



City of Camarillo

Office of the City Manager

MEMORANDUM

Date: June 23, 2021
To: Honorable Mayor and Members of the City Council
From: Greg Ramirez, City Manager
Subject: Fiscal Year 2021/22 Budget Executive Summary

COUNCIL GOALS & OBJECTIVES

Mission Statement. Dedicated to providing effective and efficient municipal services that promote a high quality of life, economic vitality, and a safe environment.

- ◆ **Fiscal Management.** It is the goal of the City Council to maintain sound and conservative financial practices to ensure the fiscal sustainability of the City.
 1. Implement and continue evaluating options to reduce long-term pension liability.
 2. Research opportunities for diversification of City revenues through public and private sources.
 3. In addition to implementing an annual operationally balanced budget, focus on post-Pandemic budget recovery.
 4. Continued focus on all funds meeting existing Reserve Policy requirements.
 5. Continue to identify and implement means and methods for streamlining internal and public-facing City operations and processes in order to achieve greater effectiveness and time efficiencies.

Budget Requests by City Council for FY 2021/22

- Receive further information on cannabis R&D and testing business activities.
- ◆ **Community Enrichment.** It is the goal of the City Council to provide a safe and enriched environment where people can live, work and play.
 1. Continue to work with kidSTREAM for reuse of the old library site.
 2. Enhance community safety through continued emphasis on support of law enforcement, expanded public awareness and educational programs.
 - a. Increase awareness and participation in Neighborhood Watch Program.
 - b. Develop and implement appropriate education, enforcement, and assistance strategies to address homeless and mental health issues.
 - c. Evaluate the feasibility of increasing the current police department funding to expand the City's involvement and collaboration with the VC Sheriff's Department, VC Behavioral Health, and other agencies for assistance, as appropriate, in helping law enforcement respond to homelessness and calls involving mental health issues.
 - d. Develop and implement appropriate strategies to more effectively combat crime.
 3. When the District is ready to move forward, continue working with Pleasant Valley

Recreation and Park District to address Senior Center and community recreation facility needs.

4. Explore various options for financially supporting the arts program and ways to commission public art to celebrate the identity and history of Camarillo.
5. Explore opportunities to foster an inclusive and accessible environment for all.
6. Explore the establishment of a public/private community wellness initiative (“Healthy Camarillo”) focusing on prevalent community health issues.
7. Encourage inclusivity and tolerance in our community.
8. Explore opportunities to enhance, restore and beautify the community through the involvement of volunteers.

Budget Requests by City Council for FY 2021/22

- Evaluate adding one additional Sheriff’s Service Technician (SST) Report Writer.
 - Develop and implement strategies to more effectively combat retail theft and property crimes.
 - Explore the feasibility of an ordinance requiring local pharmacies to post signage concerning the safe local disposal of unused medicines.
 - Research and consider establishment of a volunteer City Beautification program.
- ♦ **California State University Channel Islands.** It is the goal of the City Council to maintain a close working relationship with the University.
1. Continue interaction with the University, including its President, regarding City, University and student issues such as student services, housing, facilities, and economic development opportunities.
 2. Assess California State University Channel Islands’ growth projections and possible future impact on the City.
- ♦ **Land Use and Transportation.** It is the goal of the City Council to plan appropriate land uses, streets, bikeways, infrastructure, and transit system.
1. Continue to seek improvement on local traffic issues that impact our City.
 2. Continue to work with Caltrans and Ventura County Transportation Commission to address improvements on the 101 Freeway.
 3. Encourage efforts by County of Ventura and California State University Channel Islands to create a bike trail from Calleguas Creek Bridge at Pleasant Valley Road to California State University Channel Islands.
 4. Evaluate potential measures to increase accessible public transit options.

Budget Requests by City Council for FY 2021/22

- Explore utilizing the available fund balance in Maintenance District 1A to improve median landscaping on Santa Rosa Road and Mission Oaks Boulevard.
- ♦ **Environment/Resource Management.** It is the goal of the City Council to provide cost-effective, efficient services to the public while minimizing impacts on the environment.
1. Continue to seek funding for recycled water storage.
 2. Continue to emphasize water conservation measures.
 3. Promote renewable energy generation and infrastructure projects.
 4. Develop a plan for community education and outreach regarding recycling, waste reduction, hazardous materials, and organic waste.
 5. Evaluate the transition of public transit and general use City vehicles and the infrastructure necessary to reduce greenhouse gases by electric, hybrid, or by other environmentally friendly options.
- ♦ **Community Redevelopment.** It is the goal of the City Council to provide opportunities to redevelop and develop commercial, industrial and residential areas to improve services, businesses and housing, and to deter and alleviate blight.
1. Develop alternate methods to move forward with housing and non-housing projects without traditional redevelopment property tax increment and evaluate financing opportunities for instituting such projects.
 2. Focus on the potential incremental redevelopment of the Camarillo Commons Specific

Plan area by:

- a. Affirmatively engaging property owners in the Plan area; and
 - b. Identifying incentives that the City could offer to property owners willing to proceed with redevelopment projects in the Plan area.
3. Continue to assist other commercial property owners who have interest in revitalizing their properties.
 4. Support a grass roots effort of Old Town business and property owners in exploring the feasibility of a Business Improvement District in Old Town.
 5. Encourage the development of appropriate infill housing projects that include affordable housing opportunities to help address the housing crisis in our area.
- ◆ **Economic Development.** It is the goal of the City Council to maintain a positive environment for new business, expansion and retention of existing businesses through staff assistance and provision of efficient processing of proposals.
 1. Aggressively implement the City's adopted Economic Development Strategic Plan.
 2. Focus on current Pandemic and post-Pandemic recovery initiatives with the objective of retaining a diverse and healthy small business environment in the City.
 - ◆ **Community Relations.** It is the goal of the City Council to increase community engagement and effective communication with the community.
 1. Promote open City Hall and Open Gov platforms for community engagement.
 2. Utilize analytics to evaluate the City's website and community engagement outreach strategies, methods and topics.
 3. Enhance opportunities to engage youth regarding issues that concern them and to develop future leaders.
 4. Seek opportunities for community engagement as outlined in the Communication Guidelines and through improved technology.

Budget Requests by City Council for FY 2021/22

- Explore the creation of Youth Council.
 - Explore in person District/Town Halls if/when it becomes safe to do so.
 - Explore a community, mobile-based application similar to SeeClickFix, for establishing a more transparent and collaborative system for ease of reporting and tracking public works and/or City Code matters needing attention and resolution.
- ◆ **Governmental Relations.** It is the goal of the City Council to maintain effective communications with local, state and federal elected representatives and other local public agencies including schools, parks, and special districts.
 1. Increase communications with other local public agencies that serve Camarillo residents and businesses.
 2. Be proactive in defending the City's interests concerning proposed legislation and regulatory issues, including but not limited to legislative efforts to reduce local municipal control in land use and housing decisions.
 - ◆ **Employee Relations.** It is the goal of the City Council to maintain an effective workforce through competitive salaries, benefits, and training.

BUDGET OVERVIEW

This document presents the Fiscal Year 2021-2022 Annual Budget for the City of Camarillo (City operations) and the Camarillo Sanitary District (CSD), incorporated into one document. Any reference throughout this memo to the City should also be interpreted to include the CSD, where appropriate.

The City continues to contend with the effects of the COVID-19 Pandemic. In FY 2020/21 fiscal year, the City saw significant losses in retail and tourism-related revenues such as sales tax and transient occupancy taxes. The City has continued to deliver essential services to the community despite the challenges faced. Federal stimulus enabled the City to make important investments in key areas

such as the Business Assistance Grant, Business Loan, Safety Reimbursement and Childcare Stipend programs.

We are optimistic that many of the significant challenges we faced in FY 2020/21 are behind us, and that Camarillo is poised for recovery. COVID-19 cases in our County are on the decline, restrictions are being lifted and vaccinations have become widely available. These trends suggest the local economy will continue to recover. We will continue to monitor revenue impacts and will adjust as necessary to accommodate any unforeseen economic circumstances.

A strong City Council Reserve Policy has enabled the accumulation of adequate reserves in the General Fund to help weather this economic crisis and position the City for the recovery phase. Federal stimulus funds have offset revenue losses so that use of the healthy General Fund reserves is not necessary. Many of the projected fund balances in other funds are expected to meet or exceed their established reserve levels at fiscal year end June 30, 2022. Included are summaries of the major funds and prominent changes in their budgets. The budget detail is presented in each section, grouped by fund-type. The report includes information related to the total revenue and expenditure activity for the major fund types. Additional summaries and detailed budget information are included in the attachments.

AT A GLANCE – CITY OPERATIONS & CSD

CITY OF CAMARILLO		
	2020/21 BUDGET	2021/22 BUDGET (Y1)
Fund Balance, July 1	178,371,430	135,716,686
Revenues	106,469,907	101,992,251
Expenditures	152,032,174	112,861,494
Adjust. to working capital	2,907,523	-
Estimated Fund Balance, June 30	135,716,686	124,847,443
CAMARILLO SANITARY DISTRICT		
	2020/21 BUDGET	2021/22 BUDGET (Y1)
Fund Balance, July 1	57,366,904	48,120,117
Revenues	19,992,227	17,345,965
Expenditures	31,868,799	18,356,344
Adjust. to working capital	2,629,785	-
Estimated Fund Balance, June 30	48,120,117	47,109,738
CITY AND CSD COMBINED TOTAL		
	2020/21 BUDGET	2021/22 BUDGET (Y1)
Fund Balance, July 1	235,738,334	183,836,803
Revenues	126,462,134	119,338,216
Expenditures	183,900,973	131,217,838
Adjust. to working capital	5,537,308	-
Estimated Fund Balance, June 30	183,836,803	171,957,181

The total Budget for FY 2020/21 includes revenues of \$126.5 million and expenditures of \$183.9 million. The FY 2020/21 accumulated fund balance is projected to decrease \$51.9 million due to the revised timing of planned capital projects, primarily the *North Pleasant Valley Groundwater Desalter* capital project.

The total Budget for FY 2021/22 is operationally balanced (operating revenues are sufficient to fund operating expenditures), and includes revenues of \$119.3 million, and expenditures of \$131.2 million. The difference of \$11.9 million is due to the planned use of the accumulated fund balance for one-time costs or capital expenditures. The FY 2021/22 accumulated fund balance is projected to be \$172.0 million.

EXPENDITURES - PERSONNEL

Consistent with the City Council goal to maintain an effective workforce through competitive salaries and benefits, the FY 2021/22 projected personnel costs are estimated to increase 5.2% from FY 2020/21. The FY 2021/22 budget includes funding for a total of 146.75 full-time equivalent (FTE) positions, an increase of 4.75 FTE's. The increase in the staffing level is consistent with the City

Council's Goals and Objectives, adopted February 24, 2021, and departmental operations and work plans. The shift in allocation of staffing resources is primarily in the Public Works Department to address the aggressive activity in the 5-Year Capital Improvement Plan including Water and Sanitary District projects, and Land Development, with some positions in other departments. Overall, staff increases were offset by the elimination of five (5) FTE positions. Department Heads will continue to evaluate positions that become vacant through attrition as an opportunity to reassess staffing needs within the organizational structure to ensure the City continues to provide the highest level of service in the most effective way possible.

CHALLENGES AND UNCERTAINTIES

Fiscal Impact of COVID-19. During this time, we are still navigating the unprecedented impacts of the COVID-19 Pandemic on our community and organization. We recognize that many of our small businesses and community members continue to be affected by the Pandemic and that our local economic recovery may continue years into the future. The City will proceed forward with cautious optimism and continue to look for ways to aid our community in its recovery. The City of Camarillo incurred significant losses of revenue in calendar year 2020 and 2021, as the Pandemic-induced recession impacted sales tax and transient occupancy revenues. The City will use one-time revenues generated from The American Rescue Plan Act (ARPA) of 2021 to stabilize the FY 2021/22 operating budget. Per Federal guidelines, ARPA funds can be used to cover loss of revenues due to the Pandemic.

Federal Stimulus. The American Rescue Plan Act of 2021 (ARPA) was signed into law on March 11, 2021 to provide direct relief to States, Counties, Cities, and other municipalities. These funds may be used to cover costs incurred to respond to the public health emergency with respect to COVID-19, or to alleviate its negative economic impacts. Primarily, ARPA is intended to replace revenue losses sustained during the public health emergency, as well as make investments in water, wastewater, and broadband infrastructure. The City's programmed allocation under ARPA is \$9.0 million, which will be received in two installments – half in FY 2020/21 and half approximately 12 months later.

Fiscal Impact of Pension Reform. Three key priorities for CalPERS during this Pandemic include monitoring investment risk, evaluating employer affordability and mitigating climate risks. Their focus during this challenging time has been on flexibility, maintenance of liquidity to meet all required cash flow obligations, and exercising discipline in maintenance of their long-term investment strategies. Any economic effects from the Pandemic on CalPERS investments and actual discount rate will impact the City's pension contribution rates. These effects are expected beginning in FY 2022/23. The City maintains a Pension Rate Stabilization Trust Fund to mitigate exposure to any anticipated risk.

State Budget Update. The State's prudent fiscal management provided the necessary foundation to rise to the ongoing challenge of the COVID-19 Pandemic. The State Department of Finance is projecting a \$34 billion budget resiliency – budgetary reserves and discretionary surplus – that will advance progress toward a broad-based and equitable recovery.

U.S. real Gross Domestic Product (GDP), the nation's broadest measure of goods and services, grew at a 6.4% seasonally adjusted annual rate in January through March of 2021. This measure is only 1% lower than the peak of GDP in late 2019 before the Pandemic hit the U.S.

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

WHAT'S IN THE BUDGET

General Fund Focus

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

GENERAL FUND	FY 2019/20	FY 2020/21	FY 2021/22 (Y1)	Year
	Actuals	Budget	Adopted Budget	over Year % Chg
Revenues	\$ 41,974,374	\$ 40,812,460	\$ 43,395,343	6.3%
Transfers In	1,145,871	1,773,690	1,793,177	1.1%
Total Revenues & Transfers In	43,120,245	42,586,150	45,188,520	6.1%
Expenditures	35,590,289	37,597,065	40,960,938	8.9%
Transfers Out	3,840,043	3,585,516	9,373,966	161.4%
Total Expenditures & Transfers Out	39,430,332	41,182,581	50,334,904	22.2%
Revenues Over/(Under) Expenditures	3,689,913	1,403,569	(5,146,384)	
Fund Balance, July 1	62,483,800	66,173,713	67,577,282	
Estimated Fund Balance, End of Period	\$ 66,173,713	\$ 67,577,282	\$ 62,430,898	-7.6%

The budget for FY 2020/21 includes revenues and transfers in of \$42.6 million, and expenditures and transfers out of \$41.2 million.

The Budget for FY 2021/22 includes revenues and transfers in of \$45.2 million, and expenditures and transfers out of \$50.3 million. The change to the ending fund balance is a decrease of \$5.1 million, for a total ending fund balance of \$62.4 million. Primary reasons for the decrease in fund balance are due to the *Dizdar Park Renovations* capital improvement project in the amount of \$3.6 million, which is funded by a portion of previously committed fund balance and a transfer out of \$2.2 million to the Capital Improvement Project fund to fund Capital Projects reflected in the first year of the 2021/2026 Five-Year Capital Improvement Plan (CIP).

Further details on the changes to General Fund revenue and expenditure levels for FY 2021/22 will be provided on page 8-11 of this report.

Key General Fund Revenues

General Fund revenues are outlined below including the year over year changes to the budget. The top seven revenue sources account for approximately 94.7% of the total projected General Fund revenues of \$45.2 million in the FY 2021/22 budget. Included in the Grants and Subventions category is a budget of \$2.0 million in ARPA funding. The City was allocated a total of \$9.0 million that can be used over the next four years. The other significant revenues are noted in the table below.

GENERAL FUND	FY 2019/20	FY 2020/21	FY 2021/22 (Y1)	
	Actuals	Budget	Adopted Budget	Year over Year % Chg
Property Tax	\$ 16,289,540	\$ 14,911,637	\$ 15,573,054	4.4%
Sales Tax	13,331,297	13,496,512	14,263,259	5.7%
Franchise Tax	2,773,835	2,767,997	2,812,383	1.6%
Transient Occupancy Tax	2,227,001	1,928,480	2,243,895	16.4%
Business Tax	1,372,952	1,400,226	1,400,226	0.0%
Subtotal Taxes	35,994,625	34,504,852	36,292,817	5.2%
Licenses & Permits	1,130,799	1,132,049	1,542,360	36.2%
Grants & Subventions	301,380	1,667,846	2,300,593	37.9%
Charges for Services	2,246,711	2,341,000	2,340,600	0.0%
Fines/Assessments	518,188	499,670	499,670	0.0%
Investments & Contributions	1,758,978	654,890	407,150	-37.8%
Miscellaneous	23,693	12,153	12,153	0.0%
Total Revenue	\$ 41,974,374	\$ 40,812,460	\$ 43,395,343	6.3%
Transfers In	1,145,871	1,773,690	1,793,177	1.1%
Total Revenue & Transfers In	\$ 43,120,245	\$ 42,586,150	\$ 45,188,520	6.1%

- ◆ **Property Tax:** This is the largest revenue source for the General Fund, accounting for 36.0% of the total FY 2021/22 revenue. Property tax revenues in FY 2020/21 were not affected by COVID-19 revenue losses, as property values for the year had already been assessed by the County prior to the COVID-19 outbreak. Perhaps surprisingly, the housing market has remained strong through 2021. The average median home sale price in Camarillo was \$725,000 for the month of April 2021, up 15.5% compared to the prior year. FY 2021/22 property tax budgeted revenues are projected at \$15.6 million, a 4.4% increase from FY 2020/21.
- ◆ **Sales Tax:** This is the second largest revenue source, accounting for 33.0% of the total General Fund revenue. This revenue was impacted severely by COVID-19. Projected sales tax revenue for FY 2020/21 is \$13.5 million, a 11.7% decrease from pre-Pandemic levels of \$15.3 million in FY 2018/19. FY 2021/22 projected revenues of \$14.3 million reflect an increase of 5.7% from the FY 2020/21 budget. This is primarily predicated on the reopening of the State's economy on June 15, 2021. The City continues to see growth in the County pool allocations due to increases in online sales activity.
- ◆ **Franchise Fees:** Franchise Fee revenues for Cable, Refuse, Electric and Gas, are the third largest revenue source and produce 6.5% of the total General Fund revenue. These revenues were largely unaffected by the Pandemic. In FY 2021/22, this revenue is projected to increase by 1.6% for a total of \$2.8 million.
- ◆ **Transient Occupancy Tax (TOT):** The travel industry is one of the economic sectors hit hardest by the Pandemic and associated Stay-at-Home orders. The anticipated lifting of travel and other restrictions leads to a more optimistic projection for FY 2021/22. Hotel Bed Tax revenue produces 5.2% of the total General Fund revenue. The FY 2021/22 projection of \$2.2 million is an increase of 16.4% from the FY 2020/21 budget. March 2021 occupancy levels of 70.0% show a sizable recovery compared to the same month last year (51.3%) at the start of the Pandemic. However, occupancy levels remain below pre-Pandemic levels of 81.3% in March 2020.

- ◆ **Licenses & Permits:** Building Permit revenues are expected to increase by 36.2% in FY 2021/22 for a total of \$1.5 million due to anticipated development activity. The construction industry weathered the economic storm caused by the Pandemic and remains strong into the new fiscal year.
- ◆ **Charges for Services:** These charges include engineering inspection fees, subdivision fees, and zoning and planning fees which are based on development activity which fluctuates year over year. The projected revenues for FY 2021/22 are \$2.3 million.
- ◆ **Grants and Subventions:** This revenue reflects the \$1.3 million in CARES Act funding received in FY 2020/21 from the State and the County and anticipated \$2.0 million ARPA funding in FY 2021/22.

Key General Fund Appropriations

The total General Fund expenditures and transfers (appropriations) for FY 2021/22 are \$50.3 million, an increase of \$9.2 million from the FY 2020/21 budget.

General Fund Appropriations

Departments/Divisions	FY 2019/20	FY 2020/21	FY 2021/22 (Y1)	
	Actuals	Budget	Adopted Budget	Year over Year % Chg
General Government				
City Council	\$ 584,546	\$ 396,252	\$ 590,763	49.1%
City Clerk	644,445	578,833	648,956	12.1%
City Attorney	705,301	633,252	636,547	0.5%
City Manager	1,675,525	1,724,945	2,120,494	22.9%
Finance	1,497,187	1,279,825	1,464,317	14.4%
Human Resources	387,444	309,635	405,660	31.0%
Community Development	1,558,950	1,927,911	2,242,380	16.3%
Public Safety				
Emergency Operations	206,140	247,597	431,010	74.1%
Code Compliance	744,785	639,370	788,401	23.3%
Police Services	17,534,847	17,418,749	18,605,476	6.8%
Dart	8,254	34,986	35,486	1.4%
Building & Safety	871,634	808,290	1,103,150	36.5%
Highways and Streets				
Public Works	1,575,080	2,354,125	2,442,196	3.7%
Traffic & Signal Maintenance	1,011,351	1,004,307	1,089,636	8.5%
Stormwater	751,657	882,839	1,004,537	13.8%
Street Maintenance	2,278,805	2,160,903	2,418,770	11.9%
Community Services				
Economic Development	432,162	1,515,357	561,923	-62.9%
Community Support - Activities	200,563	110,500	9,000	-91.9%
Community Support - Grants	54,360	-	58,327	100.0%
Cultural and Recreation				
Community Support - Fac. & Parks	232,810	213,566	285,301	33.6%
Community Support - Events	117,513	45,800	228,455	398.8%
Library Operations	2,516,932	3,310,023	3,790,153	14.5%
Total Operating Expenditures	\$ 35,590,291	\$ 37,597,065	\$ 40,960,938	8.9%
Operating and CIP Transfers	3,840,043	3,585,516	9,373,966	161.4%
Total General Fund Appropriations	\$ 39,430,334	\$ 41,182,581	\$ 50,334,904	22.2%

Key additions to the FY 2021/22 General Fund expenditure budgets are detailed below. Many of the increases in expenditure budgets reflect a return to pre-Pandemic service levels.

- ◆ **City Council:** An increase of \$194,511 in FY 2021/22 is primarily due to a new professional contract for federal legislative advocacy services and continuation of special recognition events that were canceled in FY 2020/21 as a result of the COVID-19 Pandemic.

- ◆ **City Clerk:** An increase of \$70,123 in FY 2021/22 is primarily due to offsite storage and scanning services. These are ongoing expenses related to City Council Goals and Objectives on Fiscal Management (objective 5) and Community Relations (objective 4).
- ◆ **City Manager:** An increase of \$395,549 in FY 2021/22 is primarily due to new contract services for a districting demographer, the addition of a Management Assistant position, and filming and production services for CityScene TV, educational videos, the State of the City and editing of the City's talk show.
- ◆ **Finance:** An increase of \$184,492 is due to vacancy savings from several positions in FY 2020/21 that are scheduled to be filled in the budget for FY 2021/22.
- ◆ **Human Resources:** An increase of \$96,025 includes a one-time compensation and classification study. The last study was completed in FY 2007/08 and should be updated to correspond with the City Council Goal of prioritizing Employee Relations.
- ◆ **Community Development:** An increase of \$314,469 is primarily due to one-time special studies including the Safety Element General Plan Update and Climate Action Plan.
- ◆ **Building and Safety:** An increase of \$294,860 is budgeted based on the projected increase in development activity for FY 2021/22 and corresponds with expected increases in building permit revenue.
- ◆ **Public Works – Stormwater:** An increase of \$121,698 is primarily due to a one-time cost of \$100,000 for a Master Plan of Drainage study.
- ◆ **Public Works – Street Maintenance:** An increase of \$257,867 is primarily due to reinstating the California Conservation Core contract for \$69,600 and various other service contracts for a total of \$110,000.
- ◆ **Economic Development:** A decrease of \$953,434 is due to the one-time Business Assistance Grant and Safety Reimbursement Program budgeted in response to the COVID-19 Pandemic in FY 2020/21. The budget for FY2021/22 reflects ongoing operating levels as well as continued economic recovery and business development efforts.
- ◆ **Community Support:** In FY 2021/22, community support program costs are budgeted as follows:
 - **Activities:** A reduction of \$101,500 is due to the Senior Meal Home Delivery program operations being funded with CDBG CARES Act funding in FY 2021/22.
 - **Community Service Grants (CSG):** The City Council awards grants to community service organizations for programs or projects that directly benefit the community. The CSG program was not funded in FY 2020/21 due to the Pandemic but is budgeted to return in FY 2021/22 for a total amount not-to-exceed \$58,327.
 - **Events:** City support for the Pleasant Valley Recreation & Park sponsored Christmas Parade, 4th of July Celebrations, Concerts in the Park, SCIART, and Camarillo Wings Association for a total amount of \$228,455.
- ◆ **Library Operations:** An increase of \$480,130 reflects a return to full services and programs at the Camarillo Public Library in FY 2021/22. The library closure from July through mid-April is reflected in the FY 2020/21 budget.
- ◆ **Operating & CIP Transfers:** An increase of \$5,788,450 is primarily due to the draw on the General Fund commitment for the *Dizdar Park Renovations* capital project and other CIP projects reflected in the 2021/2026 Five-Year CIP.

Transfers In

Transfers In	FY 2020/21 Budget	FY 2021/22 Adopted Budget
Traffic Mitigation Fund	17,880	-
Gas Tax	1,755,810	1,793,177
Total	\$ 1,773,690	\$ 1,793,177

State allocated Highway User Tax Account (HUTA) revenues are recorded in the City's Gas Tax Special Revenue Fund. In FY 2021/22 the full amount of \$1.8 million in revenues will be transferred to the General Fund to help offset the \$2.4 million cost of the City's Street Maintenance division.

Transfers Out

Transfers Out	FY 2020/21 Budget	FY 2021/22 Adopted Budget
Library Debt Service Fund	491,282	493,531
Camarillo Corridor Fund	602,577	-
Capital Improvement Projects Fund	250,000	5,731,305
Citywide Lighting & Landscape MD Fund	1,877,857	2,906,578
Camarillo Ranch Events	363,800	163,800
City Hall Facility Fund	-	50,000
Transit Fund	-	28,752
Total	\$ 3,585,516	\$ 9,373,966

The following transfers out are included in the FY 2021/22 budget:

- The transfer out to the Library Debt Service Fund represents the annual debt service payments for the 2012 Library Bonds. Final maturity is scheduled for 12/1/2033.
- The transfer out to the Capital Improvement Projects Fund represents the draw on the General Fund commitment for the *Dizdar Park Renovations* capital project.
- The transfer out to the Citywide Lighting and Landscape Maintenance District is necessary to subsidize this operation as not enough property tax revenue is generated to fund and support the full cost of the services provided.
- The transfer out to the Camarillo Ranch Events Fund provides funding for on-going Ranch maintenance and to replace revenue losses due to COVID-19 related restrictions on gatherings. The budgeted transfer has decreased compared to the FY 2020/21 budget due to the expectation of events returning to the Ranch and anticipated revenues.

General Fund Balance and Reserves

The City's Reserve Policy 3.05 sets the goal for the General Fund reserve at 50% of the operating budget, which is \$20.5 million for FY 2020/21 and \$22.3 million for FY 2021/22. Additional Fund Balance commitments are approved by City Council in June of each year in accordance with GASB 54 standards. For the fiscal year ended June 30, 2021, the commitments are as follows:

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

Special Revenue Funds

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

TDA funds, through the Local Transportation Fund (LTF), are derived from one-quarter cent of the general statewide sales tax collected each year. In FY 2021/22, revenues are estimated to be \$2.4 million. These funds are programmed to fund a portion of the City's Transit operation and the *Annual Pavement Program* capital projects.

Gas Tax Fund. The Gas Tax Fund accounts for revenues generated from gasoline excise taxes. These funds must be allocated for transportation purposes such as eligible street improvements and street maintenance expenditures. In FY 2021/22 revenues are estimated to be \$1.8 million. These funds will be transferred to the General Fund to partially fund the City's Street Maintenance division operating expenditures.

SB 1 Fund. The SB1 Fund is used to account for revenues restricted for maintenance on the state highway and local road system. These funds are derived from portions of state excise (per gallon) taxes on gasoline and diesel, and vehicle registration taxes. In FY 2021/22 revenues are estimated to be \$1.4 million and are programmed to fund a portion of the City's *Annual Pavement Program*.

Citywide Lighting & Landscape Maintenance District Fund. The Citywide Lighting and Landscape Maintenance District supports street median and tree maintenance, weed control, and storm drain maintenance throughout the City. The source of funding is the City's share of the 1% ad valorem property tax which is designated for this purpose. Contracted landscaping and tree trimming services were reduced in FY 2020/21 due to COVID-related budget restrictions. In FY 2021/22 services are being fully reinstated with some additional maintenance included for a total expenditure budget of \$5.1 million. With projected property tax revenues of only \$2.3 million, a transfer in of \$2.9 million from the General Fund is necessary.

LIGHTING & LANDSCAPE MD FUND	FY 2019/20	FY 2020/21	FY 2021/22 (Y1)	Year over
	Actuals	Budget	Adopted Budget	Year % Chg
Revenues	\$ 2,090,815	\$ 2,178,193	\$ 2,305,772	5.9%
Transfers In	2,402,971	1,887,557	2,916,278	54.5%
Total Revenues & Transfers In	4,493,786	4,065,750	5,222,050	28.4%
Total Expenditures	4,554,674	4,226,658	5,063,223	19.8%
Revenues Over/(Under) Expenditures	(60,888)	(160,908)	158,827	
Fund Balance, July 1	60,888	-	(160,908)	
Estimated Fund Balance, End of Period	\$ -	\$ (160,908)	\$ (2,081)	-98.7%

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

In FY 2021/22, revenues are estimated at \$1.6 million, and expenditures are estimated at \$3.2 million with an estimated fund balance on June 30, 2022 of \$9.3 million. Capital improvement projects funded with TMF funds in FY 2021/22 include the *Pleasant Valley Road Bike Lanes*, *Metrolink Undercrossing* and *US 101 Freeway Improvements Early Action* projects.

Community Development Block Grant Fund (CDBG). The City of Camarillo participates in the CDBG Program, funded by an entitlement grant from the United States Department of Housing and Urban Development (HUD). The City's funding level for FY 2021/22 is estimated based on the most recent HUD allocation notification, plus estimated program income and unspent allocations from previous years. Total funding for FY 2021/22 is estimated at \$370,865. As a result of the economic impacts from the COVID-19 Pandemic, HUD allocated an additional \$384,106 in funding under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This funding is restricted to programs designed to assist local business recovery efforts. On May 12, 2021, City Council met and approved the following allocations for FY 2021/22:

FY 2021/22 CDBG Allocations

Allocations	Amount
Lutheran Social Services	17,408
Program Admin	30,449
RAIN	8,000
Livingston Mem. Nurses	10,000
Turning Point Homeless Program	19,470
Total Public Service	\$ 85,327
Affordable Property Acquisition	157,377
Habitat for Humanity	75,000
First Time Homebuyer Program	15,000
Total Other Programs	\$ 247,377
Fair Housing Program	7,161
Other Administration	31,000
Total Administration	38,161
TOTAL	\$ 370,865

Capital Projects Fund

Capital Improvement Projects Fund. This fund contains the expenditures for general capital projects that are funded from development fees, state and federal grants, transfers in from the General Fund and transportation-related funds allocated by the State. The projects budgeted in FY 2021/22 are reflective of the first year of the 2021-2026 Five-Year Capital Improvement Plan (CIP).

CAPITAL IMPROVEMENT PROJECTS FUND	FY 2019/20	FY 2020/21	FY 2021/22 (Y1)	
	Actuals	Budget	Adopted Budget	Year over Year % Chg
Revenues & Transfers In	\$ 5,035,576	\$ 9,006,701	\$ 16,443,806	82.6%
Expenditures & Transfers Out	5,335,343	8,991,429	14,484,939	61.1%
Revenues Over/(Under) Expenditures	(299,767)	15,272	1,958,867	
Fund Balance, July 1	7,030,830	6,731,063	6,746,335	
Estimated Fund Balance, End of Period	\$ 6,731,063	\$ 6,746,335	\$ 8,705,202	29.0%

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

The City is planning to spend \$31.0 million in FY 2021/22 on all projects throughout the City. Some of the significant expenditures in the Capital fund include the *Annual Pavement Program*, *Metrolink Undercrossing*, *Pleasant Valley Road Bike Lanes* and *US 101 Freeway Improvements Early Action* projects.

Internal Service Funds

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

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

Enterprise Funds

Solid Waste Fund. This fund administers programs providing for collection of solid waste, yard waste, organics, household hazardous waste, and recyclable materials. The services are provided by a franchised waste hauler and other contracted services to approximately 18,000 customers. This fund is designed to be fully self-supporting and derives the majority of its revenue from ratepayers.

For FY 2021/22, the estimated revenue, and transfers in total \$8.4 million, while expenses and transfers out combine for \$8.3 million.

SOLID WASTE	FY 2019/20	FY 2020/21	FY 2021/22 (Y1) Year over	
	Actuals	Budget	Adopted Budget	Year % Chg
Revenues & Transfers In	\$ 7,717,854	\$ 7,833,207	\$ 8,379,784	7.0%
Expenses & Transfers Out	7,653,119	7,931,688	8,295,268	4.6%
Revenues Over/(Under) Expenses	64,735	(98,481)	84,516	
Working Capital Balance, July 1	366,414	431,149	332,668	
Estimated Working Capital Balance, End of Period	\$ 431,149	\$ 332,668	\$ 417,184	25.4%

Transit Fund. This fund records revenues and expenses associated with operating the City's transit system. The City contracts for Fixed Route and Dial-A-Ride (DAR) services. The services include dispatching, operating, and maintaining City-owned buses.

The City will receive \$716,800 in Federal Transit Administration (FTA) Grants for the operation and maintenance of the transit service that offsets up to 40% of total expenses, and a \$120,000 FTA Capital Grant that offsets up to 80% of the cost of bus purchases. CARES Act funding in the amount of \$1.2 million has been allocated to the City for Transit activities while an additional \$500,000 is expected in ARPA funds in FY 2021/22. In addition, \$209,200 of TDA Article 8 funding is programmed to fund the transit operation.

The FY 2021/22 budget of \$2.9 million includes funding of \$150,000 for fleet purchases.

TRANSIT FUND	FY 2019/20	FY 2020/21	FY 2021/22 (Y1) Year over	
	Actuals	Budget	Adopted Budget	Year % Chg
Revenues	\$ 1,640,653	\$ 3,343,626	\$ 2,692,066	-19.5%
Transfers In	961,608	-	237,952	
Total Revenues & Transfers In	2,602,261	3,343,626	2,930,018	
Total Expenses	2,770,426	3,343,626	2,897,659	-13.3%
Revenues Over/(Under) Expenses	(168,165)	-	32,359	
Adjustments to Working Capital	-	225,446	-	-100.0%
Working Capital Balance, July 1	560,030	391,865	617,311	
Estimated Working Capital Balance, End of Period	\$ 391,865	\$ 617,311	\$ 649,670	5.2%

Camarillo Ranch Events Fund. This fund reflects revenues for events held at the Camarillo Ranch as well as operating and maintenance costs for the upkeep of this historic landmark.

For FY 2021/22 the estimated revenue and transfers in total \$442,759, while the expenses and transfers out combine for \$467,582. Revenues are generated primarily through commercial business activities including weddings and special events. A subsidy of \$163,800 from the General Fund is necessary to cover the impact of reduced revenues due to the Pandemic-related emergency orders that have placed restrictions on gatherings.

CAMARILLO RANCH	FY 2019/20	FY 2020/21	FY 2021/22 (Y1) Year over	
	Actuals	Budget	Adopted Budget	Year % Chg
Revenues & Transfers In	\$ 1,590,337	\$ 372,022	\$ 442,759	19.0%
Expenses & Transfers Out	348,390	399,584	467,582	17.0%
Revenues Over/(Under) Expenses	1,241,947	(27,562)	(24,823)	
Working Capital Balance, July 1	-	404,279	376,717	
Estimated Working Capital Balance, End of Period	\$ 404,279	\$ 376,717	\$ 351,894	-6.6%

Water Utility Fund. The Water Utility Fund is where revenue and expenses associated with the City’s water service are recorded. This fund is designed to be fully self-supporting and derives most of its revenue from ratepayers. The City provides water to approximately 13,000 customers in the City. Four other water districts service portions of the City. The largest of these districts is the Camrosa Water District, which serves customers east of Lewis Road.

WATER UTILITY FUND	FY 2019/20	FY 2020/21	FY 2021/22 (Y1)	Year over
	Actuals	Budget	Adopted Budget	Year % Chg
Revenues & Transfers In	\$ 16,466,735	\$ 15,558,958	\$ 15,799,458	1.5%
Expenses & Transfers Out	15,342,014	18,992,989	16,525,136	-13.0%
Revenues Over/(Under) Expenses	1,124,721	(3,434,031)	(725,678)	
Adjustments to Working Capital		1,031,932	-	-100.0%
Working Capital Balance, July 1	13,948,649	15,073,370	12,671,271	
Estimated Working Capital Balance, End of Period	\$ 15,073,370	\$ 12,671,271	\$ 11,945,593	-5.7%

The FY 2021/22 revenues and transfers in are projected to increase by 1.5% based on usage growth assumptions.

The FY 2021/22 operating expenses and transfers out are projected at \$16.5 million, a decrease of \$2.5 million primarily due to a reduction in purchased water cost as the City will begin production via the *North Pleasant Valley Groundwater Desalter* starting in FY 2021/22.

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

RECLAIMED WATER FUND	FY 2019/20	FY 2020/21	FY 2021/22 (Y1)	Year over
	Actuals	Budget	Adopted Budget	Year % Chg
Revenues & Transfers In	\$ 577,189	\$ 3,852,087	\$ 4,859,391	26.1%
Expenses & Transfers Out	491,265	5,259,311	5,242,983	-0.3%
Revenues Over/(Under) Expenses	85,924	(1,407,224)	(383,592)	
Working Capital Balance, July 1	1,935,631	2,021,555	614,331	
Estimated Working Capital Balance, End of Period	\$ 2,021,555	\$ 614,331	\$ 230,739	-62.4%

In FY 2021/22, the budget of \$5.2 million includes expenses related to the *Reclaimed Water Electrical Improvements* and *Reclaimed Water Storage Reservoir* capital projects. The funding will come from Reclaimed Water accumulated fund balance and a transfer in from the Water Capital Projects Fund.

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

	FY 2019/20	FY 2020/21	FY 2021/22 (Y1)	Year over
WATER CONSERVATION CREDIT FUND	Actuals	Budget	Adopted Budget	Year % Chg
Revenues & Transfers In	\$ 42,707	\$ 16,788	\$ 16,788	0.0%
Expenses & Transfers Out	164,831	1,356,725	290,000	-78.6%
Revenues Over/(Under) Expenses	(122,124)	(1,339,937)	(273,212)	
Working Capital Balance, July 1	1,760,819	1,638,695	298,758	
Estimated Working Capital Balance, End of Period	\$ 1,638,695	\$ 298,758	\$ 25,546	-91.4%

In FY 2021/22, the budget of \$290,000 includes a professional services agreement to assist the City's effort in encouraging water conservation programs and rebates in the community.

Water Capital Projects Fund. The Water Capital Projects Fund sets forth the capital projects necessary to develop and maintain the City's water system infrastructure. It derives the majority of its revenue from capital connection fees, rate revenue, and grant funds. The FY 2021/22 budget represents the project costs included in the first year of the 2021-2026 Five-Year Capital Improvement Plan.

	FY 2019/20	FY 2020/21	FY 2021/22 (Y1)	Year over
WATER CAPITAL PROJECTS FUND	Actuals	Budget	Adopted Budget	Year % Chg
Revenues & Transfers In	\$ 18,394,140	\$ 19,548,917	\$ 7,703,465	-60.6%
Expenses & Transfers Out	14,290,383	47,901,765	7,410,565	-84.5%
Revenues Over/(Under) Expenses	4,103,757	(28,352,848)	292,900	
Working Capital Balance, July 1	26,905,264	31,009,021	2,656,173	
Estimated Working Capital Balance, End of Period	\$ 31,009,021	\$ 2,656,173	\$ 2,949,073	11.0%

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

The FY 2021/22 budget includes project funding primarily for the *Advanced Metering Infrastructure* capital project.

Water Debt Service Fund.

In FY 2019/20, the City issued \$11.8 million in Water Revenue Bonds to partially fund the *North Pleasant Valley Groundwater Desalter* project. The annual debt service for FY 2021/22 is approximately \$812,000 and payment is funded by a transfer in from the Water Utility Fund.

	FY 2019/20	FY 2020/21	FY 2021/22 (Y1)	Year over
WATER DEBT SERVICE FUND	Actuals	Budget	Adopted Budget	Year % Chg
Revenues & Transfers In	\$ 812,111	\$ 812,100	\$ 812,350	0.0%
Expenses & Transfers Out	1,103,548	812,100	812,350	0.0%
Revenues Over/(Under) Expenses	(291,437)	-	-	
Working Capital Balance, July 1	259,362	(32,075)	(32,075)	
Estimated Working Capital Balance, End of Period	\$ (32,075)	\$ (32,075)	\$ (32,075)	0.0%

Camarillo Sanitary District

The Camarillo Sanitary District (CSD) is a separate governmental entity that provides sewer services for residential and commercial customers, within its boundaries. The CSD boundaries are not contiguous with the City of Camarillo boundaries. The CSD is fully self-supporting and derives the

majority of its revenue from ratepayers. The CSD provides service to approximately 15,000 customers. The Directors of the Board are the same elected officials who also sit as the members of the City Council.

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

CSD Operating Fund. The FY 2021/22 revenues and transfers in are projected to increase by 4.0% versus the FY 2020/21 budget. This is primarily based on prior year actual trend analysis, and usage growth assumptions.

The FY 2021/22 operating expenses are projected at \$12.0 million, a decrease of \$1.4 million. This is primarily due to a reduction of \$500,000 in professional contract services for the Wastewater Treatment Plant Master Plan update combined with a reduction of \$540,000 for one time equipment purchases in FY 2020/21.

CSD OPERATING FUND	FY 2019/20	FY 2020/21	FY 2021/22 (Y1)	Year over
	Actuals	Budget	Adopted Budget	Year % Chg
Revenues & Transfers In	\$ 14,759,698	\$ 14,176,389	\$ 14,741,637	4.0%
Expenses & Transfers Out	11,366,384	13,386,438	11,960,501	-10.7%
Revenues Over/(Under) Expenses	3,393,314	789,951	2,781,136	
Adjustments to Working Capital	-	2,629,785	-	-100.0%
Working Capital Balance, July 1	18,447,968	21,841,282	25,261,018	
Estimated Working Capital Balance, End of Period	\$ 21,841,282	\$ 25,261,018	\$ 28,042,154	11.0%

CSD Debt Service Fund. In the Debt Service Fund, property tax revenues are received, and estimates are reflective of the information received from the County Auditor-Controller, and the City's consultant on property tax assessed valuations. Expenses reflect the scheduled debt service on the outstanding 2005 Wastewater Bonds.

CSD DEBT SERVICE FUND	FY 2019/20	FY 2020/21	FY 2021/22 (Y1)	Year over
	Actuals	Budget	Adopted Budget	Year % Chg
Revenues & Transfers In	\$ 1,294,114	\$ 1,268,046	\$ 1,368,044	7.9%
Expenses & Transfers Out	1,291,278	1,309,394	1,310,994	0.1%
Revenues Over/(Under) Expenses	2,836	(41,348)	57,050	
Working Capital Balance, July 1	363,163	365,999	-	
Estimated Working Capital Balance, End of Period	\$ 365,999	\$ -	\$ 57,050	-

CSD Capital Improvement Projects Fund. The CSD Capital Improvement Projects Fund sets forth the capital projects that are necessary to develop and maintain the City's wastewater (sewer) system infrastructure. CSD Capital Projects for FY 2021/22 are funded by rate revenue and capital fees. The FY 2021/22 budget represents project costs included in the first year of the 2021-2026 Five-Year Capital Improvement Plan.

CSD CIP FUND	FY 2019/20	FY 2020/21	FY 2021/22 (Y1)	Year over
	Actuals	Budget	Adopted Budget	Year % Chg
Revenues & Transfers In	\$ 924,907	\$ 4,547,792	\$ 1,236,284	-72.8%
Expenses & Transfers Out	636,490	17,172,967	5,084,849	-70.4%
Revenues Over/(Under) Expenses	288,417	(12,625,175)	(3,848,565)	
Working Capital Balance, July 1	34,871,206	35,159,623	22,534,448	
Estimated Working Capital Balance, End of Period	\$ 35,159,623	\$ 22,534,448	\$ 18,685,883	-17.1%

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

Significant projects in the FY 2021/22 budget include *Flood Improvements at the Wastewater Treatment Plant, Pump Station No. 4 Rehabilitation, Sewer Improvements per the Sewer Service Management Plan (SSMP), Chemical System Improvements – Phase I and Wastewater Treatment Plant Upgrades – Phase II.*

IN CONCLUSION

At this same time last year, much uncertainty loomed over the entire world as health officials, scientists, and politicians grappled to understand the nature of the novel coronavirus and how to best address the Pandemic. In Camarillo, we quickly took action to adapt to our new reality. The City strove to address the effects of the Pandemic on our businesses and residents. For example, in fiscal year 2020/21 the City distributed \$1.0 million in small business assistance grants, committed over \$1.0 million to a business revolving loan program, and over \$100,000 to fund childcare resource stipends. Precautions were taken throughout the City to ensure residents and employees remained safe as we strived to understand the continuing effects of the Pandemic.

Though economic conditions have been in decline for the past year we have reason to believe that the worst part of the COVID-19 Pandemic is behind us and a steady return to favorable economic conditions is near. GDP has grown by over 6% in the latest quarter, versus prior year, and we have begun to see a steady increase in our sales tax and transient occupancy tax revenues (two sources of revenues that were hit particularly hard by the Pandemic).

Healthy reserve levels in the General Fund and the Federal stimulus funds granted from the CARES and American Rescue Plan Acts have positioned the City to continue on the path of recovery from this economic shutdown and deliver an operationally balanced budget. Ongoing planning efforts and continued evaluation of operations citywide will improve efficiencies to help offset constantly rising costs and achieve fiscal sustainability for the foreseeable future.

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

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

Respectfully,

Greg Ramirez
City Manager