



CITY OF SIMI VALLEY

2929 TAPO CANYON ROAD, SIMI VALLEY, CA 93063

FISCAL YEAR 2023-24

BUDGET IN BRIEF



MAYOR

Fred D. Thomas

MAYOR PRO TEM

Mike Judge

COUNCIL MEMBER

Dee Dee Cavanaugh

COUNCIL MEMBER

Elaine P. Litster

COUNCIL MEMBER

Rocky Rhodes

CITY MANAGER'S MESSAGE

I am pleased to present the City of Simi Valley's Adopted Fiscal Year (FY) 2023-24 Annual Budget and Five-Year Capital Improvement Program for FY 2023-24 to FY 2027-28. The FY 2023-24 Annual Budget is structurally balanced, with continued ongoing revenue growth at a slightly higher rate than ongoing expenditures, but recognizes recent changes in the economy that may affect City revenues. This Annual Budget reflects the City Council's priorities of fiscal strength and reinvesting in the community. The Budget includes earmarking surplus funds from FY2021-22 for reducing retirement obligations and approximately \$16.5 million for improvements to our streets and roads. As a result of the City Council's emphasis on these priorities, the City is in a strong financial position that will allow the Council to continue to make strategic decisions for the foreseeable future.

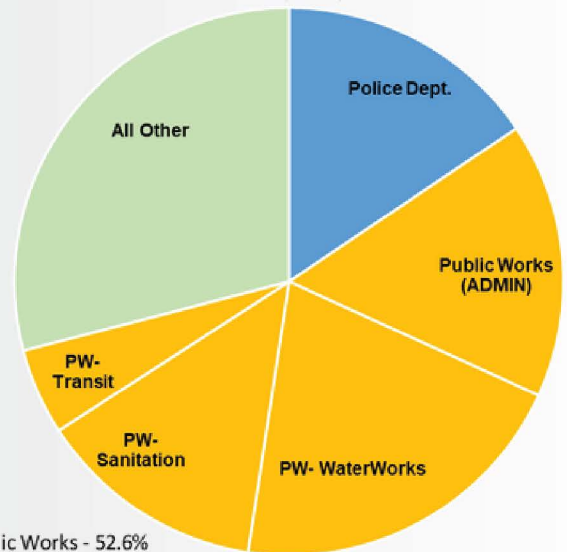


-Brian Paul Gabler, City Manager

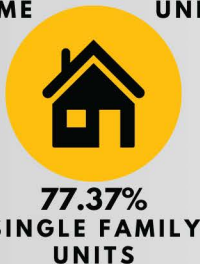
CITYWIDE BUDGET

The budget was created with the intention of funding long-term deficiencies with the one-time revenue surpluses that the City has enjoyed. The total budget for FY 2023-24 is \$253 million in total appropriations, including transfers and reimbursements.

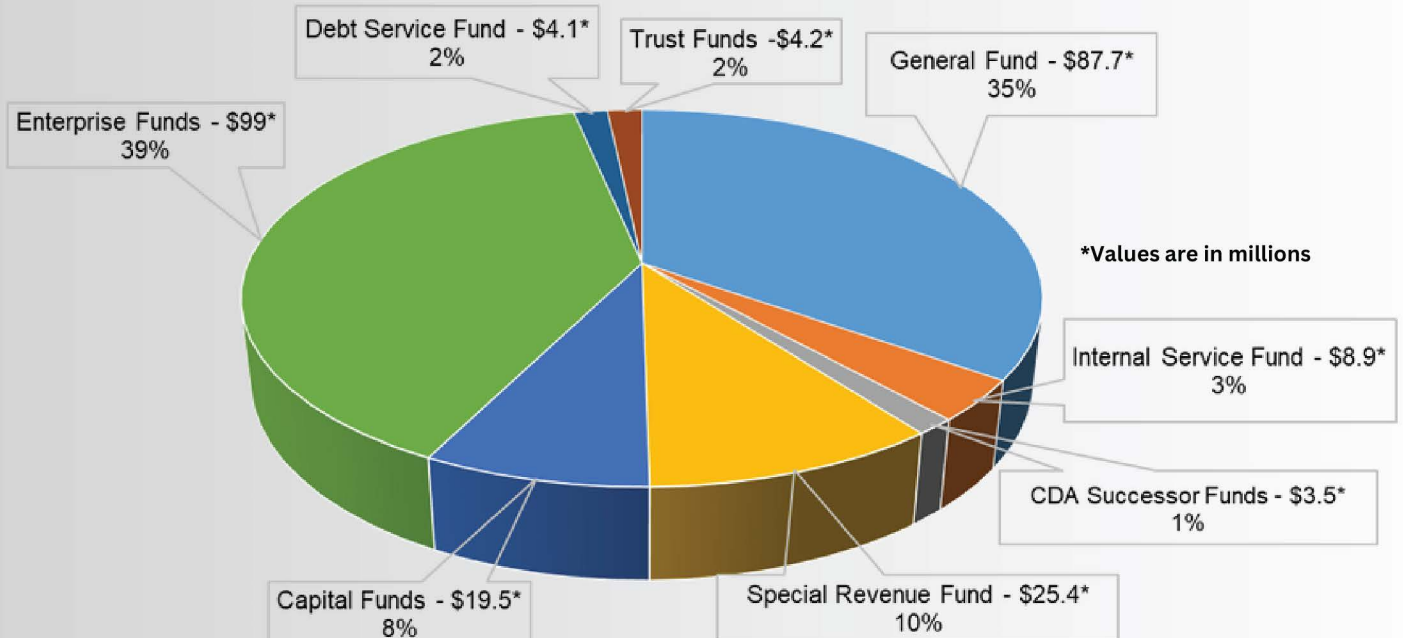
Total Expenditures - All Funds By Department
\$253,031,787



Public Works - 52.6%
Police Department - 14.7%
All Other - 32.7%



Sources: CA Department of Finance, CA Employment Development Department, U.S. Census Bureau, SV Department of Environmental Services



GENERAL FUND REVENUE



REVENUES

| | ACTUAL 2021-22 | ESTIMATED ACTUALS 2022-23 | PROPOSED BUDGET 2023-24 |
|---------------------------------|----------------------|---------------------------------|-------------------------------|
| TAXES & FRANCHISES | \$ 71,205,622 | \$ 72,484,223 | \$ 74,793,349 |
| LICENSES & PERMITS | 5,116,844 | 3,337,225 | 3,072,000 |
| FINES & FORFEITURES | 275,599 | 290,000 | 400,000 |
| USE OF MONEY & PROPERTY | (183,377) | 1,331,129 | 1,347,440 |
| REVENUES FROM OTHER GOVERNMENTS | 483,175 | 406,554 | 542,486 |
| GRANTS | 236,190 | 481,044 | 295,705 |
| SERVICE CHARGES | 1,597,619 | 1,500,170 | 1,082,900 |
| OTHER REVENUES | 1,623,377 | 1,645,525 | 1,469,100 |
| TRANSFERS IN | 15,534,159 | 9,444,001 | 4,823,366 |
| <i>SUBTOTAL REVENUES</i> | <i>95,889,208</i> | <i>90,919,871</i> | <i>87,826,346</i> |
| TRANSFERS IN ARPA GRANT FUND | | (5,325,294) | |
| TOTAL REVENUES | \$ 95,889,208 | \$ 85,594,577 | \$ 87,826,346 |

The General Fund is the City's largest fund, representing \$87.8 Million in total revenue. The FY 2023-24 General Fund Budget projects revenues to increase \$2.2 Million more when compared to FY 2022-23 estimated actuals. This is mainly attributed to the over 3% increase in the City's Taxes and Franchises category. The two primary revenue sources under this category are Property Tax and Sales Tax. The City expects the revenues to continue to increase for another year, however, at a more moderate pace and level out as the real estate market reverts after a couple of years of quick-rising home prices.

GENERAL FUND EXPENDITURE

The General Fund is pivotal to the operations of the City as it is the most flexible source of funds the City Council can allocate towards City service and projects needed within the community. For FY 2023-24, the budget allocated a total of \$87.7 million, representing an increase of \$3 million compared to the FY2022-23 Adopted Budget. The expenditures include an increase in the Personnel category for salaries and benefits, which contribute to a cost of living adjustment approved by the City Council, and an increase in the Services category due to rising insurance costs. Additionally, in accordance with the City's Fund Balance Policy, the FY 2023-24 General Fund Budget includes a transfer of surplus funds from FY 2021-22 totaling \$10.3 million into three General Fund reserve funds.

FY 2023-24 Total Expenditures - By Department
Net of Transfers In & Reimbursements
\$87,711,166



- Non-Dept. - 7.1%
- Police Dept. - 41.1%
- Public Works - 21.0%
- Env. Svcs. - 10.8%
- Admin. Svcs. - 6.6%
- City Attorney - 1.0%
- City Admin. - 9.9%
- Emergency Svcs. - 0.4%
- Total Net of Transfers In/Reimbursements - 2.0%

EXPENDITURES

| | ADOPTED BUDGET 2021-22 | ADOPTED BUDGET 2022-23 | PROPOSED BUDGET 2023-24 |
|---------------------------|------------------------------|------------------------------|-------------------------------|
| PERSONNEL | \$ 65,853,895 | \$ 66,609,846 | \$ 67,844,928 |
| SUPPLIES & MATERIALS | 5,605,657 | 6,190,856 | 6,101,078 |
| SERVICES | 9,136,849 | 9,609,213 | 11,742,805 |
| REIMBURSED EXPENDITURES | (8,860,335) | (8,889,179) | (9,131,814) |
| CAPITAL OUTLAY | 29,300 | 5,000 | 306,500 |
| TRANSFERS TO OTHER FUNDS | 6,831,604 | 11,142,457 | 10,847,669 |
| TOTAL EXPENDITURES | \$ 78,596,970 | \$ 84,668,193 | \$ 87,711,166 |

FY 20-21 SURPLUS FUNDS

8,053,103

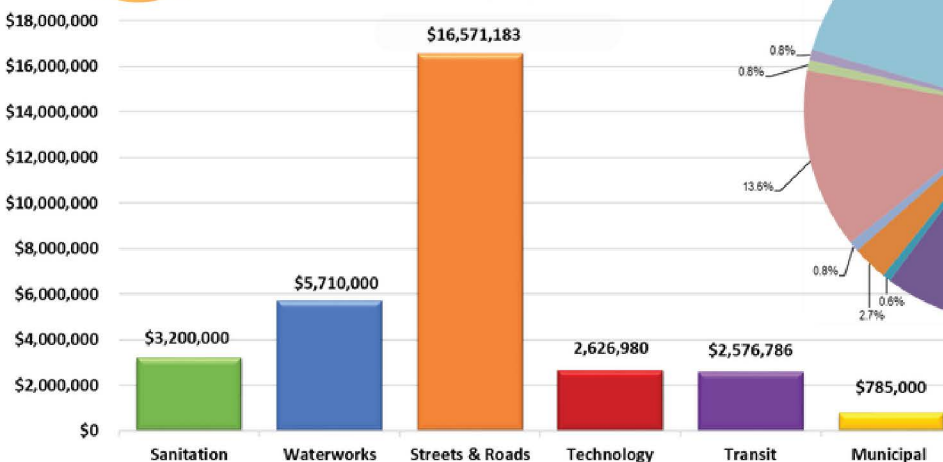
FY 21-22 SURPLUS FUNDS

10,333,888

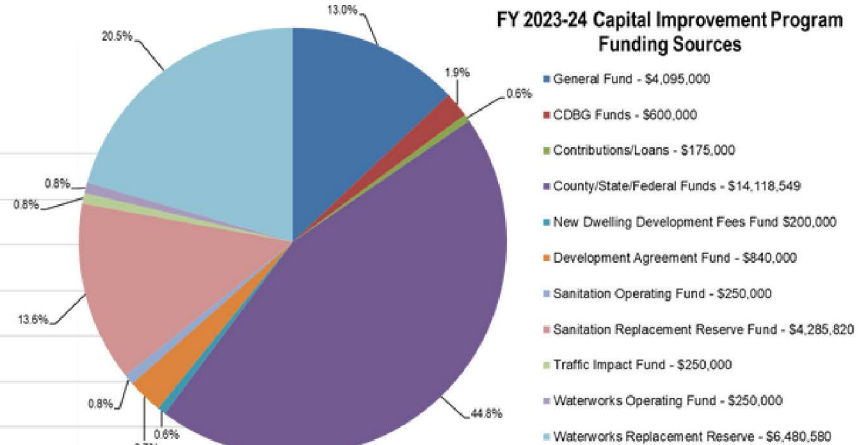
CAPITAL IMPROVEMENT PROGRAM



FY 2023-24 SUMMARY BY CATEGORY
\$31,469,949



FY 2023-24 Capital Improvement Program Funding Sources

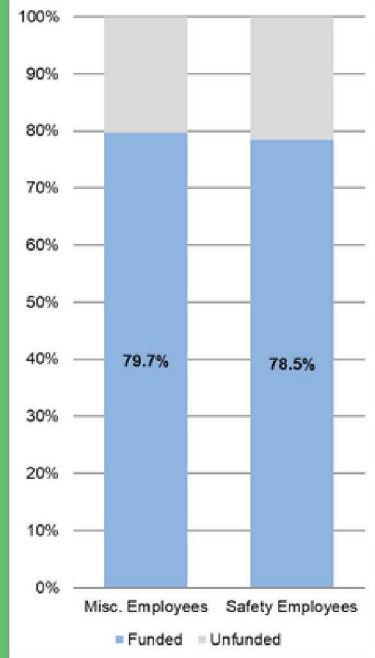


A total of 66 projects are being funded as part of the FY 2023-24 CIP Budget. The budget totaling \$31.5 million is supported mainly by restricted funds, with only \$4.09 coming from the General Fund. A total of \$16.5 million in significant improvements is planned for our streets and roads.

CALPERS PENSION LIABILITIES



CalPERS Pension Funding Status as of 6/30/2021



Increasingly, public discussion has focused on the level of funding set aside by cities to pay for employee pensions. Because CalPERS pensions are a combination of employee/employer contributions plus market returns (with the latter being the primary funding source), changes in market returns (which can impact the long term liability) are included in the actuarial studies.

The City's strategy is to become 100% funded within 20-30 years. The City of Simi Valley's pension liability for Miscellaneous unit employees as of 6/30/21 was funded at 79.7%, up from 69.3% the prior year. Pensions for Sworn unit employees were funded at 78.5%, up from 67.4% the prior year.

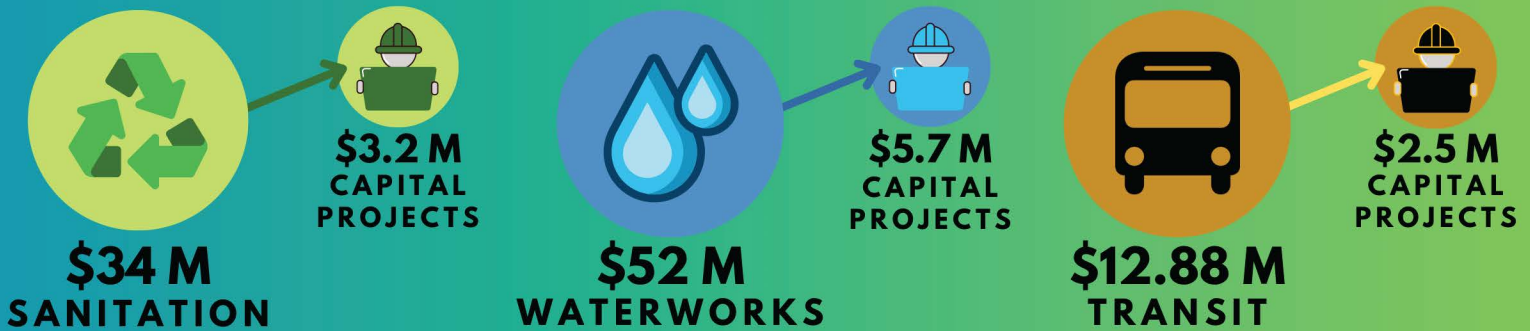
CalPERS changed its funding model in 2014-15 to increase premium rates to account for employee longevity and recover from prior market losses. The City negotiated employee offsets to pension costs, with employees now contributing to their pensions. Future contract negotiations with employee groups will affect the budget going forward.

CalPERS began reducing its discount rate and changed its payment methodology in 2017-18, with the City's payments now structured into a flat-rate payment toward the unfunded liability and the variable annual contribution. CalPERS shortened their amortization period from 30 years to 20 years.

Estimated City CalPERS Payments

| | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|---------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Safety | \$7,471,579 | \$7,452,030 | \$7,314,441 | \$7,178,135 | \$6,952,232 | \$7,146,894 |
| Miscellaneous | \$10,843,658 | \$10,717,422 | \$9,524,623 | \$9,300,212 | \$8,866,447 | \$9,147,144 |
| Total | \$18,315,237 | \$18,169,452 | \$16,839,063 | \$16,478,347 | \$15,818,679 | \$16,294,039 |

ENTERPRISE FUNDS



2022-23 ACCOMPLISHMENTS

- Partnered with the Economic Development Collaborative and launched the Business Assistance Revolving Loan Fund, which provides low-interest loans in the range of \$10,000 to \$100,000 for businesses who are unable to secure a traditional bank loan.
- Established a General Fund, Fund Balance Policy that provided for the first ever an additional payment of \$3.2 million towards the City's PERS unfunded liability; put additional funding toward street maintenance; and is partially funding the citywide radio system infrastructure replacement.
- Developed a program to identify Waterworks District No. 8 utility customers with continuous water loss and notified 1,921 customers of potential issues in an effort to assist in reducing high water bills and avoiding ongoing water loss.
- Completed final Planning Inspections for a 63,800 square-foot industrial building, 149,000 square-foot self-storage and industrial complex, and two Starbucks drive-through coffee shops.
- Completed two recruitments to fill 32 positions on the Neighborhood Council Executive Boards and oriented volunteer advisory board members on City operations, governmental structure, effective public engagement, and meeting facilitation.
- Completed the pavement rehabilitation of 5 major city streets, 75 residential streets, and upgraded over 134 curb ramps to meet Americans with Disabilities Act (ADA) requirements. Additionally, completed concrete repairs of sidewalks, curbs, and gutters at over 115 locations throughout the City, and upgraded 9 City intersections with traffic signal video detection cameras.
- Designed, submitted, and received tentative approval for the construction retrofit of 3 different water conservation projects within the City's Landscape Zones. They include portions of Los Angeles Avenue, Erringer Road, Galena Avenue, and at the Civic Center.
- During the period of January 2022 to December 2022, crime was reduced by 6.14% per FBI Uniform Crime Report (UCR) standards.
- Implemented the "Etch-a-Cat" Program and formed community partnerships aimed at thwarting catalytic converter thefts.
- Conducted several high-priority investigations, including Internet Crimes Against Children (ICAC) investigations/arrests.