

Measure O Citizens Oversight Board Committee

Special Meeting
October 23, 2023

Agenda

1. Oral communications
2. Receive and file minutes for March 6, 2023 Special Meeting
3. Review Draft Measure O Annual Report to City Council
4. Review Adopted Fiscal Year 2023-25 Biennial Budget (General Fund)
5. Review Preliminary Fiscal Year 2022-23 General Fund Financial Performance
6. Next Meeting Date and Topics
7. Matters from Committee Members and Staff

Measure O Important Facts

- On November 6, 2018, Garden Grove voters passed Ordinance No. 2897, known as Measure O, imposing a one-cent (1%) transaction and use (sales) tax.
- Collection of the one-cent local sales tax began on April 1, 2019.
- Measure O is subject to a clear system of accountability, with the oversight of an independent committee.

Measure O Committee FY 2022-23 Annual Report

Agenda Item No. 3

Highlights of FY2022-23 Annual Report

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: City Council
From: Measure O – Citizen's Oversight Committee

Subject: MEASURE O COMMITTEE ANNUAL REPORT FOR FISCAL YEAR 2022-23
Date: November 14, 2023

OBJECTIVE

To present to City Council the Measure O Citizen's Oversight Committee annual report for Fiscal Year 2022-23 per Resolution No. 9540-19.

BACKGROUND

On November 6, 2018, Garden Grove voters passed Ordinance No. 2897, also known as Measure O, imposing a one-cent (1%) transactions and use (sales) tax. The Measure O – Citizen's Oversight Committee was established on February 26, 2019, to review the City's annual budget, mid-year budget, and year-end audited financial information in regards to the receipt and use of Measure O funds. Resolution No. 9540-19 requires that an annual report be presented to the City Council communicating the Committee's activities and to provide a response to the following questions:

- Does the current audited financial information reflect that the Measure O – Public Safety and Vital City Services tax was collected and appropriately spent?
- Does the City's proposed General Fund annual budget and CIP plan protect and maintain the City's core services including public safety?

- Summary of Committee's Proceedings and Activities during the year
- Recap of Audited Financial Information for Fiscal Year 2021-22
 - \$183.4M General Fund revenue, \$28.9 from Measure O
 - \$134.2M General Fund expenditures, 71% for Public Safety
- Highlight on Amended General Fund Budget for Fiscal Year 2022-23, with an increase of \$6.2M

City of Garden Grove FY 2023-25 Biennial Budget

Adopted by City Council on June 13, 2023

Agenda Item No. 4

Highlights of FY2023-25 Biennial Budget

Good news...

- Balanced budget for both years
- Added 17 Full-time positions to strategically address Council priorities
- Increased funding for various City programs
- Implemented the Capital Asset Renewal and Replacement program
- Completed organizational restructure to improve efficiency and promote succession planning

Continued focuses...

- Carefully align recurring costs with ongoing revenue sources
- Ensure sufficient reserves to weather potential mild recession
- Continue to address pension obligations
- Strategically fund the implementation of the City's comprehensive infrastructure policy

2023-2025 Council Priorities



Baseline for FY2023-25 Budget Development

What do we have?

REVENUE SOURCES	FY 2023-24 Proposed (\$'000)	FY 2024-25 Proposed (\$'000)
SALES TAX	\$ 30,639	\$ 31,409
MEASURE O	29,669	30,415
PROPERTY TAX	60,890	62,596
HOTEL VISITOR'S TAX	25,000	25,750
OTHER GF REVENUE	20,945	21,453
TOTAL	\$ 167,143	\$ 171,623

What do we need?

EXPENSE CATEGORIES	FY 2023-24 Proposed (\$'000)	FY 2024-25 Proposed (\$'000)
LABOR COSTS (with OT)	\$ 97,885	\$ 102,478
OCFA & FIRE UAL	31,126	31,685
SERVICES & SUPPLIES	16,771	17,813
INTERNAL SERVICE /DEBT SERVICE	14,020	14,473
TRANSFERS OUT	1,700	1,697
TOTAL	\$ 161,502	\$ 168,146

	FY 2023-24 (\$'000)	FY 2024-25 (\$'000)
PROJECTED SURPLUS - BASELINE	\$ 5,641	\$ 3,477

Revenue Baseline:

- No new revenue sources
- Consistent estimation method from prior years

Expense Baseline:

- No increase in staffing or service level
- Only known cost increase included, wage, contractual etc.

FY 2023-2025 Supplemental Requests

FY2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Available Fund Balance (\$'000)	Estimated Surplus (\$'000)	BASELINE Surplus (\$'000)	BASELINE Surplus (\$'000)
\$46,494	\$9,362	\$5,641	\$3,477

Main considerations:

- Fund Balance = One-time \$
- Diminishing surplus

TYPE	FY 2023-24 (\$'000)	FY 2024-25 (\$'000)	TOTAL (\$'000)
Ongoing Requests	\$ 4,200	\$ 4,600	\$ 8,800
One-time Costs	3,090	1,210	4,300
TOTAL	\$ 7,290	\$ 5,810	\$ 13,100

Sources for Supplemental Requests:

Projected current year surplus		
<u>from Baseline Scenario</u>	\$ 5,642	\$ 3,477 *
Estimated surplus from FY2022-23	1,648	2,333
	<u>\$ 7,290</u>	<u>\$ 5,810</u>

* Available surplus for Year 2 will decrease after funding Year 1 supplemental requests that are recurring

FY 2023-2025 Supplemental Requests Summary (1/2)

Description	Amount	Council Priority
Automation		
Mobile equipment for field staff	\$ 15,700	1, 3
City Hall lobby kiosk	10,000	4, 6
Capital Improvement Project		
Channel repair and other improvements	1,250,000	4
Community Program		
Garden Grove Gems	5,000	3
Garden Grove Teen Action (GGTAC)	7,000	6
Police Explorer Program	10,000	2
Holiday lighting infrastructure	30,000	4
Cost Reduction & Recovery		
Subrogation service	45,000	3
Transient Occupancy Tax audit	70,000	3
Equipment		
Police equipment	155,300	2

Council Priorities:

Tire 1:

1. Homelessness
2. Public safety
3. Economic development & support for local businesses
4. Infrastructure

Tier 2:

5. Code enforcement
6. Celebrate cultural diversity

FY 2023-2025 Supplemental Requests Summary (2/2)

Description	Amount	Council Priority
Infrastructure Enhancement		
Security cameras at City parks & other	\$ 111,500	1, 4
New Positions (14)	1,901,423	ALL
Position upgrade (7)	985,861	ALL
Professional service		
Be Well OC	1,200,000	1
Economic development	488,000	3
Parking enforcement	30,000	1, 2, 3
Tree maintenance	100,000	2, 4
Staff Augmentation		
Engineering, construction & grant development	173,000	3
Building and planning services	300,000	3
Code enforcement	200,000	5
Staff Development	61,364	ALL
Other		
SB 1383 Compliance	400,000	3,4
Other	27,000	ALL

Council Priorities:

Tire 1:

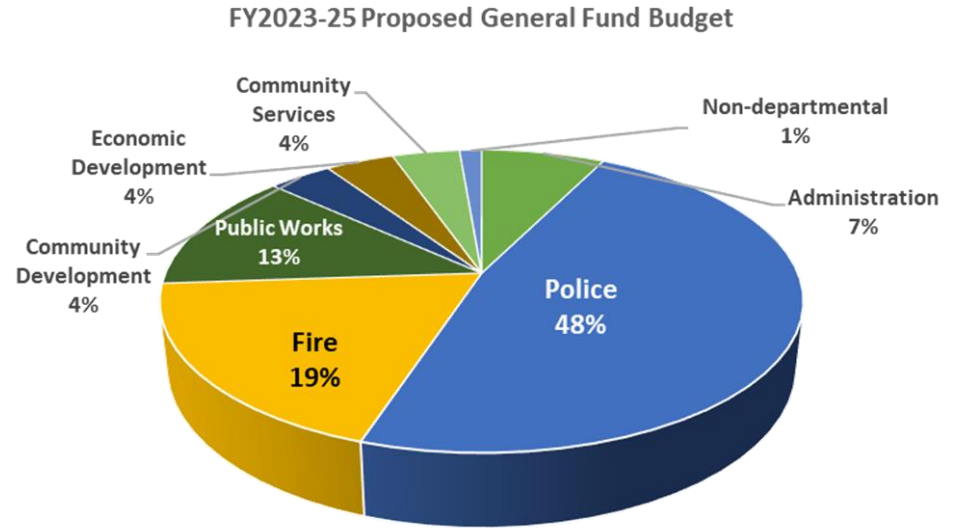
1. Homelessness
2. Public safety
3. Economic development & support for local businesses
4. Infrastructure

Tier 2:

5. Code enforcement
6. Celebrate cultural diversity

FY 2023-2025 Proposed General Fund Budget

General Fund Expenditure	FY 2023-24 ('\$000)	FY 2024-25 ('\$000)
CITY ADMINISTRATION		
CITY MANAGER	\$ 4,222	\$ 4,392
CITY ATTORNEY	1,023	1,074
FINANCE	4,119	4,294
HUMAN RESOURCES	2,303	2,353
INFORMATION TECHNOLOGY	833	853
TOTAL CITY ADMINISTRATION	12,500	12,966
PUBLIC SAFETY - POLICE	80,552	84,532
PUBLIC SAFETY - FIRE	31,760	32,966
PUBLIC WORKS	21,621	20,902
COMMUNITY DEVELOPMENT	6,448	6,846
ECONOMIC DEVELOPMENT	6,926	6,724
COMMUNITY SERVICES	6,834	7,092
NON-DEPARTMENTAL	2,245	2,247
TOTAL USES	\$ 168,886	\$ 174,275



City of Garden Grove
FY 2022-23
Preliminary Financial Performance
- General Fund -

Agenda Item No. 5

FY2022-23 Preliminary General Fund Revenue

Revenue Source	Revised Budget ('\$000)	Unaudited Actuals ('\$000)	Preliminary Variance ('\$000)
Sales Tax - Bradley Burns	\$ 29,237	\$ 29,933	\$ 696
Sales Tax - Measure O	27,133	29,376	\$ 2,243
Property Tax	58,362	66,592	8,230
Hotel Tax	22,342	28,009	5,667
Other	19,569	23,312	3,743
Transfers In	-	3,038	3,038
Total	\$ 156,643	\$ 180,260	\$ 23,617

- Sales tax including Measure O surpassed budget by \$2.9M
- Property tax exceeded budgeted amount by \$8.2M
- Hotel tax reached new historical high, and had a favorable budget variance of \$5.7M

FY2022-23 Preliminary General Fund Expenditures

Expenditure Category	Revised Budget ('\$000)	Unaudited Actuals ('\$000)	Preliminary Variance ('\$000)
Fire	\$ 30,917	\$ 30,932	\$ 14
Police	76,485	72,349	(4,137)
City Administration	10,363	9,875	(487)
Community & Economic Development	11,551	10,996	(556)
Community Services	4,354	4,191	(163)
Public Works	18,918	16,756	(2,163)
Capital Outlay	13,199	11,460	(1,739)
Debt Service	1,511	1,511	-
Transfers Out	1,810	1,810	-
Total	\$ 169,107	\$ 159,879	\$ (9,229)

- Overall anticipated budgetary savings of \$9.2M
- Public Safety expenditures totaled \$103.3M
 - \$8.1M increase from FY2021-22
 - 71.2% of overall General Fund operating budget

Civic Center Revitalization Project: Public Safety Facility Update

Project Progress

Phase 1 Completed:

- ✓ Future site location identified
- ✓ Program validated, project schedule streamlined
- ✓ City direction to retain O&M responsibility and optimize risk transfer with DBF
- ✓ Community engagement – workshop, events, & website (throughout all phases)

Phase 2: Completed

- ✓ Conducted RFI and market sounding
- ✓ Initiated CEQA
- ✓ Refined Evaluation Criteria
- ✓ Preparing RFQ/P to include design/performance specifications
- ✓ Finalizing funding plan

Phase 3:

- Launch RFQ
- Select developer
- Design completed
- Agreements finalized
- Financial close
- Notice to Proceed
- Guaranteed Maximum Price per negotiated contract



Public Safety Facility Site Location

New Public Safety Facility & Parking Zone
2.75 +/- Acres



<https://ggcity.org/civic-center>

Public Safety Facility Phase I & II Recap

Phase I:

Goals, Values & Criteria

- Goals and Values identified
- Community input received

Program Validation

- 87,000 sf Public Safety Facility ("PSF")
- 448-space parking structure (100 general use spaces)

Site Location

- Decision to build on southeast corner of Civic Center Campus

Site Massing

- New PSF at corner of Acacia and Euclid, re-visioned park at current site of existing PSF, new parking structure

Preliminary Costs

- ±\$108M with some exclusions

Delivery method

- DBF preferred

Phase II:

Conducted RFI and Market Sounding

- 11 respondents
- Market interest

Initiated CEQA

- Project design completed
- Technical studies underway

Community Engagement

Funding plan

Refined Evaluation Criteria

Prepared & Issued RFQ

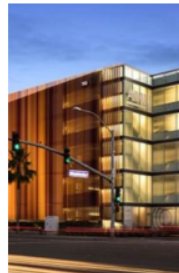
- Design and minimum project specifications
- Room data sheets and adjacencies
- Draft Exclusive Negotiation Agreement

Public Safety Facility Phase III Status



RFQ Evaluation and Award Recommendation

- Selection Committee evaluates statements of qualification and holds interviews with shortlisted teams
- Qualifications-based selection
- Award recommendation to Council



Complete CEQA:

- Michael Baker engaged, work commenced
- Project description complete
- Document to be available for public comment
- Anticipate completion in February '24



Community engagement

- Outreach plan continues
- Fall events planned
- Collaboration with selected developer team



Exclusive Negotiations Period

- Launch design
- Negotiate Development Agreement
- Finalize Plan of Finance
- Council review and approval
- Commercial and Financial Close

Public Safety Facility Phase III Status



civic center
revitalization
project

2023 Next Steps

Developer Selection

Exclusive Negotiation
Agreement

Design, Guaranteed Max Price

CEQA to be Completed



Journal Entry Stickers

Today's Date: _____

MY BEST MEMORY OF THE CIVIC CENTER PARK IS...

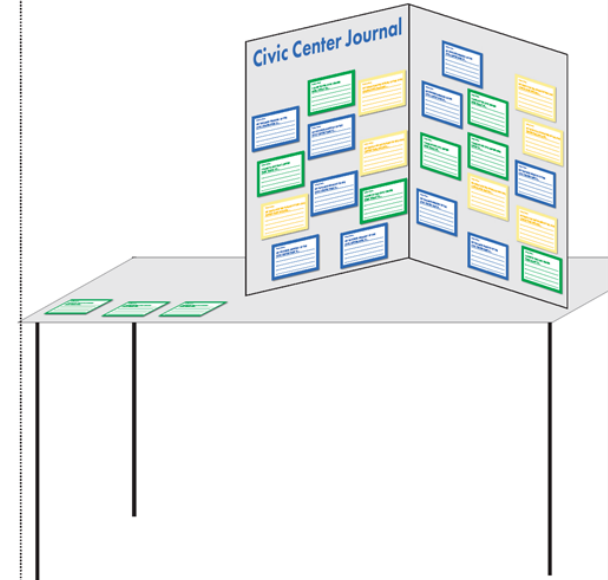
Today's Date: _____

MY FAVORITE ACTIVITY AT THE CIVIC CENTER PARK IS...

Today's Date: _____

MY IDEAS FOR THE FUTURE OF THE CIVIC CENTER PARK INCLUDE....

Civic Center Journal



Next Meeting...

Topics to cover:

- Discuss audited General Fund operating results for Fiscal Year 2022-23
- Review Fiscal Year 2023-24 mid-cycle budget and Measure O Revenue outlook

Tentative date:

February/March 2024



Thank you!

Questions?

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