisions or functions. It is the basic unit of service responsibility encompassing a broad mandate of related activities.

Designated Fund Balance

The portion of fund balance segregated to reflect the City Council's intended use of resources.

Encumbrances

A legal obligation to pay funds for expenses yet to occur, such as when a purchase order has been issued but the related goods or services have not yet been received. They cease to be encumbrances when the obligations are paid or terminated.

Enterprise Fund

A type of fund established for the total costs of those governmental facilities and services which are operated in a manner similar to private enterprise. These programs are entirely or predominantly self-supporting. The City has three enterprises, including the Golf Enterprise Fund, the Sewer Enterprise Fund, and the Cemetery Enterprise Fund. Also referred to as Proprietary Funds.

Expenditure

The actual spending of governmental funds.

Fiscal Year

A twelve-month period of time to which a budget applies. In Pacific Grove, the fiscal year is July 1 through June 30.

Fund

An independent fiscal and accounting entity with a self-balancing set of accounts, used to record all financial transactions related to the specific purpose for which the fund was created.

Fund Balance

The difference between fund assets and fund liabilities.

Gann Limit

State of California legislation that limits a City's appropriations growth rate to changes in population and either the change in California per capita income or the change in the local assessment roll due to non-residential new construction.

General Fund

The primary fund of the City used to account for all revenues and expenditures of the City not legally restricted as to use. This fund is used to accumulate the cost of the City's general operations.

General Obligation Bond

Bonds backed by the full faith and credit of the City, used for various purposes and repaid by the regular revenue raising powers (generally property taxes) of the City.

Grant

Contributions or gifts of cash or other assets from another governmental entity or foundation to be used or expended for a specific purpose, activity, or facility. An example is the Community Development Block Grant provided by the federal government.

Indirect Cost Allocation

Citywide administrative services are funded directly by General Fund revenues. These services include costs for administrative departments – City Council, the City Manager's Office, and Finance and Information Systems. To ensure that non-General Fund revenues support a proportionate share for these services provided to non-General Fund operations, the cost of these indirect services are allocated across all operational costs. The allocations for enterprise fund operations, which include golf, sewer, and cemetery, are charged to the respective funds and received as revenue in the General Fund.

Infrastructure

Facilities on which the continuance and growth of the community depend, such as roads, sidewalks, parks, public buildings, sewer lines, etc.

Interfund Transfers

Moneys transferred from one fund to another, such as from a fund receiving revenue to the fund through which the resources are to be expended.

Internal Service Fund

An Internal Service Fund provides services to other City departments and bills the various other funds for services rendered, just as would private business. Internal Services Funds are self-supporting and only the expense by an Internal Services Fund is counted in budget totals. The City maintains internal services funds to manage costs for workers compensation, liability insurance, and vehicle replacement.

Materials, Supplies and Services

Expenditures for operating items which are ordinarily consumed within a fiscal year.

Memoranda of Understanding (MOUs)

The result of labor negotiations between the City of Fremont and its various bargaining units.

Multi-year Forecast

The Finance Department's five-year forecast of revenues and expenditures. The Finance Department updates the forecast three times a year.

Non-departmental

Appropriations of the General Fund not directly associated with a specific department. Expenditure items and certain types of anticipated general savings are included.

Object Code

The line item where a revenue or expenditure is recorded.

Ordinance

A formal legislative enactment by the City Council. It has the full force and effect of law within the City boundaries.

Reserved Fund Balance

Accounts used to record a portion of the fund balance as legally segregated for a specific use or not available for appropriation.

Resolution

A special order of the City Council, which has a subordinate legal standing than an ordinance.

Special Revenue Fund

This fund type is used to account for City revenues from sources that, by law or administrative action, are designated to finance particular functions or activities of government.

Unrestricted Fund Balance

Accounts used to record a portion of the fund balance not legally segregated for a specific use and available for appropriation.