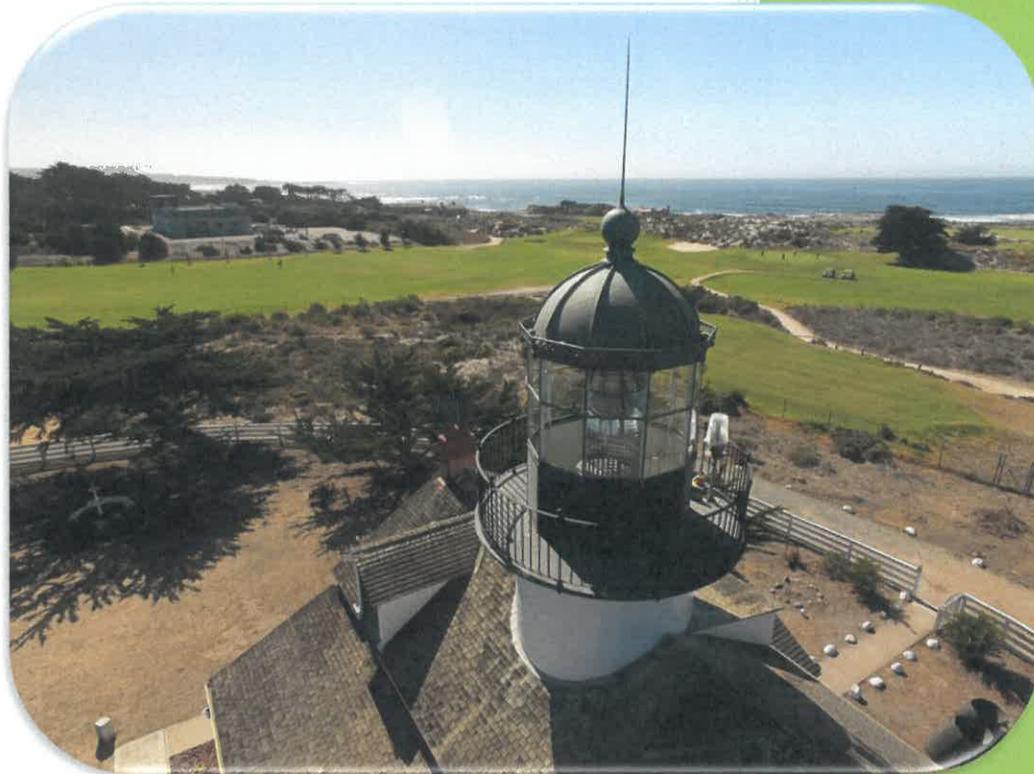




2017-18

# Recommended Operating and Capital Project Budget



Bill Kampe, Mayor  
Robert Huitt, Mayor Pro Tempore  
Ken Cuneo, Councilmember  
Rudy Fischer, Councilmember  
Cynthia Garfield, Councilmember  
Bill Peake, Councilmember  
Nick Smith, Councilmember

On the cover page – photograph taken from a drone perspective overlooking Point Pinos Lighthouse and Pacific Grove Municipal Golf Links.



## **CITY OF PACIFIC GROVE**

**300 FOREST AVENUE  
PACIFIC GROVE, CALIFORNIA 93950  
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June 7, 2017

Honorable Mayor and Members of the City Council:

I am pleased to present the City of Pacific Grove's municipal budget for Fiscal Year 2017-18. As with years past, this budget is once again a collaborative, team effort, with contributions across City departments. The 2017-18 Operating and Capital Budget as proposed totals \$41M, with the General Fund comprising \$23.9M of that total. At the time of the writing of this budget transmittal letter, the City's proposed General Fund operating expenditures exceed revenues within the budget by \$1.9M. This is due to a planned draw of fund balance reserves to fund one-time capital projects.

Within the Fiscal Year 2017-18, it is forecasted that the City will continue to enjoy very modest revenue growth from existing, established sources. The City's General Fund revenue streams are listed below, along with the approximate forecasted amount that the City is anticipated to receive within the fiscal year:

- Property Tax: \$6.6M
- Transient Occupancy Tax: \$5.2M
- Sales Tax: \$3.5M
- All other revenue sources combined: \$6.7M

Pacific Grove's economic climate is expected to be stable within Fiscal Year 2017-18. Property values will remain high, with the median single family home price expected to hover around \$850,000. Sales tax overall will also continue to be reliable, if not robust, led by the Restaurants and Hotels category. Visitors will continue to seek out Pacific Grove for vacations and conferences, with occupancy rates, recorded number of room nights and commercial and residential transient occupancy tax receipts anticipated to remain strong, and a key part of the City's revenue stream.

Interest in commercial and residential development in Pacific Grove is picking up, and expected to gain additional traction, particularly within the City's downtown district. The ongoing, visible progress made at the Holman Building development, which will convert a longtime retail use into luxury condominiums with ground floor retail space, helps here. A proposed new hotel project slated for the parcel next to the Holman building development, the Hotel Durell, has commenced the public input and scoping portion of the environmental impact report process. The City also anticipates receiving a project application packet from the Project Bella development team, who are proposing a hotel use at the American Tin Cannery Site, near the Monterey Bay Aquarium. Other proposed downtown mixed-use projects featuring retail space

and housing units, including affordable housing, have also been proposed. However, with the exception of the Holman Building development, available water will challenge all these other proposed downtown projects. Regional efforts to find water solutions, including ground-water recharging and desalination projects, will slowly bear fruit, and ultimately allow these proposed projects, and hopefully others, to move forward.

Following the November 2016 municipal election, the newly-constituted Pacific Grove City Council adopted revised goals and values. These goals and values will drive the City's actions, forming the basis for the spending plan, which is the Fiscal Year 2017-18 budget. The City Council goals are as follows:

1. **Financial Sustainability:** Maintain fiscal sustainability through prudent financial plans that balance anticipated revenue with long term needs.
  - a. Ensure services and staffing reflect and anticipate requisite resources
  - b. Adopt a revised Master Fee Schedule that better reflects the City's true cost for services
  - c. Conduct a comprehensive contract and lease review, and implement corresponding best practice improvements
  
2. **Infrastructure:** Continue to build and improve the infrastructure needed to match existing and anticipated needs.
  - a. Address safety concerns
  - b. Improve City walkability
  - c. Ease traffic
  - d. Commission a comprehensive streets and sidewalk needs assessment with corresponding improvements schedule
  - e. Develop and implement a comprehensive Recreation Trail and Ocean View maintenance and beautification plan
  - f. Improve the speed, availability and delivery of internet service
  
3. **Placemaking:** Support a dynamic and robust local economy through the development and adoption of an economic development strategy centered on the concept of "placemaking".
  - a. Implement findings from the adopted Highway 68 Study
  - b. Review existing City entry signs and recommend enhancements
  - c. Improve appearance, accessibility and integration of Lover's Point, including the implementation of the proposed Julia Platt Plaza
  - d. Upgrade Jewell Park
  - e. Create and implement an "adopt a park" program
  - f. Review and revise the existing outdoor dining program
  
4. **Cultural Heritage:** Safeguard the cultural heritage of the community through effective programs, education and policymaking.
  - a. Implement the Library Renewal Project
  - b. Implement the proposed Historic Preservation Ordinance Zoning Changes
  - c. Commission a historical survey
  - d. Establish and implement a revised Poetry Program
  
5. **Environment:** Preserve the community's unique natural assets and resources through appropriate environmental stewardship.
  - a. Adopt the Local Coastal Plan

- i. Consider a Coastal Parks Plan Update
  - b. Create a storm water plan
  - c. Update the sewer master plan
  - d. Consider the forthcoming MRWPCA pump station relocation proposal
  - e. Add electric vehicles to the City fleet
  - f. Create a composting program
  - g. Create a public tree stewardship plan that addresses both potential hazard trees and private property evaluations
- 6. **Revitalize Downtown:** Stimulate business within the City’s historic downtown while preserving its unique “small-town” charm and feel.
  - a. Adopt best practices, create systems and improve processes to better shepherd proposed major projects
  - b. Propose a property-based improvement district
  - c. Create and adopt a façade improvement program
- 7. **Neighborhoods:** Work in partnership with community stakeholders to achieve safe and dynamic neighborhoods.
  - a. Revitalize the neighborhood watch program
  - b. Review and update the short-term vacation rental program
  - c. Consider establishing neighborhood “seeding” programs
- 8. **Operational Excellence:** Strive to update, improve and professionalize all City services to better serve the community, ensure best practices and retain/recruit the best people for the long-term health of the municipal organization.
  - a. Implement a work-place safety program
  - b. Finalize negotiations and adopt new contracts with employee associations
  - c. Pursue Police Department accreditation effort
  - d. Update/improve/enhance City personnel systems, policies, procedures and practices

Of the City Council’s eight (8) goals outlined above, five (5) contain sub-goals that require investment through capital improvement projects: Infrastructure, Placemaking, Cultural Heritage, Environment and Revitalize Downtown. To realize these goals, an ambitious Capital Improvement Plan (CIP) is encompassed within the Fiscal Year 2017-18 budget. Each CIP project is identified by the City Council goal to which it corresponds. The City also laid out an ambitious CIP within Fiscal Year 2016-17. However, due to a lack of available staff resources and project oversight capability, the City was unable to undertake a portion of the approved capital improvement projects.

To remedy this in Fiscal Year 2017-18, a modest increase in Public Works staffing is proposed, with two full-time, and one part-time maintenance worker requested to be added to the list of City authorized positions. In addition, two internal promotional opportunities are requested to be offered, allowing for the creation of new Public Works Project Construction Manager and Management Analyst positions, allowing for greater project administration and contractor field oversight. The City’s recently-hired Public Works Department Program Manager will round out this effort, lending additional “horsepower” to the Capital Improvement Project effort. The Program Manager, along with the Public Works Director, the Management Analyst and the Project Construction Manager, will create a “Capital Improvement Project Strike Team”,

allowing the City to better march through the Capital Improvement Plan, and deliver results to the community.

Before launching into a brief discussion of the City's primary long-term fiscal challenges, some background regarding the City's staffing level and labor relations is merited. Following the recession of 2008, when the City's revenue significantly shrank due to the drop in housing prices and the stressed economy, the municipal workforce was dramatically reduced, dropping the full-time headcount almost by fifty-percent. Since that time, the City has only slightly increased its total number of City employees, keeping the post-recession "lean and mean" approach in place. While the City prides itself with being able to accomplish much with a small but mighty team, it is important to understand that the opportunity for additional savings through City staff reductions/attrition is extremely limited, and would likely only result in a negative impact on the existing level of municipal service delivery.

The City enters Fiscal Year 2017-18 with a ratified three-year memorandum of understanding (MOU) with the Police Officers Association (POA). This multi-year contract, which followed more than two years where no agreement was in place, provides modest cost of living adjustments, a health benefit, and pension reform. The cost of the MOU is anticipated to be approximately \$280,000 for Fiscal Year 2017-18. The MOU has had a significant improvement on the City's ability to recruit and retain police officers, and along with the hiring of a new, permanent Police Chief in August of 2016, has resulted in improved morale within the Police Department.

On the heels of the approved MOU with the POA this past year, City management is very close to reaching a three-year agreement with the General Employees Association (GEA). The GEA represents the majority of the municipal workforce, and is comprised of maintenance, skilled labor, administrative, technical and professional employees. Like the agreement with the POA, the anticipated agreement with the GEA seeks to provide a health benefit and pension reform, while ensuring the employees are competitive within the workforce marketplace, benefitting the City's recruitment and retention efforts. Due to the proposed retirement reform component of the non-ratified agreement there is no anticipated cost to the City for 2017-18.

An agreement with the Management Employee Association (MEA), as well as the non-represented Department Head and key/confidential employees remains to be completed, but is anticipated to be concluded within Fiscal Year 2017-18. Similar goals and desired outcomes as those for both the POA and GEA will be discussed by City management as part of these upcoming negotiations. However, it is not possible nor appropriate to forecast the fiscal impact from either of these efforts within the Fiscal Year 2017-18 budget at this point in time.

While the City is fiscally healthy overall, and retains a prudent amount of reserves even after depleting \$2M for one-time capital improvements, long-term fiscal challenges for the City remain. These challenges are comprised within three primary areas:

1. Aging infrastructure
2. Increasing CalPERS pension costs
3. Need for an increased City revenue stream

**Aging infrastructure.** Pacific Grove is a historic community, with 1,394 buildings listed on the historic registry. Like many older municipalities within the State of California, Pacific Grove has not kept up with its infrastructure maintenance needs over the years. As a result, the streets, sidewalks and trails in town have developed an “historic feel” to them, with pot-holed streets, crumbling sidewalks and marginally maintained trails becoming the norm in town.

Monterey County voters approved Measure X on the November 2016 ballot, which through an increase in dedicated sales tax will generate approximately \$400-500k annually for the City to use on transportation infrastructure related needs. While this is a welcome shot in the arm, it does not adequately stem the tide of requisite work infrastructure maintenance and improvement work that should be completed each year. A comprehensive infrastructure needs assessment is included within the CIP for Fiscal Year 2017-18. To properly maintain its streets, sidewalks, trails and related infrastructure, it is anticipated that the City should spend approximately \$2M annually. Outside of one-time CIP expenses, the City currently spends less than \$300k annually on street and sidewalk maintenance.

**Increasing CalPERS pension costs.** Despite its significant efforts to achieve pension reform locally with its employee associations, the City of Pacific Grove, like municipalities throughout the State of California, will continue to be hampered by increased CalPERS pension costs. With CalPERS’ recent announcements of a reduction in the anticipated rate of investment return (change to CalPERS’ Discount Rate), the costs have been passed directly to California’s public agencies based upon prior labor agreements and corresponding CalPERS valuations. Accordingly, the City’s CalPERS expenses within Fiscal Year 2017-18 will significantly increase from the prior fiscal year, reaching \$2.4M (normal cost \$641K & unfunded liability \$1.7M) in Fiscal Year 2017-18.

The increased cost for the City’s unfunded CalPERS liability is outside and in addition to the City’s ongoing pension obligation bond expense (expenses attributed to past City retirees), and separate and distinct from the City’s pension contributions for active employees included within payroll expenses. However, there is long-term hope for pension reform, with recent activity at the State’s judicial level. The “California Rule”, which prohibits municipalities from reducing benefit levels, has been challenged, and will soon be considered by the California State Supreme Court. The City has joined other like-minded municipalities by offering to be included in the amicus brief effort supporting a reversal of the California Rule.

**Need for an increased City revenue stream.** Considering the state of the City’s infrastructure and the need for significant investment increase, the stream-lined City workforce already in place, and increasing expenses led by pension challenges, the City would be wise to consider increasing its revenue stream. With efforts to increase revenue through an Admission Tax, and increase to the business license fee having already been considered, and defeated at the polls or not approved by the City Council, remaining options are seemingly limited. Enhanced economic development should and will continue to be pursued by the City, but benefits from this will likely be long-term. Accordingly, a tax increase of some sort will likely need to be discussed and considered by the City Council in the near-term future.

Thank you for the opportunity to provide the Budget Message for Fiscal Year 2017-18.

Respectfully,

Ben Harvey  
City Manager

## **Strategic Goals Overview**

### ***Vision Statement***

The City of Pacific Grove is an iconic seaside community that protects historic resources, promotes sustainable development and ensures respect for the environment.

### ***Mission Statement***

Provide high quality and professional public services that address community needs while enhancing the quality of life.

### ***Strategic Goals***

1. **Financial Sustainability:** Maintain fiscal sustainability through prudent financial plans that balance anticipated revenue with long term needs.
2. **Infrastructure:** Continue to build and improve the infrastructure needed to match existing and anticipated needs.
3. **Placemaking:** Support a dynamic and robust local economy through the development and adoption of an economic development strategy centered on the concept of “placemaking”.
4. **Cultural Heritage:** Safeguard the cultural heritage of the community through effective programs, education and policymaking.
5. **Environment:** Preserve the community’s unique natural assets and resources through appropriate environmental stewardship.
6. **Revitalize Downtown:** Stimulate business within the City’s historic downtown while preserving its unique “small-town” charm and feel.
7. **Neighborhoods:** Work in partnership with community stakeholders to achieve safe and dynamic neighborhoods.
8. **Operational Excellence:** Strive to update, improve and professionalize all City services to better serve the community, ensure best practices and retain/recruit the best people for the long-term health of the municipal organization.

## FY 2017-18 All Funds Appropriations Summary

Fund #	Fund Name	Estimated Beginning Fund Balance	Revenues	Expenditures	Budgeted Fund Balance	Ending Fund Balance
01	GENERAL FUND	10,328,939	22,051,000	23,918,683	(1,867,683)	8,461,256
02	CONSOLIDATED INVESTMENT	0	0	0	-	0
03	CARILLON OPERATIONS	9,455	51	3,060	(3,009)	6,446
04	OCEAN RESCUE PATROL HYPERBARIC CHAMBER	29,602	25,330	22,255	-	32,677
05	COASTAL PARKS GRANT ENV. ENHANCEMENT	157,764	151,500	147,536	3,964	161,728
06	PEG FUNDING STATE FRANCHISE PEG	358,370	57,812	140,804	(82,992)	275,378
07	LIBRARY BLDG & EQUIP	42,516	0	0	-	42,516
08	MUSEUM IMPROVEMENT FUND	470,164	2,020	40,000	(37,980)	432,184
09	DOWNTOWN BUS. IMPROVEMENT DIST. (BID)	1,793	30,603	30,603	0	1,793
10	HOSPITALITY IMPROVEMENT DISTRICT (HID)	2,079	494,900	459,045	35,855	37,934
11	LIBRARY BOOK FUND	29,996	80,800	80,800	0	29,996
12	FIRE EMERGENCY EQUIP FUND	159,103	22,018	5,890	16,128	175,231
14	CIVIC CENTER SITE	159,501	20,301	40,000	(19,699)	139,802
15	HOUSING FUND	345,863	0	140,265	(140,265)	205,598
17	LOCAL STREETS & ROADS (MEASURE X)	0	410,000	410,000	-	0
18	GAS TAX	570	328,450	328,450	-	570
20	RSTP - (TAMC)	0	121,195	121,000	0	0
21	DRUG AWARENESS (D.A.R.E.)	12,526	2,020	8,365	(6,345)	6,181
22	ASSET SEIZURE FUND	2,784	0	0	-	2,784
24	LOVERS POINT POOL	57,953	253	10,201	(9,949)	48,005
25	RECREATION DONATION FUND (YOUTH CTR)	31,789	4,545	4,080	465	32,254
26	CHAUTAUQUA HALL FUND	24,021	2,525	10,201	(7,676)	16,345
27	LIGHTHOUSE MAINT & IMPROVEMENT	80,623	38,683	75,201	(36,518)	44,105
28	SR. HOUSING FUND	9,831	152	9,895	(9,744)	87
31	OPERATING DONATIONS	273,366	583,900	736,000	(152,100)	121,266
34	CDBG GRANT FUND	0	40,400	40,400	-	0
36	DEPOSIT FUND CALHOME REUSE	192,970	75,750	75,750	-	192,970
37	2013 CDBG GRANT FUND	0	0	0	-	0
38	CLEAN BEACHES	0	1,706,158	1,599,458	106,700	106,700
39	GREENING GRANT	0	274,406	274,406	0	0
40	POETRY PROMOTION	62,970	303	15,835	(15,552)	47,418
41	YOUNT INCOME FUND	87,542	4,040	20,179	(16,139)	71,403
42	PUBLIC SAFETY AUG FUND	255,012	464,600	306,030	158,570	413,582
43	SLESF FUND	68,285	179,600	165,559	14,041	82,326
45	ABANDONED VEHICLE PROGRAM	0	0	0	0	0
46	STRONG FUND DISBURSEMENTS	77,887	43,430	30,000	13,430	91,317
54	BUTTERFLY BOND DEBT FUND	90,746	95,971	91,179	4,792	95,538
61	BLDGS & FACILITIES IMPROVEMENT	531,016	2,525	410,000	(407,475)	123,541
70	EMPLOYEE BENEFITS FUND	125,634	325,586	283,005	42,581	168,215
71	WORKERS COMP FUND	(1,192,858)	1,070,599	713,875	356,724	(836,134)
72	LIABILITY INSURANCE FUND	422,436	227,250	390,473	(163,223)	259,213
73	OPEB POST EMPLOYMENT BENEFITS	222,573	101,000	-	101,000	323,573
74	LOCAL WATER PROJECT	0	6,277,000	5,900,642	448,778	448,778
75	CEMETERY FUND	221,056	343,900	418,737	(74,837)	146,219
76	SEWER FUND	14,915,453	3,170,479	2,862,741	307,738	15,223,191
77	GOLF COURSE FUND	2,391,337	348,450	322,489	25,961	2,417,298
78	SEWER LATERAL LOANS	201,781	152	1,515	(1,363)	200,418
79	ASBS GRANT	0	214,383	141,888	72,495	72,495
85	LIBRARY TRUST FUND	539,090	505	4,040	(3535)	535,555
86	CEMETERY ENDOWMENT FUND	1,372,496	75,447	0	75,447	1,447,943
90	YOUNT NONEXP FUND YOUNT TRUST FUND	849,677	3,030	202	2828	852,505
92	MCINDOO DONATION	101,058	101	15,000	(14,899)	86,159
93	KOO ESTATE DONATION	329,300	12,575	200,000	(187,425)	141,875
		34,454,069	39,485,697	41,025,757	(1,470,910)	32,986,234

## Authorized Staffing Summary

		FY	FY	FY	Change Over Prior Year
		2015-16	2016-17	2017-18	
<b>City Council</b>	Full Time	3.50	3.50	3.50	
	Part Time	0.00	0.00	0.00	
	<b>Total City Council</b>	<b>3.50</b>	<b>3.50</b>	<b>3.50</b>	<b>0.00</b>
<b>City Manager's Office</b>	Full Time	4.00	4.50	4.25	
	Part Time	0.00	0.00	0.50	
	<b>Total City Manager</b>	<b>4.00</b>	<b>4.50</b>	<b>4.75</b>	<b>0.25</b>
<b>Finance/Risk Management</b>	Full Time	5.95	4.70	5.15	
	Part Time	0.50	1.00	0.50	
	<b>Total Finance/Risk Management</b>	<b>6.45</b>	<b>5.70</b>	<b>5.65</b>	<b>-0.05</b>
<b>Information Services</b>	Full Time	0.50	0.50	0.50	
	Part Time	0.00	0.00	0.00	
	<b>Total Information Services</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.00</b>
<b>Community Development</b>	Full Time	6.40	7.65	7.50	
	Part Time	1.50	0.50	0.50	
	<b>Total Community Development</b>	<b>7.90</b>	<b>8.15</b>	<b>8.00</b>	<b>-0.15</b>
<b>Police</b>	Full Time	29.30	31.30	31.30	
	Part Time	4.00	4.50	2.25	
	<b>Total Police</b>	<b>33.30</b>	<b>35.80</b>	<b>33.55</b>	<b>-2.25</b>
<b>Library</b>	Full Time	6.25	6.00	6.25	
	Part Time	5.75	5.75	5.75	
	<b>Total Library</b>	<b>12.00</b>	<b>11.75</b>	<b>12.00</b>	<b>0.25</b>
<b>Recreation</b>	Full Time	2.15	2.15	2.40	
	Part Time	11.50	11.50	11.50	
	<b>Total Recreation</b>	<b>13.65</b>	<b>13.65</b>	<b>13.90</b>	<b>0.25</b>
<b>Public Works</b>	Full Time	16.05	14.80	16.00	
	Part Time	3.00	3.00	3.00	
	<b>Total Public Works</b>	<b>19.05</b>	<b>17.80</b>	<b>19.00</b>	<b>1.20</b>
<b>Gas Tax</b>	Full Time	0.00	1.55	1.35	
	Part Time	0.00	0.00	0.00	
	<b>Total Gas Tax</b>	<b>0.00</b>	<b>1.55</b>	<b>1.35</b>	<b>-0.20</b>
<b>Storm Water</b>	Full Time	0.28	0.00	0.00	
	Part Time	0.35	0.00	0.00	
	<b>Total Storm Water</b>	<b>0.63</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Cemetery</b>	Full Time	0.95	0.95	1.05	
	Part Time	0.50	0.50	1.00	
	<b>Total Cemetery</b>	<b>1.45</b>	<b>1.45</b>	<b>2.05</b>	<b>0.60</b>
<b>Sewer</b>	Full Time	3.55	3.80	5.05	
	Part Time	0.75	1.00	0.00	
	<b>Total Sewer</b>	<b>4.30</b>	<b>4.80</b>	<b>5.05</b>	<b>0.25</b>
<b>Yount</b>	Full Time	0.40	0.40	0.20	
	Part Time	0.00	0.00	0.00	
	<b>Total Yount</b>	<b>0.40</b>	<b>0.40</b>	<b>0.20</b>	<b>-0.20</b>
<b>SLESF</b>	Full Time	0.70	0.70	0.70	
	Part Time	0.00	0.00	0.00	
	<b>Total SLESF</b>	<b>0.70</b>	<b>0.70</b>	<b>0.70</b>	<b>0.00</b>
<b>Poetry</b>	Full Time	0.00	0.25	0.00	
	Part Time	0.00	0.00	0.00	
	<b>Total Poetry</b>	<b>0.00</b>	<b>0.25</b>	<b>0.00</b>	<b>-0.25</b>
<b>Forestry</b>	Full Time	0.00	0.00	0.25	
	Part Time	0.00	0.00	0.00	
	<b>Total Forestry</b>	<b>0.00</b>	<b>0.00</b>	<b>0.25</b>	<b>0.25</b>
<b>Workers' Comp</b>	Full Time	0.00	0.00	0.40	
	Part Time	0.00	0.00	0.00	
	<b>Total Workers' Comp</b>	<b>0.00</b>	<b>0.00</b>	<b>0.40</b>	<b>0.40</b>
<b>Risk Management</b>	Full Time	0.00	0.00	0.40	
	Part Time	0.00	0.00	0.00	
	<b>Total Risk Management</b>	<b>0.00</b>	<b>0.00</b>	<b>0.40</b>	<b>0.40</b>
<b>GRAND TOTAL FTE'S</b>		<b>107.83</b>	<b>110.50</b>	<b>111.25</b>	<b>0.75</b>

## Long-Term Debt Summary

	Outstanding FY Ending June 30, 2017	Original Issue Date	Original Amount	Year of Final Payment (FY Ending)
<b>Debt Outstanding as of June 30, 2016</b>				
<u>General Obligation Bonds Principal &amp; Interest</u>				
Wastewater Series 2001-B Refunding	\$1,268,111	2013	\$1,638,967	2032
Butterfly Habitat Bonds	\$91,179	2004	\$1,300,013	2018
Pension Obligation Bonds A-1 & A-2	\$22,160,000	2006	\$38,497,099	2029
<b>Total General Obligation Bonds</b>	<b>\$23,519,290</b>		<b>\$41,436,079</b>	
<u>Certificates of Participation, Principal &amp; Interest</u>				
Golf Course COP Refunding Project	\$3,673,308	2014	\$4,353,550	2031
<b>Total Certificates of Participation</b>	<b>\$3,673,308</b>		<b>\$4,353,550</b>	
<u>Capital Lease/Purchase Obligations</u>				
PNC Equipment Finance Lease	\$16,929	2012	\$338,585	2018
<b>Total Capital Lease/Purchase Obligations</b>	<b>\$16,929</b>		<b>\$338,585</b>	
<b>TOTAL LONG TERM DEBT OUTSTANDING</b>	<b>\$27,209,527</b>			

Annual Debt Service Requirements	Long-Term Debt Obligations			
	Bonds			Certificates of Participation
	Source of Payment			Source of Payment
	Pension Obligation Bond General Fund 01	Butterfly Habitat Bond Butterfly Fund 54	Wastewater Bond Refunding Sewer Fund 76	Golf Course COP Refunding Project Golf Fund 77
FY 2017-18	\$2,000,000	\$91,179	\$88,254	\$272,097
FY 2018-19	\$2,065,000	\$0	\$88,370	\$272,097
FY 2019-20	\$2,130,000	\$0	\$88,307	\$272,097
FY 2020-21	\$2,200,000	\$0	\$88,117	\$272,097
FY 2021-22	\$2,275,000	\$0	\$87,797	\$272,097
<b>Total Principal &amp; Interest</b>	<b>\$10,670,000</b>	<b>\$91,179</b>	<b>\$440,845</b>	<b>\$1,360,485</b>
Less Interest	\$6,014,147	\$1,985	\$145,744	\$520,506
<b>Total Principal</b>	<b>\$4,655,853</b>	<b>\$89,194</b>	<b>\$295,101</b>	<b>\$839,979</b>
<b>Capital Lease/Purchase Obligation</b>				
<b>Source of Payment</b>				
<b>General Fund 01</b>				
FY 2017-18	\$16,929			
FY 2018-19	\$0			
FY 2019-20	\$0			
FY 2020-21	\$0			
FY 2021-22	\$0			
<b>Total Principal &amp; Interest</b>	<b>\$16,929</b>			
Less Interest	\$142			
<b>Total Principal</b>	<b>\$16,787</b>			

**ORDINANCE NO. 17-011**

**ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE  
ADOPTING THE OPERATING AND CAPITAL PROJECTS BUDGET FOR THE  
FISCAL YEAR 2017-18**

WHEREAS, the City Council held a public hearing and first reading of an ordinance to adopt the FY 2017-18 Operating and Capital Projects Budget

WHEREAS, the City Manager is recommending adoption of the FY 2017-18 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:

<b>Fund/Department/Program</b>	<b>Revenues</b>	<b>Expenditures</b>
General Fund	\$ 22,051,000	
Other Financing Sources	1,867,683	
City Council		\$ 393,659
City Attorney		\$ 297,704
City Manager		\$ 922,046
Finance		\$ 1,087,571
Information Services		\$ 623,294
CEED		\$ 2,118,757
Police		\$ 8,086,258
Fire		\$ 4,154,963
Library		\$ 1,155,387
Museum		\$ 268,501
Recreation		\$ 596,134
Public Works		\$ 4,214,409
<b>Total</b>	<b>\$ 23,918,683</b>	<b>\$ 23,918,683</b>

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

Fund	Revenues	Expenditures
Cemetery Fund	\$ 343,900	\$ 418,737
Sewer	\$ 3,170,479	\$ 2,862,741
Golf Course	\$ 348,450	\$ 322,489
Sewer Lateral Loans	\$ 152	\$ 1,515
Local Water Project	\$ 6,277,000	\$ 5,900,642
Total	\$ 10,139,981	\$ 9,506,124

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

Fund	Revenues	Expenditures
Employee Benefit	\$ 325,586	\$ 283,005
Workers Compensation	\$ 1,070,599	\$ 713,875
Liability Insurance	\$ 227,250	\$ 390,473
Other Post Employment Benefits (OPEB)	\$ 101,000	\$ -
Total	\$ 1,724,435	\$ 1,387,353

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

Fund	Revenues	Expenditures
Pension Obligation Bond	\$ 2,000,000	\$ 2,000,000
Butterfly Bond Debt Service	\$ 95,971	\$ 91,179
Total	\$ 2,095,971	\$ 2,091,179

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

Fund	Revenues	Expenditures
Yount Trust	\$ 3,030	\$ 202
Library Trust	\$ 505	\$ 4,040
Cemetery Endowment	\$ 75,447	\$ -
Total	\$ 78,982	\$ 4,242

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

Fund	Revenues	Expenditures
Building & Facilities	\$ 2,525	\$ 410,000

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

Fund	Revenues	Expenditures
Carillon Operations	\$ 51	\$ 3,060
Hyperbaric Chamber	\$ 25,330	\$ 22,255
Coastal Parks Grant	\$ 151,500	\$ 147,536
State Franchise PEG	\$ 57,812	\$ 140,804
Museum Improvement	\$ 2,020	\$ 40,000
Downtown Business District	\$ 30,603	\$ 30,603
Hospitality Improvement	\$ 494,900	\$ 459,045
Library Book	\$ 80,800	\$ 80,800
Fire Emergency Equipment	\$ 22,018	\$ 5,890
Civic Center Site	\$ 20,301	\$ 40,000
Housing	\$ -	\$ 140,265
Local Streets & Roads (Measure X)	\$ 410,000	\$ 410,000
Gasoline Tax	\$ 328,450	\$ 328,450
RSTP - (TAMC)	\$ 121,195	\$ 121,000
Drug Awareness (D.A.R.E.)	\$ 2,020	\$ 8,365
Lovers Point Pool	\$ 253	\$ 10,201
Recreation Donation Fund (Youth Center)	\$ 4,545	\$ 4,080
Chautauqua Hall	\$ 2,525	\$ 10,201
Lighthouse Maintenance & Improvement	\$ 38,683	\$ 75,201
Senior Housing Fund	\$ 152	\$ 9,895
Operating Donations	\$ 583,900	\$ 736,000
CDBG Grant Fund	\$ 40,400	\$ 40,400
Deposit Fund CalHOME Resuse	\$ 75,750	\$ 75,750
Clean Beaches	\$ 1,706,158	\$ 1,599,458
Greening Grant	\$ 274,406	\$ 274,406
Poetry Promotion	\$ 303	\$ 15,855
Yount Income Fund	\$ 4,040	\$ 20,179
Public Safety Augmentation Fund	\$ 464,600	\$ 306,030
Supplemental Law Enforcement Support	\$ 179,600	\$ 165,559
Strong Fund Disbursements	\$ 43,430	\$ 30,000
McIndoo Gift	\$ 101	\$ 15,000
Koo Estate Donation	\$ 12,575	\$ 200,000
<b>Total</b>	<b>\$ 5,178,421</b>	<b>\$ 5,566,288</b>

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  
21<sup>st</sup> day of June, 2017, by the following vote:

**AYES:** Mayor Kampe, Councilmembers Fischer, Garfield, Huitt, Peake, and Smith.

**NOES:** None.

**ABSENT:** Councilmember Cuneo.

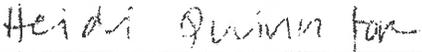
**APPROVED:**

  
\_\_\_\_\_  
**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 provides a foundation on which the Council bases its discussion and direction for the FY 2017-18 budget. The forecast attempts to quantify the City's fiscal status over the next five years by projecting expenditures and revenues. The salary and benefits costs that were included in the operations forecast are based on CalPERS retirement agreements, Memorandums of Understanding, and other personnel policies. The forecast does not anticipate the impact of future Council policies or decisions.

Table 1 provides a summary of the forecast assuming a continuation of existing trends and service levels with no significant increase in appropriations over the current fiscal year and no new revenue sources. The exception is significant capital expenditures in the FY 2017-18 Budget. The forecast projects a planned draw of fund balance of \$1,867,683 in FY 2017-18 for one-time capital projects.

**Table 1. Five-Year Forecast for Status Quo Revenues and Service Levels**

	2015-16 Actual	2016-17 Estimate	FY 2017-18 Projection	FY 2018-19 Projection	FY 2019-20 Projection	FY 2020-21 Projection	FY 2021-22 Projection
Beginning Fund Balance	\$8,223,737	\$9,922,524	\$10,328,939	\$8,461,256	\$8,186,576	\$7,431,356	\$6,390,784
Revenues and Transfers Total	20,814,062	21,460,000	22,051,000	22,656,000	23,281,000	23,922,000	24,581,000
Expenditures and Transfers Total	19,115,275	21,053,584	23,918,683	22,930,680	24,036,220	24,962,572	25,794,686
<b>Net Results of Operations</b>	<b>1,698,787</b>	<b>406,416</b>	<b>(1,867,683)</b>	<b>(274,680)</b>	<b>(755,220)</b>	<b>(1,040,572)</b>	<b>(1,213,686)</b>
Ending Fund Balance	\$9,922,524	\$10,328,940	\$8,461,256	\$8,186,576	\$7,431,356	\$6,390,784	\$5,177,098

The following provides additional information with regard to the trends, information, and data utilized to derive specific revenue and expenditure figures included in the forecast.

### REVENUES

**Property Tax** – The Monterey County Assessor anticipates an increase of 4.5% in the countywide assessment roll and indicates this is a reasonable projection for Pacific Grove to use for forecast purposes. As the City's primary revenue source, property taxes have historically been conservatively forecasted based on the prior year actual receipts. While the 4.5% is used for the FY 2017-18 projection, the out years are forecasted assume an annual 3% increase.

**Transient Occupancy Tax (TOT)** – TOT is the 2<sup>nd</sup> highest revenue source for the City. Table 2 shows the gross TOT audited revenues attributed to both commercial and residential (Short Term Transient Use) properties over the past five years.

**Table 2. Transient Occupancy Tax (TOT) Revenue History**

Transient Occupancy Tax	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Commercial	\$ 2,889,126	\$ 3,015,919	\$ 3,278,458	\$ 3,730,897	\$ 3,786,439
Residential	\$ 252,675	\$ 343,764	\$ 453,048	\$ 707,468	\$ 992,986
<b>TOTAL</b>	<b>\$ 3,141,801</b>	<b>\$ 3,359,684</b>	<b>\$ 3,731,506</b>	<b>\$ 4,438,365</b>	<b>\$ 4,779,425</b>

While the budgeted residential TOT collections are performing below target, the forecasted TOT figures presented in this report are projected on the basis of prior year actuals and do not project the occurrence or outcomes of any future policy decisions the Council may make.

**Sales & Use Tax** – Sales and use taxes are slightly down consistent with the upward trend of online sales displacing traditional brick and mortar purchases. While the City still receives online sales tax, as a member of the pool, the amount of sales tax does not directly correlate to the amount of taxable goods and services actually purchased on line. The City’s restaurants generate the highest sales and use taxes (35%), with Building Materials (16%) and Food Markets (12%) as the next two highest contributors. California’s temporary ¼ percent tax under Proposition 30 (2012) expired on December 31, 2016 which could further impact sales tax revenues.

The FY 2016-17 budget of \$3.3M is on track and represents a 2% increase over the prior year FY 2015-16. Budgeted revenue for FY 2017-18 is estimated to also increase 2% which is the same factor used in projected annual revenues for future years included in the forecast.

**Charges for Services** – Council Policy 400-4 provides a guideline for the recovery of fees for services. In the prior fiscal year, the Council directed full cost recovery, with certain exemptions, in the Master Fee schedule. This strategy is proving to be effective in bringing the fees for City services in line with actual expenditures. In FY 2015-16, charges for services yielded \$1.3M in revenues. In FY 2016-17, the estimated revenue increased to \$1.4M.

**EXPENDITURES**

The following are significant factors with regard to projected operating expenditures.

**CalPERS** – Employer pension contributions are determined by periodic actuarial valuations. The valuations are based on the benefit formulas the agency provides and the employee groups covered. The minimum required annual contribution includes the sum of two components, the normal cost rate and the unfunded accrued liability. The normal cost is measured as a percentage of payroll and represents the annual cost of service accrual for active employees. The unfunded accrued liability is the amortized dollar amount needed to fund past service credits earned for retirees, survivors, and active members as of the valuation date.

As shown in Table 3 Total pension costs for Pacific Grove for FY 2017-18 is \$2,406,536 which is comprised of the normal cost of \$691,709 and the unfunded liability of \$1,714,827. The FY 2017-18 required minimum contribution is an increase of \$416,636 over FY 2016-17.

**Table 3. Pension Benefit Cost Changes**

	2015-16 Actual	2016-17 Estimated	2017-18 Budget	Change over Prior Year
<b>Normal Cost</b>				
Classic Miscellaneous	324,999	255,880	275,530	19,650
Classic Safety	337,848	301,712	276,861	(24,851)
PEPRA Miscellaneous	4,848	26,363	60,585	34,222
PEPRA Safety	-	26,921	78,733	51,812
<b>Sub total</b>	<b>667,695</b>	<b>610,876</b>	<b>691,709</b>	<b>80,833</b>
<b>Unfunded Liability</b>				
Classic Miscellaneous	465,812	498,741	641,228	142,487
Classic Safety	793,797	880,155	1,073,121	192,966
PEPRA Miscellaneous	-	60	249	189
PEPRA Safety	-	68	229	161
<b>Sub total</b>	<b>1,259,609</b>	<b>1,379,024</b>	<b>1,714,827</b>	<b>335,808</b>
<b>Total</b>	<b>1,927,304</b>	<b>1,989,900</b>	<b>2,406,536</b>	<b>416,636</b>

Table 4 below shows both the employer rates (normal cost) and the unfunded liability for FY 2017-18 and also the FY 2018-19 projected employer rates and unfunded liability.

**Table 4. Employer PERS rates and Unfunded Liability  
FY 2017-18 Budget & FY 2018-19 Projected**

	FY 2017-18		FY 2018-19 (Projected)	
	Employer Rate	Unfunded Liability	Employer Rate	Unfunded Liability
Classic Miscellaneous	8.92%	\$ 641,228	8.9%	\$ 825,602
Classic Safety	19.72%	\$ 1,073,121	19.7%	\$ 1,341,921
PEPRA Miscellaneous	6.53%	\$ 249	6.5%	\$ 636
PEPRA Safety	11.99%	\$ 229	12.0%	\$ 521

The California Public Employees' Pension Reform Act of 2013 (PEPRA) mandated changes to benefits formulas and other provisions for new employees (**PEPRA members**) distinguished from those who were currently in CalPERS (or reciprocal retirement systems) and designated those employees as **classic members**. The goal of PEPRA is to reduce employer pension costs over time.

As shown in Table 5 Classic General Employee Association (GEA) members and Management Employees Association (MEA) members make standard 7.0% employee contributions to PERS. The Police Officer Association (POA) members make PERS contributions pursuant to a Memorandum of Understanding (MOU). Both POA and certain classic PERS management employees (7) currently pay a portion of the employer rate as shown in the table below.

**Table 5. 2017-18 Classic & PEPRA Employee Pension Rates**

	2017-18 PERS Normal Cost Rates			
	Classic		PEPRA	
	Employee	City	Employee	City
GEA	7.000%	8.921%	6.250%	6.533%
MEA	7.000%	8.921%	6.250%	6.533%
*POA	11.000%	17.723%	11.500%	11.990%
Management	12.000%	3.921%	6.250%	6.533%

\* POA MOU employee rate will increase to 12% effective 1/1/18

The current POA MOU calls for employees to pay the employee share of 9% and an additional 2% of the employer rate for a total rate of 11% of pay. This reduces the employer share from 19.723% to 17.723% for a portion of FY 2017-18. Effective 1/1/18 the employee share will increase to 12% and the employer share will decrease to 16.723%.

**Pension Obligation Bond (POB)** – The POBs were issued in 2006 to pre-fund CalPERS pension plans. The debt will not be retired until July 2028. The principal and interest payment for FY 2017-18 totals \$2,000,000.

**Other Known and Unknown Potential Liabilities** – The Five-Year Forecast (Table 1, above) does not include expenditures for other known and unknown potential liabilities that are either not yet fully defined or currently in existence, such as exit costs related to the sunset of the Fort Ord Reuse Authority (FORA) in 2020, or any future potential claims that may be filed against the City.

## **Capital Improvement Plan (CIP) Budget Summary**

Beautification, street maintenance and buildings and grounds improvements typically come from the General Fund. Allocations for capital improvements the last four years have been substantially higher than previous years, as it was recognized that maintenance was being deferred. In order for the City to continue with projects such as road and building maintenance, City staff recommends that the use of funding sources set aside for onetime expenses should again be allocated in this year's budget.

### **Reiko Koo Bequest Fund 93:**

There are no restrictions associated with the Reiko Koo Bequest. If authorized by Council, funds may be used for one-time project costs.

### **Buildings and Facilities Improvement Fund 61:**

The City's Capital Improvement Fund currently has sufficient fund balance to finance a number of capital improvement projects in FY 2017-18. The Capital Improvement Plan (CIP) Budget Summary provides specific projects that are recommended for funding.

### **Bertha Strong Trust Fund 46:**

The City receives an annual distribution from the Bertha Strong Trust in an amount equal to 5% of the average fair market value 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 2017-18 of \$30,000 is recommended to fund beautification, recreation, and educational capital improvements as specified in the CIP Budget Summary.

### **Capital Improvement Recommendation Highlights:**

Staff recommends using \$200,000 of the Reiko Koo funds for the trail at the Great Tide Pool site and the coastal access project. Staff also recommends using \$410,000 from the Buildings and Facilities Improvement Fund 61 to fund sidewalk replacements, repair the "Cave" at Lovers Point, and the Seawall Construction. The Bertha Strong annual trust distribution of \$30,000 will be used to evaluate/prepare a coastal development permit application and install low level lighting along the recreation trail. By using these alternative funding sources in the amount of \$640,000, Public Works accomplishes needed capital improvements without utilizing General Fund dollars. 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 approximately \$141,875 and the Fund 61 balance will be approximately \$123,541 which will be available for future Capital projects. Finally, the Strong Trust disbursement fund balance is anticipated to be \$91,317. (The rest of the trust managed by Wells Fargo is valued at approximately \$900,000).

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



CIP FY 17/18 Gen Fund

Item	Fund Source	Project	Department	Program	Description	Council strategic initiatives	Proposed Fund / Account Numbers	FY 2017-18
1	General Fund	Street Repairs	Public Works	Streets	Various streets throughout the City based on condition assessment.	Infrastructure	01-505 Streets	\$200,000
2	General Fund and Reiko Koo	Recreation Trail/Coastal Access Project	Public Works	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.	Infrastructure	01-503 Buildings and Grounds (Refer to Non-GF sheets for Reiko Koo Funding place)	\$90,000
3	General Fund	Pine Avenue Safety	Public Works	Streets	Design elements to make pedestrian traffic safer but also to incorporate aesthetics and Stormwater infiltration into the project. City Staff and traffic engineer will present conceptual designs for review by Traffic Commission and Council.	Infrastructure	01-505 Streets	\$80,000
4	General Fund	School Zone signage	Public Works	Streets	Upgrading the sign and pavement markings for schools.	Infrastructure	01-506 Streets	\$30,000
5	General Fund	Proposed Low Impact Development Stormwater Improvements	Public Works	Environmental	Stormwater Bioretention Swales:Year 1, Dewey to Eardley Along Rec Trail, 7th Street Bio-swale along recreation trail, Barwick Park Bioretention, Perkins Park Curb Cuts and native gardens. Year 2, Library Bulbouts, Jewell Park bioretention, Central Curb Cuts. Year 3, Fandango and Grove Market Curb installation with Landscaping and cuts for Stormwater, 12th and 13th Street Bioretention.	Environment	01-503 Buildings and Grounds	\$70,000
6	General Fund	Recreation Trail Infrastructure plan and upgrades	Public Works	Buildings and Grounds	Evaluate recreation trail improvements and begin implementation. Improvements will entail drainage, fence signments, walking path improvements, signage, both interpretive and safety, and landscaping	Infrastructure	01-503 Buildings and Grounds	\$50,000
7	General Fund	Lighthouse Avenue Streetscape	CEDD & Public Works	Streets	On Lighthouse Avenue between Cypress and 13th design, engineer and environmental review for the Lighthouse Ave Street scape project.	Revitalize Downtown	01-201 CEDD	\$125,000
8	General Fund	Information Technology	Finance	Information Technology	Information Technology Assessment Implementation	Operational Excellence	01-133 I.T.	\$120,000
9	General Fund	Community Center	Public Works	Buildings and Grounds	Modernizing presentation system	Operational Excellence	01-503 Buildings and Grounds	\$10,000
10	General Fund	PD Heating System Upgrade	Police Department	Facilities	Upgrade PD Boiler Heating System.	Operational Excellence	01-201 Police	\$100,000
11	General Fund	PD Locker Room & Bathroom Remodel	Police Department	Facilities	Remodel PD Men's and Women's Locker Rooms and Restrooms.	Operational Excellence	01-201 Police	\$25,000
12	General Fund	Document Archive Facility Improvements	Public Works	Facility	Improve current document retention area to prevent water infiltration and reduce humidity.	Operational Excellence	01-503 Buildings and Grounds	\$10,000
13	General Fund	Public Works Roofs	Public Works	Buildings and Grounds	The roofs at Public Works are leaking and in need of repair. Public Works has been constantly fixing the leaks with temporary repairs. Many of these roof have not been replaced for 30 years	Operational Excellence	01-503 Buildings and Grounds	\$85,000
14	General Fund	Facade Improvement Program.	CEDD	Economic Dev.	Seed grant of \$50k per year to partially fund up to 5 facades in the downtown with the applicant being reimbursed for 50% of costs of work.	Revitalize Downtown	01-201 CEDD	\$50,000
15	General Fund	PD Facility Surveillance System	Police Department	Facilities	Replace cameras, implement new software program that integrates with access control system, and provides storage solution.	Operational Excellence	01-201 Police	\$45,000
16	General Fund	Rain Gutters at PW Yard	Public Works	Buildings and Grounds	Replace failed gutters at Public Works	Operational Excellence	01-503 Buildings and Grounds	\$20,000
17	General Fund	Community Center Floor	Public Works	Buildings and Grounds	Remove and replace older floor in the main room and preschool at community center.	Operational Excellence	01-503 Buildings and Grounds	\$40,000
18	General Fund	Public Works Corp Yard Mechanical Building - Lighting Improvements	Public Works	Mechanical	Modernize lighting and improve safety in Mechanical shop at Public Works Yard.	Operational Excellence	01-503 Buildings and Grounds	\$10,000

CIP FY 17/18 Gen Fund

19	General Fund	Construction of Permanent Restroom at Monarch Sanctuary	Public Works	Buildings and Grounds / Wastewater	Design and construct a permanent restroom at the Pacific Grove Monarch Sanctuary. Style would be similar to the restroom constructed at the Point Pinos Lighthouse or a Prefabricated structure.	Cultural Heritage Environment	01-503 Buildings and Grounds	\$70,000
20	General Fund	Public Works Corp Yard Mechanical - Vehicle Lift Replacement	Public Works	Mechanical	Installation of a new vehicle lift for the mechanical department. Replacement of an alder lift that is outdated and not safe	Operational Excellence	1-502 Mechanical	\$15,000
21	General Fund	Annual Street Light Pole Inventory Replacement	Public Works	Streets	Replace damaged or aging downtown poles and standard dark green light pole inventory depleted-need restore inventory of approximately 3 poles.	Neighborhoods	01-505 Streets	\$15,000
22	General Fund	Streetlights for safety, at select locations within Candy Cane Lane and other neighborhoods	Public Works	Street Lights	Purchase and install solar lights for the Candy Cane Lane neighborhood.	Neighborhoods	01-505 Streets	\$60,000
23	General Fund	Annual Fleet/Equipment Replacement	Public Works	Streets	Replace older vehicles and equipment in fleet to reduce maintenance costs. This includes the replacement of Loader, and utility tractor	Environment Operational Excellence	01-505 Streets	\$120,000
24	General Fund	Electrical Panel Modernization Public Works Corp Yard	Public Works	Building and Grounds	The Electrical Main and Sub-Panels at the Public Works Yard are in need of modernization.	Operational Excellence	01-503 Buildings and Grounds	\$30,000
25	General Fund	Patrol Vehicle	Police Department	Fleet	Purchase new patrol vehicle.	Environment Operational Excellence	01-301 Police	\$60,000
26	General Fund	Fire Station	Fire	Facilities	Install new window covering/blinds in all sleeping quarters	Operational Excellence	01-503 Buildings and Grounds	\$25,000
27	General Fund	Fire Station	Fire	Facilities	Replace carpet upstairs on the dorm side of the building and clean carpet in all other areas of the station	Operational Excellence	01-503 Buildings and Grounds	\$20,000
28	General Fund	Fire Station	Fire	Facilities	Paint inside of Station	Operational Excellence	01-503 Buildings and Grounds	\$70,000
29	General Fund	PD Break Room Remodel	Police Department	Facilities	Remodel PD Break Room.	Operational Excellence	01-301 Police	\$10,000
30	General Fund	PD Floor Replacement	Police Department	Facilities	Replace PD Flooring.	Operational Excellence	01-301 Police	\$40,000
31	General Fund	Public Works Corp Yard	Public Works	Stormwater	Install oil/grease separator, repair and replace the storm drain and manholes. The oil/grease separator and storm system improvements are required BMPs under the City's NPDES MS4 stormwater permit under the requirements for Municipal Operations.	Environment	01-505 Streets	\$100,000
32	General Fund	Tennis Court Resurfacing at Community Center	Public Works	Recreation	Evaluate and resurface tennis courts at the community center. This project is a continuation from FY 16/17 as 10,000 had been allocated out for two FY.	Neighborhoods	01-503 Buildings and Grounds	\$25,000
33	General Fund	Upgrade 17 Mile Drive Ball Field	Public Works	Buildings and Grounds	Construct new seating and snack bar area above grandstands. Improve drainage in the left field warning track area and upgrade existing sprinkler system to newer more efficient system.	Neighborhoods	01-503 Buildings and Grounds	\$25,000
34	General Fund	Storm Drain	Public Works	Stormwater	Requires installation of full capture devices in in storm drains that capture runoff from priority land uses/facilities/sites.	Environment	01-505 Streets	\$25,000
	General Fund (payback by applicant)	Tribute Catalog	CEDD & Public Works	Economic Dev.	Purchase benches, bike racks, pavers, tree grates and other street furniture		01-201 CEDD	
	General Fund	Ghost Sign Program	CEDD	Economic Dev.	Seed grant of \$50k per year to partially fund up to 5 ghost signs in the downtown with the owner reimbursed for 50% of cost.	Revitalize Downtown	01-201 CEDD	
	General Fund	Animal Control Vehicle	Police Department	Fleet	Purchase new animal control vehicle.	Operational Excellence	01-301 Police	
	General Fund	New Fire Engine	Fire	Fire	Retire Engine 6424 due to 22 years of service and 80,000 miles of wear and tear. Place Engine 6414 in reserve status after 10 years of service and 74,000 miles. Purchase a new Type 1 engine that meets all the new safety and emission standards we have today.	Operational Excellence	01-351 Fire	
	General Fund	Community Center Ceilings	Public Works	Buildings and Grounds	Remove and replace older ceiling community center.	Operational Excellence	01-503 Buildings and Grounds	
	General Fund	Bikeshare Program	CEDD	Economic Dev.	Purchase bikes from a bikeshare outfit			

CIP FY 17/18 Gen Fund

General Fund	Public Works Yard Stormwater Runoff	Public Works, Streets / Environmental	Grade and Pave the back of the Public Works Corporation Yard.	Environment
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CIP FY 17/18 NON Gen Fund

Item	Fund Source	Project	Origination Year	Planned Comp Year	Department	Description	Council Strategic Initiatives	Proposed Fund / Account Numbers	FY 2017-18
	Bertha Strong Trust	Recreation Trail Lighting	FY 2013/14	FY 2017/18	Public Works	Perform CEQA and environmental review for installation of low level landscape lighting along trail from Eardley Ave to Lovers Point Park.	Infrastructure	Fund 46 Strong Trust	\$30,000
	Building and Grounds Maintenance Fund	Annual Sidewalk Replacement	FY 2015/16	FY 2021/22	Public Works	Install sections of new sidewalk various locations throughout the City - Safe Routes to School and connecting the downtown to neighborhoods south of the downtown	Infrastructure	Fund 61 Buildings and Grounds Improvement	\$50,000
	Buildings and Grounds Maintenance Fund	Repair the building leased to Adventures by the Sea (the Seawall "Cave") at Lovers Point	FY 2014/15	FY 2017/18	Public Works	Evaluate and make necessary structural repairs to be able to withstand the constant load that is placed upon the cave's roof.	Infrastructure	Fund 61 Buildings and Grounds Improvement fund	\$60,000
	Buildings and Grounds Maintenance Fund	Seawall Construction	FY 2014/15	FY 2017/18	Public Works	Repair seawall at three locations where failures occurred near Esplanade and Perkins Park. Repairs to include engineering, design, and construction.	Infrastructure	Fund 61 Buildings and Grounds Improvement	\$300,000
	Cemetery Operating Fund 75	Cemetery Office	FY 2017/18	FY 2017/18	Finance / Cemetery	Install a prefabricated cemetery office in the parking lot of the Little Chapel	Operational Excellence	75-602	\$50,000
	Cemetery Operating Fund 75	Cemetery Roof	FY 2017/18	FY 2017/18	Cemetery	Replacement of the roofs on structures at the El Carmelo Cemetery	Infrastructure	75-602	\$50,000
	Library Funds	Library Renewal Project: Interior renovation	FY 2015/16	FY 2017/18	Public Works / Library	The project would encompass 6 major areas: ADA, safety and accessibility upgrades; lighting upgrade and efficiency; interior painting; ceiling, walls and door repair; interior construction and modifications; and flooring.	Cultural Heritage	Fund 61 \$152,100 Pacific Grove Public Library Foundation \$584,000	\$736,000
	Lighthouse Funds	Fence Replacement Project	FY 2016/17	FY 2017/18	Public Works	Removal of the falling down, rusted chain link fence that separates the Lighthouse property from the golf course, and replace it with a four foot high grape state, similar to the one that encompasses the golf course boundary. These funds will also be used for additional general building improvements	Infrastructure	Fund 27, Point Pinos Lighthouse Improvement Fund	\$45,000
	Local Water Project	Local Water Project	FY 2013/14	FY 2017/18	Public Works	Replacement of Potable Irrigation Water at the golf course and El Carmelo Cemetery with reclaimed water for irrigation purposes.	Environment	75-761	\$5,900,000
	Measure X	Street Overlays/ Street and Sidewalk assessments to develop 30 year plan	FY 2016/17	FY 2021/22	Public Works	Various locations throughout the City	Infrastructure	Measure X sales tax Fund 17 (reactivate this fund to hold these funds)	\$410,000
	PEG Fund	Chamber Audio Visual Improvements	FY 2017/18	FY 2017/18	City Manager	Chamber Audio Visual Improvements	Operational Excellence	PEG Fund 6	\$100,000
	Reiko Koo	Great Tide Pool Site Construction	FY 2016/17	FY 2017/18	Public Works	Implement trail system through Great Tide Pool Site and link trail system from Great Tide Site to Rocky Shores.	Infrastructure	Fund 93 Reiko Koo \$100K	\$100,000

**CIP FY 17/18 NON Gen Fund**

Reiko Koo and General Fund	Recreation Trail/Coastal Access Project	FY 2015/16	FY 2017/18	Public Works	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 and implementing stormwater measure to comply with ASBS requirements/ Urban Greening Plan	Infrastructure	Fund 03 Reiko Koo 100K	\$100,000
RSTP	Seed money for Street Assessments	FY 2017/18	FY 2017/18	Public Works	RSTP funds will be used for needs assessments to complete a streets, sidewalk and trail assessments	Infrastructure	RSTP Funds Fund 20	\$121,000
Fund 14	City Hall, City Manager's Conference Room	FY 2017/18	FY 2017/18	City Manager's Office	Purchase and install ceiling projector and screen as well as a laptop for presentations.	Operational Excellence	Fund 14	\$10,000
Fund 14	Paint interior Historic City Hall	FY 2017/18	FY 2017/18	Public Works	Repainting of old section of City hall interior. City Manager's Office, conference room, Kitchen, Hallway and current Council chambers.	Cultural Heritage Operational Excellence	Fund 14	\$30,000
Wastewater / Sewer Fund	Sewer Pump Station upgrades	FY 2014/15	FY 2018/19	Public Works	This project consists of replacement of equipment, control panels, essential for the functionality of pumps stations.	Environment	Sewer Fund 612	\$35,000
Wastewater / Sewer Fund	Sewer Line Replacement	FY 2014/15	FY 2017/18	Public Works	14th Street Lighthouse to Central to consolidate multiple sewer mains as noted in the SCSMP Project #7	Environment	Sewer Fund 612	\$448,000

## Guide to Program Budgets

Program budgets are presented with an emphasis on each program's purpose and objectives for FY 2017-18. To the extent applicable, budgets include the following information:

**Mission:** The fundamental purpose for the program.

**Services and Responsibilities:** Describes the functions performed to fulfill the mission.

**Budget Summary:** Displays the budgeted expenditure level for FY 2017-18 compared with the estimated actual and budgeted expenditures for FY 2016-17 and the actual expenditures for FY 2015-16 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

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

<b>City Council Appropriations Summary (General Fund)</b>	<b>FY 2015-16 Actual</b>	<b>FY 2016-17 Budget</b>	<b>FY 2016-17 Estimated</b>	<b>FY 2017-18 Budget</b>
<b>Revenues</b>				
General Fund Appropriation	347,812	391,658	389,213	393,737
<b>Total Revenues</b>	<b>347,812</b>	<b>391,658</b>	<b>389,213</b>	<b>393,737</b>
<b>Expenditures</b>				
Salaries and Benefits	40,272	41,531	39,086	39,995
Services and Supplies	289,428	324,106	324,106	327,347
Non-Operating Transfers	16,411	24,265	24,265	24,508
Debt Service	1,701	1,756	1,756	1,887
Capital	-	-	-	-
<b>Total Expenditures</b>	<b>347,812</b>	<b>391,658</b>	<b>389,213</b>	<b>393,737</b>
<b>Authorized Staffing (FTE)</b>	<b>3.50</b>	<b>3.50</b>	<b>3.50</b>	<b>3.50</b>

## Major Budget Changes

The budget includes slight inflationary increases in memberships and contract services.

## Key Initiatives for FY 2016-17

- 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.
- Ensure that development of the local water project stays on schedule.

## 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. Provide 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

<b>City Manager Appropriations Summary (General Fund)</b>	<b>FY 2015-16 Actual</b>	<b>FY 2016-17 Budget</b>	<b>FY 2016-17 Estimated</b>	<b>FY 2017-18 Budget</b>
<b>Revenues</b>				
General Fund Appropriation	800,085	889,557	769,345	922,046
<b>Total Revenues</b>	<b>800,085</b>	<b>889,557</b>	<b>769,345</b>	<b>922,046</b>
<b>Expenditures</b>				
Salaries and Benefits	481,324	615,160	585,285	585,240
Services and Supplies	239,213	183,462	104,764	235,296
Non-Operating Transfers	23,081	30,630	22,877	37,366
Debt Service	56,467	60,305	56,419	64,144
Capital	-	-	-	-
<b>Total Expenditures</b>	<b>800,085</b>	<b>889,557</b>	<b>769,345</b>	<b>922,046</b>
<b>Authorized Staffing (FTE)</b>	<b>4.00</b>	<b>4.50</b>	<b>4.50</b>	<b>4.75</b>

### Major Budget Changes

The includes funding for a part-time Volunteer Coordinator, recruitment costs for Library Director and Administrative Services Director and ergonomic desks for staff members.

## 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:

- Account for the City's resources and disclosing the financial condition of the City in the year-end Comprehensive Annual Financial Report (CAFR).
- Update the Five-Year Forecast.
- Prepare and monitor the annual operating budget.
- Assist in the development of the 5-Year Capital Improvement Plan.
- Provide accounts payable, accounts receivable, and payroll functions for all departments/programs.
- Support HR/Labor Relations activities with financial analysis and alternative proposal evaluations.
- Assist 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.
- Collect and audit all revenues, including taxes, fees, charges and fines.
- Administer the City's business license program.
- Manage the City's debt, treasury/investment, and banking functions.
- Manage risk management activities, workers compensation program, general liability insurance issues, and claims management.
- Oversight and administration of Cemetery operations (other than grounds maintenance).

### Budget Summary

<b>Finance Appropriations Summary (General Fund)</b>	<b>FY 2015-16 Actual</b>	<b>FY 2016-17 Budget</b>	<b>FY 2016-17 Estimated</b>	<b>FY 2017-18 Budget</b>
<b>Revenues</b>				
General Fund Appropriation	957,975	1,075,734	986,611	1,087,572
<b>Total Revenues</b>	<b>957,975</b>	<b>1,075,734</b>	<b>986,611</b>	<b>1,087,572</b>
<b>Expenditures</b>				
Salaries and Benefits	587,027	734,380	645,257	705,479
Services and Supplies	270,514	225,273	225,273	274,526
Non-Operating Transfers	24,146	32,297	32,297	40,732
Debt Service	76,288	83,784	83,784	66,835
Capital	-	-	-	-
<b>Total Expenditures</b>	<b>957,975</b>	<b>1,075,734</b>	<b>986,611</b>	<b>1,087,572</b>
<b>Authorized Staffing (FTE)</b>	<b>6.45</b>	<b>5.70</b>	<b>5.70</b>	<b>5.65</b>

### **Major Budget Changes**

A 1.0 FTE Administrative Technician position has been added to provide procurement and accounts payable assistance which will also aid in implementing electronic timesheets.

### **Key Initiatives**

- Implement electronic timekeeping system
- Coordinate a comprehensive overhead cost allocation plan and fee study
- Publish City financial data via OpenGov
- Submit annual budget, quarterly reports and issue annual financial statements
- Continue to upgrade the functionality of the financial information system by integrating the human resources, payroll, purchase order, accounting and budgeting modules.

## 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, architecturally sound development that is in keeping with the community's land use and design goals.

### **Services and Responsibilities**

The Community Development Department is organized into six work units: advance planning, economic development, current planning, building, housing, and short-term vacation rental program 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 Short Term Vacation Rental function administers the licensing and control of this unique program element. 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.

### **Major Budget Changes**

\$20K to reclassify 3 positions, \$103K for increased building permit activity (directly offset by revenue), and \$175K for the Lighthouse Streetscape Improvement Program.

## Budget Summary

Community Development Appropriations Summary (General Fund)	FY 2015-16 Actual	FY 2016-17 Budget	FY 2016-17 Estimated	FY 2017-18 Budget
<b>Revenues</b>				
General Fund Appropriation	1,799,509	1,637,407	1,637,407	2,118,757
<b>Total Revenues</b>	<b>1,799,509</b>	<b>1,637,407</b>	<b>1,637,407</b>	<b>2,118,757</b>
<b>Expenditures</b>				
Salaries and Benefits	641,604	732,299	732,299	794,837
Services and Supplies	1,023,814	753,440	753,440	984,974
Non-Operating Transfers	45,711	59,675	59,675	66,790
Debt Service	88,380	91,993	91,993	97,156
Capital	-	-	-	175,000
<b>Total Expenditures</b>	<b>1,799,509</b>	<b>1,637,407</b>	<b>1,637,407</b>	<b>2,118,757</b>
<b>Authorized Staffing (FTE)</b>	<b>7.90</b>	<b>8.15</b>	<b>8.15</b>	<b>8.00</b>

### Key Initiatives for FY 2017-18

#### Advance Planning by Priority Ranking and *Council Goal*

##### High Priority

- Update & Certify the City's 1989 Local Coastal Plan/Land Use Plan/Implementing Ordinances (*Environment*).
- Hire a professional consultant to complete a total review of the existing Historic Resources Inventory (*Cultural*).
- Develop Conceptual Streetscape Plan for Lighthouse Avenue (*Downtown*).

##### Medium Priority

- Hire consultant to prepare commercial design guidelines for the downtown (*Downtown*)
- Work with other City Departments to develop a pedestrian & bicycle master plan (*Environment*).
- Work with community and the Public Works Department to develop physical plan for Perkins Park (*Environment*).
- Initiate Coastal Parks Plan following LCP Certification (*Environment*).

##### Ongoing Priority

- Finalize the cleanup and reorganization of the Zoning Code to clarify sections and to make it more user-friendly (*Operational excellence*).
- Implement Historic Resources Ordinance update (*Cultural*).

#### Economic Development

##### High Priority

- Fund and develop a proposed commercial façade improvement pilot program (*Placemaking/Downtown*).

##### Medium Priority

- Seek to locate a potential electric car charging location in the downtown area. (*Infrastructure*)

- Execute the nearly-complete Economic Profile & Market Analytics for the Economic Development Website (*Operational excellence*).

#### **Current Planning**

- No new major initiatives proposed at this time.

#### **Building**

- Continue to contract with City of Monterey Building Services and maintain current cost/revenue sharing practice.

#### **Housing**

##### **Medium Priority**

- Pursue grant funds to expand implementation of housing programs and for other action items in the City's adopted Housing Element (*Neighborhood*).
- Pursue the ongoing Abandoned Property Registration and Housing Monitoring Programs. (*Neighborhood*)
- Investigate ways to reduce the number of vacant homes (*Neighborhood*).
- Establish 10-20 affordable housing units in the downtown through Zoning Code Density Bonus Regulations (*Neighborhood and Downtown*).

#### **Short Term Vacation Rental Program**

##### **High Priority**

- Make strategic ordinance improvements to the Program (*Neighborhood*).
- Continue to develop and propose process improvements and recommend ordinance changes (*Operational excellence*).

#### **Code Compliance**

##### **High Priority**

- Continue to vigorously abate illegal vacation rentals and assess fines and fees to recover costs and lost TOT (*Neighborhood*).
- Continue to abate illegal building activity with substantial fines and fees that help to defray a large percentage of program costs (*Neighborhood*).

##### **Medium Priority**

- Address code violations by seeking to achieve compliance through education and escalating enforcement (*Operational excellence*).
- Continue to recommend and implement changes to procedures and possible Municipal Code amendments (*Operational excellence*).
- Support other City departments with the enforcement of the Municipal Code (*Operational excellence*).

## 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 IT service and support, 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 throughout the City.

### Budget Summary

<b>Information Services Appropriations Summary (General Fund)</b>	<b>FY 2015-16 Actual</b>	<b>FY 2016-17 Budget</b>	<b>FY 2016-17 Estimated</b>	<b>FY 2017-18 Budget</b>
<b>Revenues</b>				
General Fund Appropriation	202,791	383,113	259,126	623,294
<b>Total Revenues</b>	<b>202,791</b>	<b>383,113</b>	<b>259,126</b>	<b>623,294</b>
<b>Expenditures</b>				
Salaries and Benefits	72,894	85,220	85,220	95,623
Services and Supplies	129,897	296,137	173,906	407,671
Non-Operating Transfers	-	-	-	-
Debt Service	-	1,756	-	-
Capital	-	-	-	120,000
<b>Total Expenditures</b>	<b>202,791</b>	<b>383,113</b>	<b>259,126</b>	<b>623,294</b>
<b>Authorized Staffing (FTE)</b>	<b>-</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>

### Major Budget Changes

Information Services will no longer be part of the Library budget and will be moved to Administrative Services. The City will be embarking on an information technology upgrade initiative which anticipates entering a shared services agreement with the City of Monterey.

### Key Initiatives

- Replace obsolete network cabling at the Police and Public Works facilities to allow for increased network speeds and current generation phone systems
- Enhance data network equipment to replace end of life equipment and improve performance and security
- Implement online citizen request management capabilities similar to SeeClickFix.
- Procure replacement audio-visual systems for Council Chambers and the Emergency Operations Center
- Adopt a "shared services" support model, utilizing existing City of Monterey IT systems to improve IT support and systems.
- Enhance staff and guest wireless, to facilitate mobile computing at Public Works.
- Develop IT security policies and increase security awareness.

# 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.

**The contract amount for FY 2017-18 is \$2,312,668**

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 2015-16 Actual	FY 2016-17 Budget	FY 2016-17 Estimated	FY 2017-18 Budget
<b>Revenues</b>				
General Fund Appropriation	3,339,458	3,690,929	3,690,929	4,154,962
<b>Total Revenues</b>	<b>3,339,458</b>	<b>3,690,929</b>	<b>3,690,929</b>	<b>4,154,962</b>
<b>Expenditures</b>				
Salaries and Benefits	281,702	316,856	316,856	686,406
Services and Supplies	2,051,290	2,248,549	2,248,549	2,382,320
Non-Operating Transfers	447,858	530,037	530,037	530,347
Debt Service	558,608	595,487	595,487	555,889
Capital	-	-	-	-
<b>Total Expenditures</b>	<b>3,339,458</b>	<b>3,690,929</b>	<b>3,690,929</b>	<b>4,154,962</b>

## Major Budget Changes

An increase in the Monterey Fire Contract reflects pay increases negotiated by the firefighters that have been delayed for many years. Other factors that result in the increase include PERS cost increases and projected potential leave payoffs (that will result in reduction of Pacific Grove's debt on transferred leave).

**Key Initiatives**

- Meet or exceed National Fire Protection Association (NFPA) recommended response times of 5 minutes or less 90% of the time for all fire, rescue and EMS responses.
- Explore options for significant cost reductions in collaboration with other fire services partners.
- Complete initial inspection of all multi-family residential facilities by December 2018.

# 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 2013-14, the City contracted the services of CourseCo Inc. for management and operations of the golf course and related facilities. CourseCo is responsible for managing the 18-hole golf course, driving range, putting greens, golf shop, and clubhouse. Golf operations are funded entirely through golf fee revenues.

## Budget Summary

Golf Course Fund Summary (Enterprise Fund)	FY 2015-16 Actual	FY 2016-17 Budget	FY 2016-17 Estimated	FY 2017-18 Budget
<b>Revenues</b>				
Fund 77 Appropriation	393,007	345,000	325,000	348,450
<b>Expenditures</b>				
Salaries and Benefits	3,600	3,600	3,600	3,636
Services and Supplies	200,326	96,392	96,392	97,356
Non-Operating Transfers	33,513	33,848	33,848	20,856
Debt Service	128,370	137,410	137,410	200,641
Capital	-	28,280	28,280	-
<b>Total Expenditures</b>	<b>365,809</b>	<b>299,530</b>	<b>299,530</b>	<b>322,489</b>
<b>Authorized Staffing (FTE)</b>	-	-	-	-

## Key Initiatives for FY 2017-18

- 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.

## CourseCo Contract Terms

- Contract with CourseCo Inc. for a ten-year term with two, five-year options
  - **Base Rent** of \$300,000 for the first three years increasing to \$305,000 in year four. In years five through ten, and the option period, the base rent is increased by \$5,000 a year.
  - **Percentage Rent**. The City will receive 65% of the gross golf revenues in excess of a \$2,350,000 baseline. The baseline is increased on an annual basis by the Consumer Price Index (CPI)
  - **Capital Improvement**. In years one and two, CourseCo contributes 1% of gross revenues (from all sources) to the CIP fund. Beginning in year three, the contribution amount increases to 1.5%

## 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. The City Attorney supervises 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

<b>Legal Services Appropriations Summary (General Fund)</b>	<b>FY 2015-16 Actual</b>	<b>FY 2016-17 Budget</b>	<b>FY 2016-17 Estimated</b>	<b>FY 2017-18 Budget</b>
<b>Revenues</b>				
General Fund Appropriation	205,295	294,757	294,757	297,704
<b>Total Revenues</b>	<b>205,295</b>	<b>294,757</b>	<b>294,757</b>	<b>297,704</b>
<b>Expenditures</b>				
Salaries and Benefits	-	-	-	-
Services and Supplies	205,295	283,686	283,686	286,523
Non-Operating Transfers	-	11,071	11,071	11,181
Debt Service	-	-	-	-
Capital	-	-	-	-
<b>Total Expenditures</b>	<b>205,295</b>	<b>294,757</b>	<b>294,757</b>	<b>297,704</b>

# 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

<b>Library Appropriations Summary (General Fund)</b>	<b>FY 2015-16 Actual</b>	<b>FY 2016-17 Budget</b>	<b>FY 2016-17 Estimated</b>	<b>FY 2017-18 Budget</b>
<b>Revenues</b>				
General Fund Appropriation	842,984	1,088,585	1,088,585	1,155,388
<b>Total Revenues</b>	<b>842,984</b>	<b>1,088,585</b>	<b>1,088,585</b>	<b>1,155,388</b>
<b>Expenditures</b>				
Salaries and Benefits	668,544	863,877	863,877	874,623
Services and Supplies	86,336	91,290	91,290	112,203
Non-Operating Transfers	16,751	65,479	65,479	74,517
Debt Service	71,353	67,939	67,939	94,045
Capital	-	-	-	-
<b>Total Expenditures</b>	<b>842,984</b>	<b>1,088,585</b>	<b>1,088,585</b>	<b>1,155,388</b>
<b>Authorized Staffing (FTE)</b>	<b>12.00</b>	<b>11.75</b>	<b>11.75</b>	<b>12.00</b>

## Major Budget Changes

Significant changes to the Library budget include the addition of a full-time Library Director, a contract curator and capital funding for the Library Renewal Project.

## Projects Completed FY 2016-17

- Completed partnership with State Parks, Aramark, Friends of the Library, and volunteers for "This Land is Your Land" juried art show and program series (1,022 participants.)
- Installed 1Gb CENIC Broadband Internet and improved wireless service through \$30,000 State Library Grant
- Implemented Strategic Plan as developed by the Library Board and staff
- Continued collection management plan based on use, currency, and community needs

- Continued to partner with the school district and the Friends of the Library to support a technology training program for the community
- Conducted a Summer Reading Program for young people aged 2 to 15, with approximately 760 participants
- Added open hours to include 10 - 7 on Monday

### Key Initiatives for FY 2017-18

- Complete recruitment of full-time Library Director
- Complete Library Renewal project
- Initiate Poetry Appreciation/Poet's Perch Program
- Expand and improve volunteer program with support from the Friends of the Library
- Initiate Children's Literacy Opportunities through Outreach Programming and Partnerships neighborhood program with support from the Friends of the Library.
- Continue partnership with PG High School for technology assistance to patrons

### Workload and Performance Indicators

Metric	2013-14	2014-15	2015-16	2016-17*
Total Circulation of Library Materials	259,252	283,462	291,751	292,800
Visitors (Door Count)	121,855	130,124	140,235	158,500
Events and Programs (Attendance)	9,202	8,596	10,220	12,400
Questions Answered	24,225	25,294	28,779	29,600
Website Hits	32,720	105,314	96,156	89,000

\*Estimated

## 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

<b>Museum Appropriations Summary (General Fund)</b>	<b>FY 2015-16 Actual</b>	<b>FY 2016-17 Budget</b>	<b>FY 2016-17 Estimated</b>	<b>FY 2017-18 Budget</b>
<b>Revenues</b>				
General Fund Appropriation	242,323	266,779	266,779	268,518
<b>Total Revenues</b>	<b>242,323</b>	<b>266,779</b>	<b>266,779</b>	<b>268,518</b>
<b>Expenditures</b>				
Salaries and Benefits	-	7,230	7,230	7,302
Services and Supplies	211,952	221,010	221,010	221,404
Non-Operating Transfers	15,002	22,128	22,128	22,349
Debt Service	15,369	16,411	16,411	17,463
Capital	-	-	-	-
<b>Total Expenditures</b>	<b>242,323</b>	<b>266,779</b>	<b>266,779</b>	<b>268,518</b>

### Major Budget Changes

Under the agreement with the Museum Foundation of Pacific Grove, the City's contribution to the Museum's operations is fixed at 1.01% of total general fund expenditures in a given fiscal year. This program budget also is responsible for a portion of common General Fund expenditures such as liability insurance, interfund transfers, and a prorated portion of the Pension Obligation Bond debt.

## Police

### Mission

The Pacific Grove Police Department's Mission is to provide exceptional public safety service and enhance the quality of life in our community.

### Services and Responsibilities

The Pacific Grove Police Department will seek to achieve a culture of excellence by partnering with our community, respecting the rights and dignity of all people, and providing professional public safety service through integrity and accountability. This approach is integrated with all facets of the department's services: patrol, investigations, administration, records, animal control, and parking enforcement. Our goal is our motto, "Our Community, Your Police."

### Budget Summary

Police Appropriations Summary (General Fund)	FY 2015-16 Actual	FY 2016-17 Budget	FY 2016-17 Estimated	FY 2017-18 Budget
<b>Revenues</b>				
General Fund Appropriation	6,231,037	7,797,074	7,797,074	8,086,258
<b>Total Revenues</b>	<b>6,231,037</b>	<b>7,797,074</b>	<b>7,797,074</b>	<b>8,086,258</b>
<b>Expenditures</b>				
Salaries and Benefits	3,820,976	4,892,428	4,892,428	5,257,406
Services and Supplies	657,654	510,560	510,560	532,835
Non-Operating Transfers	635,099	998,016	998,016	1,109,890
Debt Service	876,821	922,610	922,610	906,127
Capital	240,487	473,460	473,460	280,000
<b>Total Expenditures</b>	<b>6,231,037</b>	<b>7,797,074</b>	<b>7,797,074</b>	<b>8,086,258</b>
<b>Authorized Staffing (FTE)</b>	<b>33.30</b>	<b>35.80</b>	<b>35.80</b>	<b>33.55</b>

Outside Funds	Fund #	Expenditures
Drug Awareness (DARE)	21	\$ 8,365
Asset Seizure	22	\$ -
Public Safety Augmentation	42	\$ 306,030
Supp Law Enforcement Fund	43	\$ 165,559
<b>Total</b>		<b>\$ 479,954</b>

The department is funded by discretionary General Fund revenues (87%), program revenues (9%), and state grants (4%).

### Major Budget Changes

The Police Department will be initiating the process of accreditation, expanding public outreach and transparency, increasing mental health training for all employees, enhancing property and evidence support. As well as, completing overdue building maintenance projects and upgrading technology capabilities. Each of these Department budget goals relate to the City's goals by supporting Operational Excellence and Improving Infrastructure.

## Service Objectives

1. Maintain the City of Pacific Grove's status as one of the safest city in Monterey County.
2. Enhance our community policing initiatives through accreditation, training and public outreach.
3. Enhance our ability to staff and train for our Emergency Operations Center and our City's emergency preparedness.
4. Work with area agencies to expand collaborative services.
5. Enhance special operations such as traffic enforcement, special events, parking and investigations.
6. Attract and retain qualified personnel to the fully authorized staffing level of 32 full-time employees, thereby creating more efficient police and support services operations.
7. Improve organizational development through national law enforcement accreditation to achieve a culture of excellence at the police department.
8. Expand and enhance public outreach programs, through developing shift community projects, participation in special events, information sharing on social media, and the Police Volunteer Program to more effectively and efficiently meet the needs of the department and the community.
9. Continue to improve and integrate technology to enhance service delivery and refine operations.

### Performance/Workload Indicators\*

#### 2013-2016 Part I Uniform Crime Reporting

	2013	2014	2015	2016
Homicide	0	0	0	0
Rape	4	9	1	5
Robbery	6	1	4	2
Aggravated Assault	15	24	7	3
Burglary	89	51	52	48
Larceny	216	236	230	257
Auto Theft	19	26	18	23
Arson	4	3	0	2
<i>Part I Totals</i>	<i>353</i>	<i>350</i>	<i>312</i>	<i>340</i>
<b>Subtotal Violent</b>				
	25	34	12	10
<b>Subtotal Property</b>				
	328	316	300	330

#### 2013-2016 Calls for Service

	2013	2014	2015	2016
Total Calls for Service	15,407	16,080	17,627	21,521

#### 2013-2016 Workload Indicators

	2013	2014	2015	2016
Written Reports**	2,781	2,489	2,821	2,815
Citations (All Violations)	910	985	980	1,164
Field Interviews	697	503	321	932
Arrests & Criminal Citations	231	236	217	244
Parking Citations	4,939	1,601	3,717	3,634

\*For additional information, review the Pacific Grove Police Department's 2016 Annual Report at:

[www.cityofpacificgrove/police](http://www.cityofpacificgrove/police)

\*\*Includes all Crime, Information and Traffic Collision Written Reports.

## 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

<b>Public Works Appropriations Summary (General Fund)</b>	<b>FY 2015-16 Actual</b>	<b>FY 2016-17 Budget</b>	<b>FY 2016-17 Estimated</b>	<b>FY 2017-18 Budget</b>
<b>Revenues</b>				
General Fund Appropriation	3,355,622	3,430,055	3,430,056	4,214,412
<b>Total Revenues</b>	<b>3,355,622</b>	<b>3,430,055</b>	<b>3,430,056</b>	<b>4,214,412</b>
<b>Expenditures</b>				
Salaries and Benefits	1,433,087	1,658,705	1,658,705	1,752,046
Services and Supplies	891,889	674,537	674,537	784,325
Non-Operating Transfers	535,734	170,858	170,858	185,407
Debt Service	203,579	139,652	139,652	197,634
Capital	291,333	786,304	786,304	1,295,000
<b>Total Expenditures</b>	<b>3,355,622</b>	<b>3,430,055</b>	<b>3,430,056</b>	<b>4,214,412</b>
<b>Authorized Staffing (FTE)</b>	<b>19.05</b>	<b>19.35</b>	<b>19.35</b>	<b>16.50</b>

## **Major Budget Changes**

In FY 2017-18, the Public Works budget is focused on implementation of the third year 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 2017-18 had been administered at a total of \$1,870,000 million for streets, city facilities, and open space improvements, from the general fund, with an additional \$1,939,000 of capital improvements funded from non-general fund sources. The City is also has two larger projects, the Local Water Project, which is a \$7.7 million wastewater treatment plant that will generate non-potable water for irrigation purposes, and also the Library renewal project with an anticipated cost of \$700,000.

This year is the fifth year of the new Statewide Municipal MS4 Phase 2 Storm water Permit, which incorporated the Areas of Special Biological Significance (ASBS) 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 is progressing with 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. The Clean Beach proposition 84 Grant at \$3.29 million will continue to aid the City in Storm Water improvements and the recently obtained \$4 million proposition 1 grant that will design, engineer and construct the City's Urban Diversion phase 4 will also further the City's commitment to the ASBS. The City also received a grant from the California Coastal Conservancy for the construction of the trail system at the Great Tide Pool Site and the planning, engineering and design of the trail system from The Tide Pool Site to Asilomar Blvd.

## **Key Initiatives for FY 2017-18**

- Carry out the Third Year of the five-year Capital Improvement Plan to serve as a roadmap for investment in the City's infrastructure assets.
- Complete a road and sidewalk assessment that will be the roadmap aligning street improvements with the Measure X funding.
- Work with the Traffic Agency of Monterey County and Cal Trans to continue the efforts to move the Highway 68 Corridor study forward. These efforts will include caring out the environmental review of the corridor, potential sidewalk improvements on Forest along the business district, and other improvements that can be made with potential grant or regional funding set aside as part of the Measure X funds.
- Implement Year 5 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.
- Finalization of the Proposition 84 grant funded storm drains improvements within the Lovers Point Watershed.
- Continue the construction of the Pacific Grove Local Water Project, select an operator and implement the distribution of the produced water.
- Complete the construction of the Storm Water and Sewer Improvements that are funded by the Clean Beach Initiative.
- Establish and maintain a project page on the City Website with updated project information and status.

### **Workload and Performance Indicators**

<b>Workload Indicators</b>	<b>2017-18</b>
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	121

<b>Activity Indicators</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
Number of potholes patched	725	600	650
Number of bulb replacements	48	12	5
Number of streetlight repairs	14	4	4
Number of City sewer overflow spills	6	3	1
Number of work orders complete	N/A	856	660
Number of tree permits processed	N/A	N/A	354

## 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

<b>Cemetery Summary (Enterprise Fund)</b>	<b>FY 2015-16 Actual</b>	<b>FY 2016-17 Budget</b>	<b>FY 2016-17 Estimated</b>	<b>FY 2017-18 Budget</b>
<b>Expenditures</b>				
Salaries and Benefits	136,046	127,956	127,956	152,433
Services and Supplies	136,411	147,231	147,231	143,655
Non-Operating Transfers	12,873	12,312	12,312	12,435
Debt Service	10,056	10,100	10,100	10,214
Capital	-	130,050	130,050	100,000
<b>Total Expenditures</b>	<b>295,386</b>	<b>427,649</b>	<b>427,649</b>	<b>418,737</b>
<b>Authorized Staffing (FTE)</b>	<b>1.45</b>	<b>1.45</b>	<b>1.45</b>	<b>2.05</b>

### Major Budget Changes

The 2017-18 budget includes \$100,000 for roof replacement of the cemetery buildings and mausoleums and a prefabricated office to be located at the Cemetery. Also, a part-time Office Assistant has been added to provide improved coverage and administrative support. Otherwise, the budget is structured to continue correcting the cemetery business model. For several years, costs in the enterprise fund exceeded revenues. The cemetery has shown a modest profit in the past two fiscal years and in FY 2014-15 the City purchased eight columbaria which increased 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) are paid by the enterprise.

### Key Initiatives for 2017-18

- Strive to improve the grounds of the Cemetery.
- Exceed FY 2016-17 sales.

## 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 2015-16 Actual	FY 2016-17 Budget	FY 2016-17 Estimated	FY 2017-18 Budget
<b>Expenditures</b>				
Salaries and Benefits	507,595	400,129	285,500	523,539
Services and Supplies	1,024,724	1,800,242	1,012,826	1,643,568
Non-Operating Transfers	122,830	81,900	81,900	86,456
Debt Service	66,704	93,191	93,191	125,985
Capital	-	2,636,100	1,040,368	483,000
<b>Total Expenditures</b>	<b>1,721,853</b>	<b>5,011,562</b>	<b>2,513,785</b>	<b>2,862,548</b>
<b>Authorized Staffing (FTE)</b>	<b>4.30</b>	<b>4.80</b>	<b>4.80</b>	<b>5.05</b>

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 and in FY 2015-16 the plan had begun being implemented. The SCSMP is the basis for sewer capital project planning for the next ten years. Through the SCSMP, the City's local sewer fees had been evaluated and 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 \$500,000 Capital Maintenance Plan for FY 2017-18 will address infrastructure and noted deficiencies identified in the SCSMP. Capital projects to be constructed in FY 2017-18 include the 14th Street Lighthouse to Central to consolidate multiple sewer mains as noted in the SCSMP Project #7 and pump station equipment upgrades.

### Key Initiatives for FY 2017-18

- 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.
- Continue support of the Local Water Project.
- Complete the design of associated sewer projects that will serve as a match to the Proposition 1 storm water urban diversion grant.

## Local Water Project

### Mission

The City has made significant progress toward the completion of the engineering design of a recycled water project, known as the City of Pacific Grove's Local Water Project (LWP or Project). The Project will replace approximately 125 acre-feet / year (0.11 million gallons annual daily average) of irrigation demands with non-potable supplies for the irrigation of the Municipal Golf Links and the El Carmelo Cemetery and provide toilet flushing for two public restrooms.

### Services and Responsibilities

The City entered into an agreement with PERC Water to Design and Build the Local Water Project. PERC Water will finalize the design and the construction of the Local Water Project during fiscal year 2017/18.

### Budget Summary

<b>Local Water Project Summary (Enterprise Fund)</b>	<b>FY 2015-16 Actual</b>	<b>FY 2016-17 Budget</b>	<b>FY 2016-17 Estimated</b>	<b>FY 2017-18 Budget</b>
<b>Revenues</b>				
Revenues	960,522	7,907,000	3,066,298	6,277,000
<b>Total Revenues</b>	<b>960,522</b>	<b>7,907,000</b>	<b>3,066,298</b>	<b>6,277,000</b>
<b>Expenditures</b>				
Salaries and Benefits	-	-	-	-
Services and Supplies	960,522	349,000	3,066,298	5,900,642
Non-Operating Transfers	-	-	-	-
Debt Service	-	-	-	-
Capital	-	-	-	-
<b>Total Expenditures</b>	<b>960,522</b>	<b>349,000</b>	<b>3,066,298</b>	<b>5,900,642</b>
<b>Authorized Staffing (FTE)</b>	-	-	-	-

### Major Budget Changes

The City has been approved to fund the project through a State Revolving Fund Loan and a construction grant. The Overall project has a budget of \$7.7 Million. \$2.4 Million will be available in form of the construction grant and \$5.3 will be available as the SRF loan at 1%.

### Key Initiatives for FY 2017-8

- Complete Construction
- Obtain all necessary remaining permits
- Secure Operator
- Initiate field testing
- Plant Online

## 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 2015-16 Actual	FY 2016-17 Budget	FY 2016-17 Estimated	FY 2017-18 Budget
<b>Revenues</b>				
General Fund Appropriation	491,714	511,829	511,829	596,134
<b>Total Revenues</b>	<b>491,714</b>	<b>511,829</b>	<b>511,829</b>	<b>596,134</b>
<b>Expenditures</b>				
Salaries and Benefits	329,528	390,550	390,550	468,381
Services and Supplies	136,394	95,001	95,001	95,951
Non-Operating Transfers	9,201	8,634	8,634	12,884
Debt Service	16,591	17,644	17,644	18,918
Capital	-	-	-	-
<b>Total Expenditures</b>	<b>491,714</b>	<b>511,829</b>	<b>511,829</b>	<b>596,134</b>
<b>Authorized Staffing (FTE)</b>	<b>13.65</b>	<b>13.65</b>	<b>13.65</b>	<b>13.90</b>

### Major Budget Changes

#### Key Initiatives for FY 2017-18

- Maintain and expand existing program offerings through pursuit of partnerships and professional providers
- Continue to identify cost savings in Special Events programming
- Ensure the sustainability of the Youth Center through pursuit of partnerships with local non-profit organizations
- Continue to 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"> <li>• General Fund Operating</li> <li>• Hyperbolic Chamber</li> <li>• DARE (Drug Awareness)</li> <li>• Asset Seizure</li> <li>• Levers Font Pool</li> <li>• Recreation Donations</li> <li>• Operating Donations</li> <li>• Storm Water</li> <li>• Zoo Donation</li> </ul>	<ul style="list-style-type: none"> <li>• Employee Benefits</li> <li>• Workers Compensation</li> <li>• Liability Insurance</li> <li>• Other Post Employment Benefits (OPEB)</li> </ul>	<ul style="list-style-type: none"> <li>• Casino</li> <li>• State Franchise FEG</li> <li>• Library Building &amp; Equipment</li> <li>• Museum Improvement</li> <li>• Downtown Business District</li> <li>• Hospitality Improvement District</li> <li>• Library Book</li> <li>• Fire Dept. Emergency Equipment</li> <li>• Melindas Donations</li> <li>• State Gas Tax</li> <li>• RSTP - (TAMC)</li> <li>• Coastal Parks Grant</li> <li>• Chautauque Hall Preservation</li> <li>• Lighthouse Maintenance</li> <li>• Senior Housing Fund</li> <li>• Housing Program - Funds 15, 28, 34, 36 and 37</li> <li>• Yount Trust Income</li> <li>• Public Safety Augmentation</li> <li>• Supplemental Law Enforcement</li> <li>• Poetry Promotion</li> <li>• ASB5 Grant</li> <li>• Clean Beach Prop 24</li> <li>• Greening Grant</li> <li>• Strong Trust Disbursements</li> <li>• Abandoned Vehicle Program</li> </ul>

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

## Appendix B Summary of Inter-fund Transfers

	Liability Insurance Fund	Other Post Employment Benefits	Employee Benefits Fund	Workers' Compensation Fund	Public Safety Augmentation Fund	Library Book Fund	Transfers Out Total
City Council	\$ 12,433	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,433
City Manager	\$ 12,433	\$ 6,429	\$ 6,429	\$ 0	\$ 0	\$ 0	\$ 25,291
Finance	\$ 12,433	\$ 8,112	\$ 8,112	\$ 0	\$ 0	\$ 0	\$ 28,657
Police	\$ 26,927	\$ 46,682	\$ 108,494	\$ 421,171	\$ 253,308	\$ 0	\$ 856,582
Fire	\$ 31,966	\$ 0	\$ 0	\$ 341,490	\$ 130,492	\$ 0	\$ 503,948
Public Works	\$ 11,428	\$ 15,094	\$ 15,094	\$ 143,791	\$ 0	\$ 0	\$ 185,407
Community Development	\$ 12,433	\$ 6,958	\$ 6,958	\$ 28,302	\$ 0	\$ 0	\$ 54,651
Recreation	\$ 4,520	\$ 4,201	\$ 4,163	\$ 0	\$ 0	\$ 0	\$ 12,884
Library	\$ 2,586	\$ 8,443	\$ 8,443	\$ 14,645	\$ 0	\$ 40,400	\$ 74,517
Museum	\$ 11,362	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,362
Cemetery	\$ 9,746	\$ 1,344	\$ 1,344	\$ 0	\$ 0	\$ 0	\$ 12,434
Sewer	\$ 78,982	\$ 3,737	\$ 3,737	\$ 0	\$ 0	\$ 0	\$ 86,456
<b>Transfer In Total</b>	<b>\$ 227,249</b>	<b>\$ 101,000</b>	<b>\$ 162,774</b>	<b>\$ 949,399</b>	<b>\$ 383,800</b>	<b>\$ 40,400</b>	<b>\$ 1,864,622</b>

## Appendix B (cont'd)

### Summary of Indirect Cost Allocation

Department	Total Budget	Capital	Other Adj	Direct Service	Indirect Service	Indirect Cost Allocation
City Council	\$393,659	\$0	\$0	\$0	\$393,659	\$0
City Atty	\$297,704	\$0	\$0	\$0	\$297,704	\$0
City Manager	\$922,046	\$0	\$0	\$0	\$922,046	\$0
Finance	\$1,087,571	\$0	\$0	\$0	\$1,087,571	\$0
Information Services	\$623,294	\$120,000	\$0	\$0	\$503,294	\$0
Comm Dev	\$2,062,197	\$175,000	\$0	\$1,887,197	\$0	\$237,551
Hotel Durrell	\$56,560	\$0	\$0	\$56,560	\$0	\$7,120
Police	\$8,086,258	\$280,000	\$0	\$7,806,258	\$0	\$982,615
Fire	\$4,154,963	\$0	\$0	\$4,154,963	\$0	\$523,007
Library	\$1,155,387	\$0	\$0	\$1,155,387	\$0	\$145,435
Museum	\$268,518	\$0	\$0	\$268,518	\$0	\$33,800
Recreation	\$596,134	\$0	\$0	\$596,134	\$0	\$75,039
Public Works	\$4,214,409	\$1,295,000	\$0	\$2,919,409	\$0	\$367,481
Golf Course	\$322,489	\$118,241	\$34,186	\$170,062	\$0	\$21,407
Cemetery	\$418,737	\$100,000	\$57,933	\$260,804	\$0	\$32,829
Sewer	\$2,862,741	\$483,000	\$629,536	\$1,750,205	\$0	\$220,307
Local Water	\$5,900,642	\$5,900,642	\$0	\$0	\$0	\$0
Non-Dept	\$7,602,448	\$3,028,266	\$143,730	\$4,430,452	\$0	\$557,684
<b>Total</b>	<b>\$41,025,757</b>	<b>\$11,500,149</b>	<b>\$865,385</b>	<b>\$25,455,949</b>	<b>\$3,204,274</b>	<b>\$3,204,274</b>
	Column A	Column B	Column C	Column D	Column E	Column F

**Indirect Cost Rate Calculation:**

$$\begin{aligned}
 \text{Rate} &= \text{Total Overhead Cost} / \text{Total Direct Service Costs} \\
 &= \text{Column E} / \text{Column D} \\
 &= 0.12106035959 = 12.106035959\%
 \end{aligned}$$

**Indirect Cost Charges to Enterprise Funds Programs**

<u>Program</u>	<u>Direct Cost</u>	<u>Indirect Charge Calculation</u>
Cemetery	\$260,804	\$32,829
Sewer	\$1,750,205	\$220,307
Golf	\$170,062	\$21,407
<b>Total</b>	<b>\$2,181,071</b>	<b>\$274,543</b>

### General Fund Revenues and Background

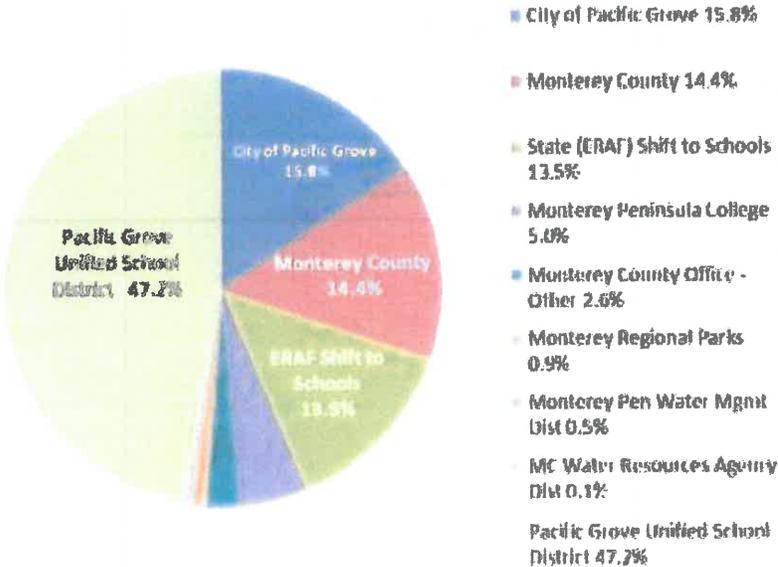
Fiscal Year 2017-18 General Fund estimated revenues are forecast at \$22,051,000, which is \$591,000 or 2.75% higher than estimated revenues for FY 2016-17. Approximately 70% of General Fund revenues come from three sources: property taxes, transient occupancy tax, and sales taxes. This section provides 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 30% of total FY 2017-18 projected revenues, or \$6,573,000.

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 allowed the State legislature to apportion 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 which transferred millions of dollars in City property taxes to the schools. To deal with the State's fiscal crisis in FY 2003-04, 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 adjustments to historically local revenues. Now, 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 must be repaid. These provisions reduce the City's revenue uncertainty.

Property tax revenues are projected to total \$6,573,000 in FY 2017-18. This projection is partially 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 sales tax from the Bradley-Burns 1% statutory sales tax rate and from Measure U, the 1% Transactions and Use Tax which was approved by voters in 2008. The City's overall sales and use tax rate went from 8.5% to 8.625% effective April 1, 2015 when the Monterey-Salinas Transit implemented a .125% Transaction and Use Tax countywide and on April 1, 2017 the sales tax rate was further increased by .375% after an additional countywide Transaction and Use Tax was implemented by voters on behalf of the Transportation Agency for Monterey County. As of April 1, 2017, the combined sales tax rate effective in Pacific Grove is 8.75%.

The countywide sales tax implemented by Monterey Salinas Transport (MST) in 2015 is designed to finance services for seniors, veterans, and individuals with disabilities. The most recent tax increase on behalf of the Transportation Agency for Monterey County (TAMC) will be used by TAMC to fund a variety of local and regional transportation projects. Additional funding for transit and transportation projects comes from a longstanding .25% sales tax levy imposed by the state.

Combined, sales and use tax is the City's third-largest revenue source and comprise 19% of FY 2016-17 projected General Fund revenues.

**Forecast.** FY 2017-18 revenues from the statutory sales tax is projected to total \$3,460,000.

**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 a \$5 million in FY 2016-17. In April 2016, the Council modified the ordinance and established a tiered license rate structure, placed a cap of 250 on type A licenses, and established density restrictions on licenses in R-1 and R-2 zoning districts. It is unknown at this time what the impact of the ordinance may have on residential TOT.

**General Fund 5-Year Revenue Forecast**

	2015-16 Actual	2016-17 Estimate	FY 2017-18 Projection	FY 2018-19 Projection	FY 2019-20 Projection	FY 2020-21 Projection	FY 2021-22 Projection
<b>REVENUES AND TRANSFERS IN</b>							
Property Tax	6,107,498	6,382,000	6,573,000	6,770,000	6,973,000	7,182,000	7,397,000
Transient Occupancy Tax	4,875,922	5,022,000	5,173,000	5,328,000	5,488,000	5,653,000	5,823,000
Sales and Use Tax - Taxes	3,325,809	3,392,000	3,460,000	3,529,000	3,600,000	3,672,000	3,745,000
Utility User Taxes	1,594,143	1,626,000	1,675,000	1,725,000	1,777,000	1,830,000	1,885,000
Franchise Taxes	995,540	1,005,000	1,015,000	1,025,000	1,035,000	1,045,000	1,055,000
Business License Tax	313,057	322,000	332,000	342,000	352,000	363,000	374,000
Other Taxes	146,945	151,000	156,000	161,000	166,000	171,000	176,000
Intergovernmental Revenues	229,671	237,000	244,000	251,000	259,000	267,000	275,000
License, Permits & Impact Fees	481,304	496,000	511,000	526,000	542,000	558,000	575,000
Fines & Forfeitures	127,740	132,000	136,000	140,000	144,000	148,000	152,000
Charges for services	1,367,494	1,409,000	1,451,000	1,495,000	1,540,000	1,586,000	1,634,000
Interest, Rents & Concessions	355,293	366,000	377,000	388,000	400,000	412,000	424,000
Other Revenues	893,646	920,000	948,000	976,000	1,005,000	1,035,000	1,066,000
<b>Revenues and Transfers Total</b>	<b>20,814,062</b>	<b>21,460,000</b>	<b>22,051,000</b>	<b>22,656,000</b>	<b>23,281,000</b>	<b>23,922,000</b>	<b>24,581,000</b>

FY 2017-18 AUTHORIZED STAFFING							
GENERAL FUND AUTHORIZED STAFFING							
City Council	Dept	Division	Positions	Position #	FTE 2015-16 FTE%	FTE 2016-17 FTE%	FTE 2017-18 FTE%
<b>City Council</b>							
<b>Part-time</b>							
	10	101					
			COUNCIL MEMBER	002-000	3.00	3.00	3.00
			MAYOR	001-001	0.50	0.50	0.50
			<b>TOTAL CITY COUNCIL</b>		<b>3.50</b>	<b>3.50</b>	<b>3.50</b>
			<b>TOTAL</b>		<b>3.50</b>	<b>3.50</b>	<b>3.50</b>
<b>City Manager/Human Resources/City Clerk</b>							
<b>Full-time</b>							
	12	121	CITY MANAGER	301	1.00	1.00	1.00
			HUMAN RESOURCES MANAGER	210	1.00	1.00	1.00
			CITY CLERK	243	1.00	1.00	1.00
			MANAGEMENT ANALYST	208	0.00	0.25	0.25
			ADMINISTRATIVE TECHNICIAN	170	1.00	1.00	1.00
			RECREATION COORDINATOR	118	0.00	0.25	0.00
			<b>TOTAL MANAGER-FULL TIME</b>		<b>4.00</b>	<b>4.50</b>	<b>4.25</b>
<b>Part-time</b>							
	12	121	INTERN III		0.00	0.00	0.00
			VOLUNTEER COORDINATOR		0.00	0.00	0.50
			<b>TOTAL MANAGER PART-TIME</b>		<b>0.00</b>	<b>0.00</b>	<b>0.50</b>
			<b>TOTAL</b>		<b>4.00</b>	<b>4.50</b>	<b>4.75</b>
<b>Finance/Risk Management</b>							
<b>Full-time</b>							
	13	131	ADMINISTRATIVE SERVICES DIRECTOR	304	0.00	0.00	0.75
			FINANCE DIRECTOR	256	1.00	1.00	0.00
			FINANCE ANALYST/SENIOR CHIEF ACCOUNTANT		1.00	0.00	0.00
			PROGRAM MANAGER	219	0.00	0.00	1.00
			MANAGEMENT ANALYST	208	1.00	1.75	1.75
			ACCOUNTING ASSISTANT SENIOR	125	1.00	1.00	0.00
			ACCOUNTING ASSISTANT	120	1.00	0.00	0.00
			ASSISTANT FINANCE MANAGER	216	0.20	0.20	0.00
			RISK MANAGER		0.00	0.00	0.15
			ADMINISTRATIVE TECHNICIAN	170	0.00	0.00	0.75
			ACCOUNTANT	124	0.75	0.75	0.75
			<b>TOTAL FINANCE FULL-TIME</b>		<b>5.95</b>	<b>4.70</b>	<b>5.15</b>
<b>Part-time</b>							
	13	131	OFFICE ASSISTANT	104	0.50	0.50	0.50
			ADMINISTRATIVE TECHNICIAN	170	0.00	0.50	0.00
			<b>TOTAL FINANCE PART-TIME</b>		<b>0.50</b>	<b>1.00</b>	<b>0.50</b>
			<b>TOTAL</b>		<b>6.45</b>	<b>5.70</b>	<b>5.65</b>
<b>Community Development</b>							
<b>Full-time</b>							
	20	201	COMMUNITY & ECONOMIC DEVELOPMENT DIRECTOR	168	1.00	1.00	1.00
			PRINCIPAL PLANNER		0.00	0.00	1.00
			CODE COMPLIANCE OFFICER	164	0.00	1.00	1.00
			ASSOCIATE PLANNER	168	1.00	1.00	2.00
			ASSISTANT PLANNER	165	1.00	1.00	0.00
			SENIOR PLANNER	169	0.90	0.90	0.00
			ADMINISTRATIVE TECHNICIAN	170	1.50	1.75	1.50
			HOUSING PROGRAM COORDINATOR	169	0.50	0.50	0.00
			PROGRAM MANAGER	219	0.00	0.00	0.50
	20	204	HOUSING PROGRAM COORDINATOR	169	0.50	0.50	0.00
			PROGRAM MANAGER	219	0.00	0.00	0.50
			<b>TOTAL COMMUNITY DEVELOPMENT FULL-TIME</b>		<b>6.40</b>	<b>7.65</b>	<b>7.50</b>
<b>Part-time</b>							
	20	204	HOUSING REHABILITATION INSPECTOR	71	0.50	0.50	0.50
			ADMINISTRATIVE TECHNICIAN	170	0.50	0.00	0.00
			INTERN III	66	0.50	0.00	0.00
			<b>TOTAL COMMUNITY DEVELOPMENT PART-TIME</b>		<b>1.50</b>	<b>0.50</b>	<b>0.50</b>
			<b>TOTAL</b>		<b>7.90</b>	<b>8.15</b>	<b>8.00</b>
<b>Police Department</b>							
<b>Full-time</b>							
	30	301	POLICE CHIEF	602	0.00	1.00	1.00
			POLICE COMMANDER	601	1.00	1.00	1.00
			POLICE ADMINISTRATIVE SERVICES MANAGER	201	1.00	1.00	1.00

			POLICE SERGEANT	524	4.00	4.00	4.00
			POLICE CORPORAL	520	4.00	4.00	0.00
			POLICE OFFICER	516	10.30	11.30	15.30
			RECORDS SUPERVISOR	514	1.00	1.00	1.00
			PARKING ENFORCEMENT OFFICER/CSO	506	2.00	2.00	2.00
			ANIMAL CONTROL OFFICER	505	1.00	1.00	1.00
			POLICE SERVICES TECHNICIAN	508	5.00	5.00	5.00
			<b>TOTAL POLICE DEPARTMENT FULL-TIME</b>		<b>29.90</b>	<b>31.90</b>	<b>31.30</b>
	<b>Part-time</b>						
	30	301	POLICE RESERVE OFFICER	65	3.00	3.00	0.50
			ADMINISTRATIVE TECHNICIAN	229	0.00	0.00	0.50
			PROGRAM MANAGER	219	0.50	0.50	0.75
			CROSSING GUARD	40	0.50	0.50	0.50
			POLICE SERVICES TECHNICIAN	504	0.00	0.50	0.00
			<b>TOTAL POLICE DEPARTMENT PART-TIME</b>		<b>4.00</b>	<b>4.50</b>	<b>2.25</b>
			<b>TOTAL</b>		<b>33.90</b>	<b>35.80</b>	<b>33.55</b>
			<b>Library</b>				
	<b>Full-time</b>						
	40	401	LIBRARY DIRECTOR	217	0.00	0.00	1.00
			LIBRARY & INFO SERVICES DIRECTOR	213	0.75	0.75	0.00
			LIBRARIAN	208	1.75	1.75	1.75
			ADMINISTRATIVE TECHNICIAN	170	0.75	0.75	0.75
			LIBRARY TECHNICIAN	123	1.00	0.75	0.75
			SENIOR LIBRARY ASSISTANT	144	2.00	2.00	2.00
			<b>TOTAL LIBRARY FULL-TIME</b>		<b>6.25</b>	<b>6.00</b>	<b>6.25</b>
	<b>Part-time</b>						
	40	401	LIBRARIAN	208	3.00	3.00	3.00
			LIBRARY CLERK	199	2.75	2.75	2.75
			<b>TOTAL LIBRARY PART-TIME</b>		<b>5.75</b>	<b>5.75</b>	<b>5.75</b>
			<b>TOTAL</b>		<b>12.00</b>	<b>11.75</b>	<b>12.00</b>
			<b>Information Services</b>				
	<b>Full-time</b>	133	LIBRARY & INFO SERVICES DIRECTOR	213	0.25	0.25	0.00
			ADMINISTRATIVE SERVICES DIRECTOR	304	0.00	0.00	0.25
			ADMINISTRATIVE TECHNICIAN	170	0.25	0.25	0.25
			<b>TOTAL INFORMATION SERVICES FULL-TIME</b>		<b>0.50</b>	<b>0.50</b>	<b>0.50</b>
			<b>TOTAL</b>		<b>0.50</b>	<b>0.50</b>	<b>0.50</b>
			<b>Recreation</b>				
	<b>Full-time</b>						
	42	421	RECREATION				
			PUBLIC WORKS DIRECTOR		0.20	0.20	0.20
			RECREATION COORDINATOR, SENIOR	217	1.00	1.00	1.00
			ADMINISTRATIVE TECHNICIAN	170	0.20	0.20	0.00
			MANAGEMENT ANALYST	208	0.00	0.00	0.20
			RECREATION COORDINATOR	118	0.75	0.75	1.00
			<b>TOTAL RECREATION FULL-TIME</b>		<b>2.15</b>	<b>2.15</b>	<b>2.40</b>
	<b>Part-time</b>						
		421	RECREATION ASSISTANT II	51	4.25	4.25	4.50
			RECREATION ASSISTANT I	10	6.00	6.00	6.00
			MAINTENANCE WORKER	132	0.50	0.50	0.00
			RECREATION COORDINATOR	118	0.25	0.25	0.50
			PRE-SCHOOL MANAGER	62	0.50	0.50	0.50
			<b>TOTAL RECREATION PART-TIME</b>		<b>11.50</b>	<b>11.50</b>	<b>11.50</b>
			<b>TOTAL</b>		<b>13.65</b>	<b>13.65</b>	<b>13.90</b>
			<b>Public Works</b>				
	<b>Full-time</b>						
	50	501	PUBLIC WORKS DIRECTOR	207	0.30	0.30	0.30
			CONSTRUCTION PROJECT SUPERVISOR	209	0.00	0.00	0.10
			PROGRAMS MANAGER	219	0.25	0.25	0.25
			ENGINEERING TECHNICIAN	102	1.00	0.10	0.00
			MANAGEMENT ANALYST	208	0.00	0.00	0.40
			ADMINISTRATIVE TECHNICIAN	170	0.40	0.40	0.00
		502	MAINT TECH/SAFETY COORDINATOR	153	0.20	0.20	0.20
			EQUIPMENT MECHANIC	156	2.00	2.00	2.00
		503	MAINTENANCE SUPERVISOR	154	0.50	0.50	0.50
			CONSTRUCTION PROJECT SUPERVISOR	209	0.00	0.00	0.20
			MAINTENANCE WORKER	132	6.05	6.05	7.00
			ENGINEERING TECHNICIAN	102	0.00	0.20	0.00
			PUBLIC WORKS DIRECTOR	207	0.10	0.10	0.10
			MAINT TECH/SAFETY COORDINATOR	153	0.20	0.20	0.20
			MAINTENANCE WORKER, SENIOR	146	0.80	0.95	0.95
		505	MAINTENANCE SUPERVISOR	154	0.70	0.80	0.40
			ENVIRONMENTAL PROGRAM MANAGER	219	0.00	0.00	0.25
			CONSTRUCTION PROJECT SUPERVISOR	209	0.00	0.00	0.20
			MAINT TECH/SAFETY COORDINATOR	153	0.20	0.20	0.20

		ENGINEERING TECHNICIAN	102	0.00	0.20	0.00
		MAINTENANCE WORKER	132	3.35	2.30	2.70
		PUBLIC WORKS DIRECTOR	207	0.00	0.05	0.05
		<b>PUBLIC WORKS FULL-TIME</b>		<b>16.05</b>	<b>14.80</b>	<b>16.00</b>
<b>Part-time</b>						
	501	LIGHTHOUSE DOCENT COORDINATOR	50	0.50	0.50	0.50
		INTERN III	66	0.50	0.50	0.00
		MAINTENANCE WORKER	132	0.50	0.50	0.00
		CUSTODIAN	115	1.50	1.50	0.00
	503	MAINTENANCE WORKER	132	0.00	0.00	1.00
		CUSTODIAN	115	0.00	0.00	1.50
		<b>TOTAL PUBLIC WORKS PART-TIME</b>		<b>3.00</b>	<b>3.00</b>	<b>3.00</b>
		<b>TOTAL</b>		<b>19.05</b>	<b>17.80</b>	<b>19.00</b>
<b>OUTSIDE FUND AUTHOURIZED STAFFING</b>						
<b>Gas Tax</b>						
<b>Full-time</b>						
	18	508	MAINTENANCE SUPERVISOR	154	0.00	0.30
			ENGINEERING TECHNICIAN	102	0.00	0.20
			MAINTENANCE WORKER	132	0.00	1.05
			<b>TOTAL GAS TAX FULL-TIME</b>		<b>0.00</b>	<b>1.55</b>
			<b>TOTAL</b>		<b>0.00</b>	<b>1.55</b>
<b>Storm Water Runoff</b>						
		512	PUBLIC WORKS DIRECTOR		0.05	0.00
			ENVIRONMENTAL PROGRAMS MANAGER	219	0.23	0.00
			<b>TOTAL STORM WATER RUNOFF FULL-TIME</b>		<b>0.28</b>	<b>0.00</b>
<b>Part-time</b>						
		512	ASSISTANT PLANNER	165	0.35	0.00
			<b>TOTAL STORM WATER RUNOFF PART-TIME</b>		<b>0.35</b>	<b>0.00</b>
			<b>TOTAL</b>		<b>0.63</b>	<b>0.00</b>
<b>Forestry</b>						
	01	513	ADMINISTRATIVE TECHNICIAN	170	0.00	0.00
			<b>TOTAL FORESTY FULL-TIME</b>		<b>0.00</b>	<b>0.25</b>
			<b>TOTAL</b>			<b>0.25</b>
<b>Cemetery</b>						
<b>Full-time</b>						
	60	601	MAINTENANCE WORKER	132	0.75	0.75
			MAINTENANCE SUPERVISOR	154	0.00	0.00
			ASSISTANT FINANCE MANAGER	216	0.20	0.20
			RISK MANAGER		0.00	0.00
			<b>TOTAL CEMETERY FULL-TIME</b>		<b>0.95</b>	<b>0.95</b>
<b>Part-time</b>						
			CEMETERY OFFICE ASSISTANT	136	0.50	0.50
			<b>TOTAL CEMETERY PART-TIME</b>		<b>0.50</b>	<b>1.00</b>
			<b>TOTAL</b>		<b>1.45</b>	<b>2.05</b>
<b>Sewer</b>						
<b>Full-time</b>						
	76	611	PROGRAMS MANAGER	217	0.50	0.75
			CONSTRUCTION PROJECT SUPERVISOR		0.00	0.00
			ADMINISTRATIVE TECHNICIAN	170	0.40	0.40
			MANAGEMENT ANALYST	208	0.00	0.00
			MAINTENANCE SUPERVISOR	154	1.60	1.30
			MAINTENANCE WORKER	132	0.25	0.25
			ENGINEERING TECHNICIAN	102	0.00	0.30
			PUBLIC WORKS DIRECTOR	207	0.35	0.35
			MAINTENANCE WORKER, SENIOR	146	0.05	0.05
			MAINT TECH/SAFETY COORDINATOR	153	0.40	0.40
			<b>TOTAL SEWER FULL-TIME</b>		<b>5.55</b>	<b>5.05</b>
<b>Part-time</b>						
		611	MAINTENANCE WORKER	132	0.50	0.50
		613	ASSISTANT PLANNER	165	0.25	0.50
			<b>TOTAL SEWER PART-TIME</b>		<b>0.75</b>	<b>1.00</b>
			<b>TOTAL</b>		<b>4.30</b>	<b>4.80</b>
<b>Yount</b>						
<b>Full-time</b>						
		510	MAINTENANCE WORKER	132	0.20	0.20
			MAINTENANCE WORKER, SENIOR	146	0.20	0.20
			<b>TOTAL YOUNT FULL-TIME</b>		<b>0.40</b>	<b>0.40</b>
<b>SLESF Police Officer</b>						
<b>Full-time</b>						
		304	POLICE OFFICER SLEFS	516	0.70	0.70
			<b>TOTAL SLESF FULL-TIME</b>		<b>0.70</b>	<b>0.70</b>
			<b>TOTAL</b>		<b>0.70</b>	<b>0.70</b>
<b>Poetry</b>						

APPENDIX D

<b>Part-time</b>							
	40	405	LIBRARIAN	208	0.00	0.25	0.00
			<b>TOTAL POETRY PART-TIME</b>		<b>0.00</b>	<b>0.25</b>	<b>0.00</b>
			<b>TOTAL</b>		<b>0.00</b>	<b>0.25</b>	<b>0.00</b>
<b>Workers Comp</b>							
<b>Full-time</b>							
	70	701					
			ASSISTANT FINANCE MANAGER	216	0.00	0.00	0.00
			RISK MANAGER		0.00	0.00	0.40
			<b>TOTAL WORKERS COMP FULL-TIME</b>		<b>0.00</b>	<b>0.00</b>	<b>0.40</b>
			<b>TOTAL</b>				<b>0.40</b>
<b>Risk Management</b>							
<b>Full-time</b>							
	70	702					
			ASSISTANT FINANCE MANAGER	216	0.00	0.00	0.00
			RISK MANAGER		0.00	0.00	0.40
			<b>TOTAL RISK MANAGEMENT FULL-TIME</b>		<b>0.00</b>	<b>0.00</b>	<b>0.40</b>
			<b>TOTAL</b>				<b>0.40</b>
			<b>TOTAL FULL-TIME EMPLOYEES</b>		<b>76.48</b>	<b>79.00</b>	<b>82.75</b>
			<b>TOTAL PART-TIME EMPLOYEES</b>		<b>31.35</b>	<b>31.50</b>	<b>28.50</b>
			<b>GRAND TOTAL ALL DEPARTMENTS</b>		<b>107.83</b>	<b>110.50</b>	<b>111.25</b>

### **Budgetary and Financial Policies**

The annual budget is the City's statement of financial 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.

### **Budget and Financial Management – Council Policy Number 400-6**

#### **Budget Process**

Budget management occurs year-round, with ongoing City Council direction and public input. In addition to formal updates on the budget and fiscal forecast, staff provides periodic updates on revenues and expenditures.

The City uses a five-year fiscal planning horizon, in which the annual budget is the first year of the forecast. The forecast is a tool that helps decision-makers identify important trends and understand long-term consequences of budget decisions. Importantly, the forecast is not a budget and does not represent a plan. It is a model based on cost and revenue assumptions that is updated continuously. Since the degree of revenue uncertainty increases with each successive year of the forecast (i.e., we can place much more confidence in projections for the first year of the forecast period than for the last, the forecast is a more viable framework for decision-making in the near-term, and only suggests relative financial health based on stated economic assumptions in the later years.

The annual budget process begins in January or February with City Council discussion of goals for the following year. At this meeting, staff presents an update of the current year budget and five-year fiscal forecast, as well as estimates of revenues for the following year and baseline expenditure assumptions. Baseline expenditures include existing staffing levels and other costs required to continue current service levels. At this meeting, the City Council provides direction to staff on the goals for the following budget year and five-year forecast, which include both goals for services and capital projects as well as the amount of additional funding or expenditure reduction required to achieve the goals.

Based on this direction, the City Manager distributes budget instructions and baseline staffing cost information to department managers for developing the budget. Subsequently, the City Manager and Finance Director work with program managers to develop the budget consistent with Council goals.

In February and March, the City Council reviews evolving revenue information and expenditure assumptions and determines the process for City Council consideration of the budget.

The City Manager finalizes the recommended budget and presents it to the City Council in May. After public input and discussion at this meeting, the City Council either directs modifications to

the budget or introduces an ordinance adopting the budget. At the second reading of the ordinance at a subsequent regular City Council meeting, the budget is adopted and effective July 1<sup>st</sup> of the fiscal year.

### **Fiscal Forecast**

- Staff shall maintain a five-year General Fund fiscal forecast to include revenues, expenditures, as well as the net results of operations and the beginning and ending fund balances for each year of the forecast.

### **Operating Budget**

- The City Council shall adopt an annual operating budget, pursuant to Article 29 of the City Charter, prior to the start of the fiscal year.
- Revenue projections for a given year shall include a contingency reserve of 1%, either positive or negative, depending on the general direction of the economy. The need for such a contingency can be re-evaluated after January 1 of the budget year.
- Subject to exception for specific circumstances, the City Manager's recommended budget shall include an expenditure contingency in the General Fund equal to 1%, which may only be spent on projects required to advance City Council goals, expressed either explicitly or through the City Council's work plan.
- The operating budget shall include ongoing operating revenues sufficient to fund ongoing operating expenditures. Reserves may be used as a resource to fund operations, with City Council acknowledgement of such use and a plan for re-establishing operations within annual anticipated revenues.
- The budget shall provide for adequate maintenance and the orderly replacement of fixed assets and equipment.
- Each October, staff shall present a report to the City Council estimating the year-end results for the preceding fiscal year. This report shall compare unaudited actual figures with budgeted and the most recently estimated actual figures.
- Appropriations are approved at the fund level, and in the case of the General Fund, at the department or program level. All amendments to the budget at these levels may be approved only by the City Council.
- For budget purposes, programs and departments are defined as follows:
  - City Council
  - Legal Services
  - City Manager/Human Resources/City Clerk
  - Finance
  - Information Systems
  - Community and Economic Development
  - Police and Disaster Preparedness
  - Fire and Emergency Medical Services
  - Library
  - Museum
  - Recreation
  - Public Works

The City Manager shall have authority to transfer funds within a given fund and between department appropriations to ensure that programmatic budgets may adapt throughout the year to evolving circumstances. Departmental appropriations in the 5100 series of the chart of accounts (salary and benefits) that reflect salary and benefit savings, may not be used to offset expenditures in the 5200 series of account codes (services and supplies) or the 6000 series of account codes (capital expense) without the express, written approval of the City Manager. These changes shall have no negative effect on the given fund or the General Fund.

### **Capital Projects**

The City shall adopt a five-year capital improvement and maintenance plan, with the first year of the plan to be appropriated as part of the operating budget. The purpose of the plan is to identify and prioritize capital project needs.

The budget shall also include capital expenditures; where possible, such capital expenditures will be funded with non-recurring revenues or grants.

At least the first two years of the plan shall be fully funded, with funding shortfalls and challenges clearly identified in remaining years.

A Capital Improvement is defined as property, plant, or improvements having a useful life of two or more years and a total amortized acquisition and maintenance cost of \$2,500 or more. All estimated construction, maintenance, and operating costs and potential funding sources for each proposed capital improvement shall be identified.

The City shall finance only those capital improvements consistent with the adopted capital improvement plan and City priorities. All capital improvement operating and maintenance costs shall be included in the fiscal forecast.

### **Basis of Accounting**

Financial statements are prepared in accordance with General Accepted Accounting Principles and all relevant Pronouncements promulgated by the Governmental Accounting Standards Board (GASB). All governmental fund types are accounted for using the modified accrual basis of accounting. Their 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 shall 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**

The basis of budgeting is the same as the basis of accounting.

## **Treasury and Cash Management**

The City shall manage the treasury in compliance with California Government Code Section 53600 and City Council Policy 400-5, which requires quarterly Treasurer's Reports to the City Council, reconsideration of Policy 400-5 by the Council at least once every two years, and selection of investments based on considerations of safety, liquidity, and yield, in order of decreasing priority.

In circumstances where short-term borrowing (i.e., fewer than 12 months) is required to mitigate the effects of uneven revenue disbursements from the state and ensure expenditure cash-flow demands may be met, the following options shall be considered, with the ultimate course of action dependent on the least cost, greatest security for the City, and administrative efficiency:

- Tax and Revenue Anticipation Notes (TRAN)
- Treasury Loan from Monterey County
- Inter-fund loans
- Commercial line of credit.

Should inter-fund loans be selected as a cash-flow strategy, the following conditions shall apply:

- City Council approval required for all loans;
- Duration of less than 12 months with the loan and repayment occurring within the same fiscal year;
- Fixed loan term (i.e., specific number of months with repayment date);
- Borrowing fund must pay interest at level to result in no loss of interest revenue to the lending fund;
- Specific revenue pledged to repay the loan based on realistic expectations for receipt;
- Funds in the lending fund must not be needed for operations during the period of the loan; and
- Loans must not be made from grant funds or other funds enabled by State or Federal legislation.

The City Council shall receive real-time reports of warrants drawn on the City Treasury.

## **Reserves**

Reserves are established to ensure that sufficient resources shall be maintained in specified funds in amounts sufficient to manage reasonable risks, meet unanticipated needs, capitalize on opportunities, and provide for reasonable contingencies. Further, reserve balances shall be categorized and prioritized in accordance with GASB Statement #54 (GASB 54).

- In the City of Pacific Grove, "operating reserve" is equivalent to portions of the accumulated fund balance that are classified as either committed, assigned, or unassigned, per GASB 54.

- The order in which spendable reserves may be used is prioritized as follows: restricted, committed, assigned, and then unassigned, per GASB 54. Council action is required to increase, decrease, eliminate or reclassify amounts reported in each category.
- Use of reserves must be authorized in advance by the City Council.
- If reserves are expended for their intended use, the City Council shall prioritize restoration of reserves to levels established by policy before allocating resources to fund new or improved services.
- **General Fund.** The City establishes a target reserve level of 10% of the General Fund annual operating budget, and shall maintain reserves of at least 10%, unless otherwise approved by the City Council for specific purposes. The 10% reflects the following components:
  - Emergency financial need (e.g., capital repair, natural disaster)
  - Economic contingency (to mitigate sudden service and staffing cuts in response to economic shocks and downturns)
  - Economic opportunity (to leverage public resources for public investment opportunities, e.g., downtown property)
  - One-time opportunities to invest in assets (e.g., an expanded Library), as an alternative to debt financing
- **Golf Fund.** The purpose of the Golf Fund is to enable operation of the golf course as an enterprise without operating subsidies from the General Fund, unless deliberately authorized. The City establishes a target reserve level of 25% of revenues of the Golf Fund, as of June 30<sup>th</sup> of two fiscal years prior, to be used for capital improvements, cash management, and emergency protection. Given the vulnerability of the golf business to recession, 20% of the 25% would be retained for use in mitigating the effects of unexpected revenue downturns, and 5% would be available retained for emergency repairs or other emergencies.
- **Sewer Fund.** The Sewer Fund shall maintain a reserve of at least \$500,000.
- **Workers Compensation Fund:** The Workers Compensation Fund shall maintain a balance of current assets equal to 67% of total liabilities, or higher, should actuarial analysis conclude an imminent risk to the City for unanticipated losses.
- **Liability Insurance Reserve:** The Liability Insurance Reserve shall maintain a balance of at least \$300,000 in current assets, which is equivalent to the maximum amount the City would be required to pay in the event of two catastrophic losses in a single year (City's Self-Insured Retention Limit is currently \$150,000 per claim).

### **Debt Management**

- Long-term borrowing shall be restricted to the purpose of funding capital improvement projects and equipment. The use of long-term borrowing for ongoing operations shall be avoided.

- The term of the debt shall not exceed the expected useful life of the object of the financing.
- Debt obligations shall be prioritized in the budget process and payments shall be made in a timely and efficient manner.
- Refunding techniques shall be employed where appropriate, and with all due City Council approval, to allow for restructuring of outstanding debt to remove or change restrictive covenants, and/or to reduce annual debt service in an amount sufficient to justify the costs related to restructuring the debt.
- Total debt in any fund shall not exceed prudent levels.

### **Property Acquisition and Disposition**

- 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 that are unused, under-utilized, economically not viable, or that were acquired for an outdated plan or purpose.

### **Annual Audit**

The City of Pacific Grove shall undertake an annual independent audit.

- The City's Comprehensive Annual Financial Report (CAFR) including accompanying schedules and notes shall be completed no later than December 31 of each contract year.
- All funds of the City shall be audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller of the United States.
- The form of the CAFR shall be compliant with the requirements of the Government Finance Officers Association (GFOA) Certificate Program and will include the independent auditor's opinion on the Government-Wide Financial Statements and Fund Financial Statements.
- A separate "management letter" shall be published that includes recommendations for improvements in internal control, accounting procedures and other significant observations.

### **Capital Policy**

All assets, including land, buildings, machinery and equipment, with an original cost in excess of \$5,000 and a useful life of three years or more will be subject to capitalization.

- The capitalization threshold is applied to individual units of fixed assets. For example, ten chairs purchased via a single order, each costing \$600 will not qualify for capitalization although the total cost of \$6,000 exceeds the threshold of \$5,000.
- Repair costs for fixed assets will be subject to capitalization when the repair extends the useful life of the related fixed asset.
- Useful Life Schedule

Description	Useful Life In Years
Buildings	100 Years
Machinery and equipment	5 Years
Furniture and fixtures	5 Years
Improvements other than buildings	3 Years
Sidewalks, curb, gutters, and streets	20-50 Years
Traffic signals	15 Years
Street signs	15 Years
Storm drains	20-50 Years
Park equipment	10-50 Years

- For construction in progress, no depreciation is recorded until the asset is placed in service. When construction is completed, the asset shall be reclassified as building, building improvement, land improvement, or equipment and should be capitalized and depreciated.
- The City shall use the straight-line method for depreciating all fixed assets (the basis of the asset is written off evenly over the useful life of the asset). Depreciation shall begin in the month the asset is placed in service.
- All computer and computer related equipment will be recorded and controlled as inventory and not depreciated. Constant changes in technology, software demands, and system configurations cause this asset class to be obsolete before it reaches its useful life.

#### **Donated Assets**

Fixed assets acquired by gift, donation or payment of a nominal sum not reflective of the asset's market value shall be assigned cost equal to the fair market value at the time of receipt.

Adopted: Resolution 11-086 (Adopted November 2, 2011)

Amended: Resolution 14-063 (Amended October 1, 2014)

Amended: Resolution 15-055 (Amended October 21, 2015)

Amended: Resolution 16-XXX (Amended September 7, 2016)

### 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 Pacific Grove 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.

**CITY OF PACIFIC GROVE**

**RECREATION  
CASH REPORT**

DATE **6/16/2017**

ACCOUNT	REG CODE	DESCRIPTION	RECEIPT AMOUNT
01-4670	REC RENT	FACILITY / PARK RENTALS	
01-420	SOUNDPER	SOUND PERMIT	
01-214	REC-DEPOS	REFUNDABLE - DAMAGE DEPOSIT	
01-4463	REC-CAMP	YOUTH CENTER CAMPS	
<b>01-4468</b>	<b>REC-POOL</b>	<b>LOVERS POINT POOL ie lessons, rent and rec swim</b>	<b>\$1,030.00</b>
01-4467	REC-SCHL	PRESCHOOL	
01-4466	YC-FEES	Youth Center - ATTENDNACE FEES	
01-4466	YC-FEES	Youth Center - SNACK BAR	
01-4466	YC-FEES	Youth Center - MEMBERSHIP FEE	
01-4462	REC-PRGM	RECREATION PROGRAMS (dance, yoga,tia chi)	
25-4601	YC-DON	Youth Center - DONATIONS AND FUND RAISERS	
01-232	RECRDEF	PAYMENTS FOR PRIOR FISCAL YEAR	
26-4603	CH-DON	CHAUTAUQUA HALL PERSERVATION FUND	
01-4465	Special Event	Special Event FEE	
	CRDT - FEE	Credit Card - CONVIENENCE FEE	
<b>TOTAL RECEIPTS</b>			<b>\$1,030.00</b>

CHECKS		
CASH	1,030.00	
CREDIT CARDS		
<b>TOTAL RECEIPT</b>	<b>\$1,030.00</b>	
<b>NOTE:</b>		
		Recreation Deposit
Lovers Point Pool		
		Recreation Swim Gate Revenue
Friday, June 16		
	5.00	\$220 - 44 paid swimmers
		Saturday, June 17
	40.00	\$210 - 42 paid swimmers
	5.00	
	215.00	
	10.00	
	30.00	
	20.00	Sunday, June 18
	640.00	\$600 - 120 paid swimmers
	100.00	(daily gate tags included)
<b>TOTAL CASH</b>	<b>\$1,030.00</b>	

2017		L.P. Swim										as of 5/26/2017	
SESSION II		(Monday-Thurs) June 19th-29											
A - Parent / Tot (age 1+)		10:15 - 10:45 am											
	Last name	First	M/F	Age	GR	Home #	Work #	Cell #	Emergency #	Parents			
1	Barschig	Van	M	2.5		(310) 283-0984			(510) 610-1469	Krystal Barschig/ EC Scott Barschig			
2	Plosser	Grace	F	1.5		(310) 213-9522				Jennifer Plosser			
3	Nantz	Jameson	M	1		(831) 737-0021			(831) 737-0021	Courtney Nantz			
4	Keating	Sophie	F	1		(831) 238-4341			(831) 238-6555	Gina/ Jeff Keating			
5	Martin	Rose	F	1						Chelsea			
6	Martin	Scarlett	F	1									
7	Lyman	Marshall	M	2		(415) 218-8489			(415) 596-8506	Erin Lyman/ Chris Lyman			
8	Moeykens	Pepper	F	1		603-568-8175			727-282-7086	Justin Moeykens (Father)			
9													
10													

SESSION II		( Monday-Thurs) June 19th-29									
B - Progressive (age 3+)		10:50 - 11:20 am									
Last name	First	M/F	Age	GR	Home #	Work #	Cell #	Emergency #	Parents		
1 Pacheco	Wyatt	M	3	PK	(831) 917-0886			(559) 901-6309	Amber/ Ryan Pacheco		
2 Pacheco	Rylie	F	6	1	(831) 917-0886			(559) 901-6309	Amber/ Ryan Pacheco		
3 Jones	Tatum	F	6	1	(831) 238-5033	(831) 262-2361		(831) 262-2361	Sally/ Kenneth Jones		
4 Jones	Penelope	F	3	PK	(831) 238-5033	(831) 262-2361		(831) 262-2361	Sally/ Kenneth Jones		
5 Blakeley	Sean	M	5	K	(415) 351-8406	(619) 819-8574		(415) 351-8406	Ashley Gamble		
6 Blakeley	James	M	3		(415) 351-8406	(619) 819-8574		(415) 351-8406	Ashley Gamble		
7 Bitter	Callahan	M	5		(831) 521-8878			(831) 372-8889	Kate Bitter/ EC Rick & Cindy Bitter		
8 Bitter	Ryan	M	3		(831) 521-8878			(831) 372-8889	Kate Bitter/ EC Rick & Cindy Bitter		
9 Nantz	Finley	F	3		(831) 737-0021			(831) 737-0021	Courtney Nantz		
10 Kohler	Cannon	M	4		(831) 582-7976			(831) 582-7976	Brianna Kohler		
11 Neff	Atticus	M	4		(831) 920-8189			(831) 920-8190	Nathan/ Arianna Neff		
12 Goldbeck	William	M	5	K	372 - 2615				Kyle / Susan		
13 Bird	Logan	M	3		(503) 789-7697			(831) 521-4950	Shanna Bird/ EC Toy Lord		
14 Chesshire	Leah	F	6	1		601 - 4130			Rosie		

SESSION II C - FAMILY SWIM										
( Monday-Thurs) June 19th-29										
11:25 - 11:55 am										
	Last name	First	M/F	Age	GR	Home #	Work #	Cell #	Emergency #	Parents
1	Bitter	Brynn	F	1		(831) 521-8678			(831) 372-8889	Kate Bitter/ EC Rick & Cindy Bitter
2	Bitter	Ryan	M	3		(831) 521-8678			(831) 372-8889	Kate Bitter/ EC Rick & Cindy Bitter
3	Bitter	Callahan	M	5		(831) 521-8678			(831) 372-8889	Kate Bitter/ EC Rick & Cindy Bitter
4	Ridgley	Emmie	F	2		(831) 251-5831			(831) 818-8055	Alexandra/ Tyler Ridgley
5	Ridgley	Cruz	M	3		(831) 251-5831			(831) 818-8055	Alexandra/ Tyler Ridgley
6	Ramon	Travis	M	3		(831) 277-5916	(831) 753-5670		(831) 206-4201	Megan Ramon/ EC David Ramon
7	Flores	Abigail	F	2		(831) 595-2948	(831) 753-5670		(831) 753-5670	Marcella/ EC Mario Flores
8	Flores	Aaron	M	4	PK	(831) 595-2948	(831) 753-5670		(831) 753-5670	Marcella/ EC Mario Flores
9										
10										
11										

SESSION II ( Monday-Thurs) June 19th-29										
E - Progressive (age 3+)										
12:30 - 1:00 pm										
	Last name	First	M/F	Age	OR	Home #	Work #	Cell #	Emergency #	Parents
1	Marticorena	Mia	F	3		(831) 917-3201			(831) 917-5088	Joanie Marticorena/ EC Edwin Marticorena
2	Gaudette	Elli	F	5	K	(650) 387-0898	(831) 373-7500		(831) 917-5156	Crystal Gaudette/ EC Don Mothershead
3	Gaudette	Abbey	F	3	PK	(650) 387-0898	(831) 373-7500		(831) 917-5156	Crystal Gaudette/ EC Don Mothershead
4	Ortiz	Autin	M	4		(831) 917-1280			(831) 917-1282	Klm Ortiz
5	Ortiz	Kamilla	F	3		(831) 917-1280			(831) 917-1282	Klm Ortiz
6	Spadoni	Farah	F	5	K	(831) 241-2446	(831) 241-2446		(831) 224-2446	Katie/Sam Spadoni
7	Andersen	Hunter	F	3.5		(831) 915-7869			(831) 238-7340	Anna Andersen/ EC Robert Andersen
8	Corcoran	Sawyer	F	5	K	(970) 232-5760			(831) 657-0177	Stephanie/Troy Corcoran
9	Travaille	Noah	M	4	PK		(831) 521-6999		(831) 521-7237	Tracey Travaille/ EC Ryan
10	Rawn	Camryn	F	6	1	(831) 236-5524	(831) 625-4575		(831) 236-5524	Courtney Duncan
11	Montez	Mateo	M	4		(831) 915-8762			(831) 915-8762	Kathryn Pagnella
12	Mayer	Georgia	F	5	K	(831) 747-7136	(831) 747-7121		(831) 277-6302	Elizabeth Mayer/ EC Luciana Morgan
13	Doelman	Gabriel	M	5	K	(831) 521-3361	(831) 622-8100		8312381228	Deborah Neves/EC Erik
14	Mooykens	Peyton	F	5		603-568-9175	-		727-282-7086	Justin Mooykens (Father)