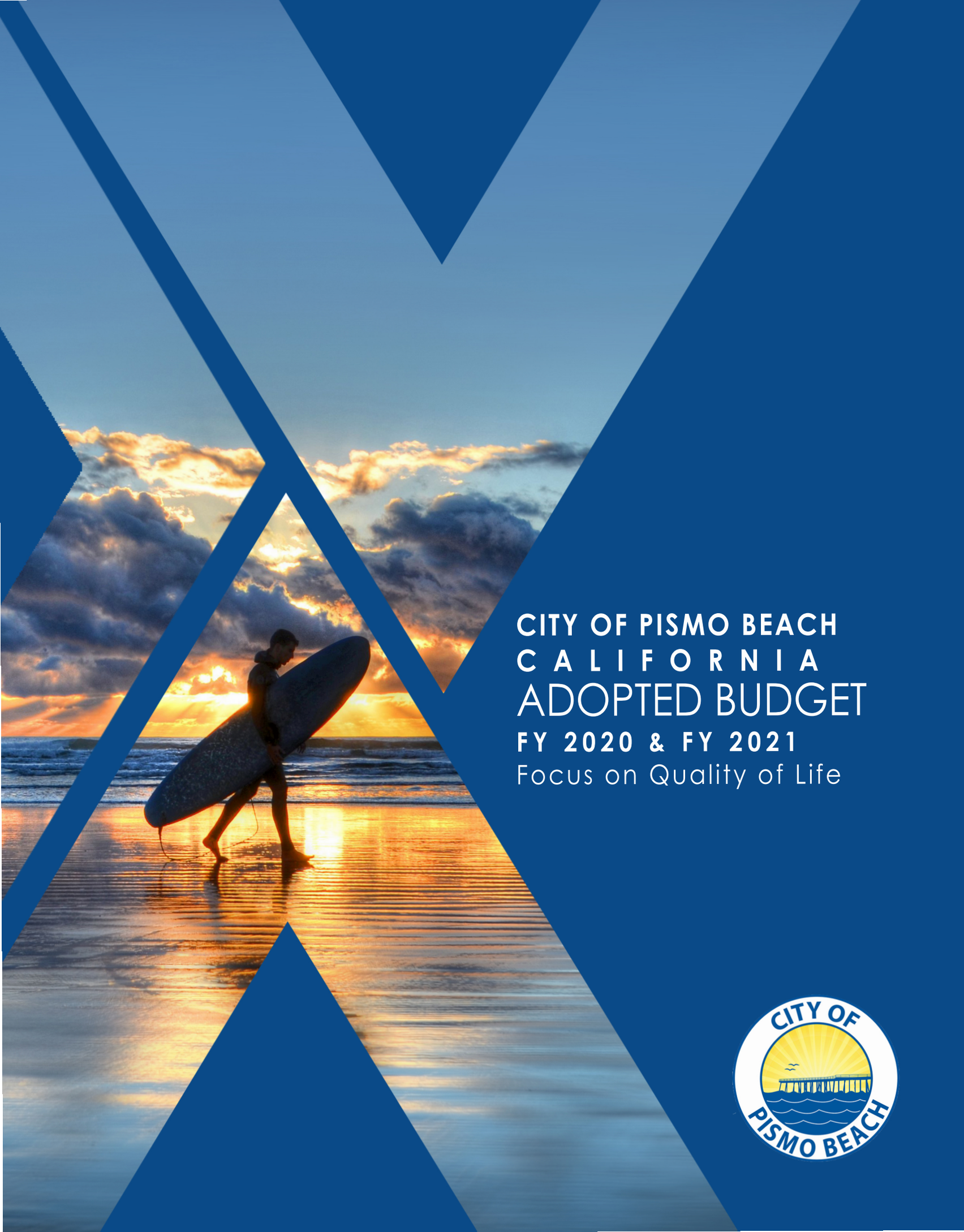


CITY OF PISMO BEACH
C A L I F O R N I A
ADOPTED BUDGET
FY 2020 & FY 2021
Focus on Quality of Life

City of Pismo Beach City Council



Ed Waage, Mayor



Erik Howell, Mayor Pro Tempore



Sheila Blake, Council Member



Marcia Guthrie, Council Member



Mary Ann Reiss, Council Member

City of Pismo Beach Vision Statement



Our Vision for Pismo Beach

Provide a safe place; maintain its small beach town character; manage growth effectively; and enhance a vibrant tourist-based economy, while becoming a world-renowned tourist destination.

FY 2020 AND FY 2021 ADOPTED BUDGET CONTRIBUTORS

Executive Management Team

City Manager	James Lewis
Administrative Services Director	Nadia Feeser
Community Development Director	Jeff Winklepleck
Fire Battalion Chief	Paul Lee
Management Services Director	Jorge Garcia
Police Chief	Jake Miller
Public Works Director/City Engineer	Benjamin Fine
Tourism & Events Director	Gordon Jackson

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Photo Credits

Photos courtesy of the City of Pismo Beach Tourism & Events Department

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City Manager's Budget Message

May 14, 2019

Honorable Mayor and Council Members:

I am pleased to submit the Fiscal Year (FY) 2020 and FY 2021 operating and capital improvement program budget for the City of Pismo Beach. This two-year budget is balanced, funds major efforts toward implementing the City Council's goals, includes important initiatives to upgrade the City's infrastructure, enhances services to the public, improves public safety, and continues to build the City's cash reserves. With our strong financial position, growing reserves, and the community's desire for preserving, maintaining, and sustaining the City's infrastructure and resources, this two-year budget **FOCUSES ON QUALITY OF LIFE**.

The Council's fiscal policies and policy decisions have allowed the City's financial status to further exceed the excellent financial position forecasted during the last two-year budget cycle. In addition to the City's financial status, our employee culture is positive and collaborative, and employee relations are excellent. We enjoy beneficial working relationships with the private sector and our community partners, the community's economy is healthy and growing, and we continue to see new development in the Downtown area and in residential communities. Finally, the local and state economies are flourishing with consumer and investor confidence and record revenues. The federal economy continues to see low interest rates, historic low unemployment rates, and steady inflation. We look to these indicators as we FOCUS ON QUALITY OF LIFE by capitalizing on all of these factors and make very strategic investments in our community that will further enhance our quality of life and make us more sustainable in the future.

To guide development of this budget for the next two years, the Council engaged the community by soliciting ideas and input through our enhanced engagement initiative, *Pismo Voice*. *Pismo Voice* utilized a variety of means, including several community meetings, utility bill mailers, social media, and booths at community events. Additionally, employees were able to collaborate by department to share their thoughts on what investments should be made. Based on this input, the City Council adopted several strategic goals and priorities that are funded in this budget, including major investments in:

- Water Supply, Conservation, and Central Coast Blue;
- Downtown parking;
- Local Coastal Plan/General Plan/Zoning;
- Downtown improvements and Pier Plaza; and
- Bello Street and Old City Hall.

These multi-year goals will take significant investment and will be possible due to our City's strength in revenues, accumulated fund balances, conservative financial projections, and solid credit. While this budget calls for spending a portion of these fund balances as

planned to accomplish these long-term projects, the City will continue to set aside funds for reserves, provide a safe environment in which to live and to visit, produce recreation programs that add cultural enrichment and fun, maintain our beautiful parks and ocean water quality, and keep our drinking water clean.

The Adopted Budget assumes moderate-but-conservative increases in revenues, both ongoing and one-time in nature. Due to the promotional efforts by the City's Conference and Visitors Bureau and Pismo Beach Hospitality Association, as well as strategic use of our Lodging Business Improvement District funds, the focus and investment of our hoteliers and business community, and a variety of external factors, tourism in our City has continued to increase Transient Occupancy Tax revenues. The rate of growth in these revenues is slowing, but the Adopted Budget still assumes strength in this area as one new resort hotel is expected to open in FY 2020 and another resort hotel is expected to open in FY 2021. As development in the downtown area and the housing market continues, the City expects to see moderate revenues from building, planning, and engineering fees, most of which are one-time in nature as the number of development areas are fixed. Property tax revenues continue to ramp up as home values are reassessed at pre-recession levels and sales tax revenues include moderate growth projections. Staff also anticipates an aggressive strategy of pursuing and obtaining state and federal grants for certain capital projects which could further grow revenues. Despite these increases in revenues, our forecasts remain conservative and our recommended ongoing expenditures are far less than the revenues being collected.

In the last two-year budget, the City moderately increased its expenditures to fund strategic investments in our community, our team, and our future. Some of these ongoing investments continue in this budget. In addition, the Adopted Budget funds:

- Efforts toward achieving the Council's goals and priorities;
- Investments in City staff development, technology, and infrastructure to meet growing demands and continue to enhance productivity and efficiency;
- Fire and Police safety;
- City beautification and economic growth;
- Continued investments in neighborhood streets, sidewalks, bluff protection, and parking;
- Enhancements to the City's parks; and
- More sustainable options for the City's potable water supply.

As mentioned, while we are focusing on quality of life for our community, we continue to make major investments, and the City continues to set aside some of the savings from prior years and a portion of new revenues into reserves. Continuing to build reserves and maintain certain accumulated fund balances is critical as the City still weighs the cost of ongoing challenges, including rising pension costs, rising risk management costs, high costs of infrastructure improvements, development of a sustainable water supply, continuing the construction of major capital projects including the Shell Beach Streetscape Project, Pier Plaza area, and significant investments in circulation and parking.

The future continues to be very bright for the City of Pismo Beach, its residents, and its visitors. FOCUSING ON QUALITY OF LIFE calls for making major investments in areas that will positively impact our community for many years to come. Specifically, these investments are outlined in more detail below.

Creating an Accessible Gathering Place for the Community in the Downtown Area

The Adopted Budget includes strategic investments focused on bringing our community together in the downtown area, including:

- Construction of the Pier Plaza, including new restrooms, access improvements, visitor amenities, and parking lot improvements
- Installation of new banners on the Pier to create a sense of place
- Replacement of beach wheelchairs to make the beach more accessible
- Purchase and installation of additional downtown trash cans for a uniform look and litter prevention
- Implementation of a new Visitor Information Center and restaurant on the Pier in Airstreams to provide a better experience for visitors and residents alike
- Enhance the cleanliness of the new downtown area sidewalk pavers

Beautifying and Making Accessible Popular Coastal Areas

The Adopted Budget includes investments focused on beautifying and making accessible popular coastal areas for our residents and visitors, including:

- Completion of plans and studies for the Ocean Boulevard Enhancement Project, including bluff stabilization, a pedestrian path, and the replacement of the Morro Avenue stairs to provide better access to the beach
- Installation of dynamic signage for circulation and parking to help visitors identify available parking
- Addition of a mobile application for motorists to identify and pay for downtown parking
- Continuation of the acquisition process for Highway 1/Dolliver Street and monitor Caltrans schedule and funding for rehabilitation and improvements
- Implementation of a new sign program for coastal access points

Developing a Sustainable Community

The Adopted Budget makes significant strides focused on the City's sustainability into the future, including the City's water resources, financial resources, and human resources, including:

- Being proactive about protecting our clean water while ensuring clean water is available into the future
- Continuation of moving the Central Coast Blue Project forward, including seeking funding for and planning and design of a regional reclaimed water facility
- Continued maintenance of the water system, including reservoir replacement and maintenance

- Update the Urban Water Master Plan (UWMP)
- Replacement of waterlines for improved water flow for fire safety
- Improving opportunities for employee education and training that result in more efficient, resourceful, and entrepreneurial operations
- Setting aside substantial financial reserves to prepare for rising costs associated with pension costs, risk management costs, City facility improvements, and a potential recession
- Continuing to enhance the award-winning environment and culture at City facilities to improve employee morale, development, and creativity

Creating a Well-Planned and Safe Community

Finally, the Adopted Budget also focuses investments for a well-planned and safer community for our residents and visitors, including:

- Update the General Plan/Local Coastal Plan that will provide the roadmap for future development for the City
- Development of plans and studies for a new Public Safety Facility, including a transition plan and enhance operation capability from the new facility
- Price Canyon Road slope repair due to damage from previous storms
- Speed survey update as required by the California Vehicle Code
- Pavement Management Plan update to identify and plan for future street maintenance and repairs
- Identification of alternate options for energy use, generation, and delivery
- Purchase and installation of additional investment in public safety equipment, including a mobile command vehicle for community safety and events
- Work with the Land Conservancy of San Luis Obispo County to ensure a successful Pismo Preserve opening that creates an accessible entry for residents and visitors while being complementary to the neighborhood

Financial Overview

The overall financial goals for the FY 2020 and FY 2021 budget period are to have a fiscally sound two-year budget, strengthen reserves, enhance current service levels, and address critical capital projects. The FY 2020 and FY 2021 Adopted Budgets present a structurally balanced budget, with excess operating revenues sufficient to cover Adopted Operating Budget expenditures.

The FY 2020 Adopted Budget includes a total of $45.3 million in revenues and $46.8 million in operating and capital budget for a net $1.5 million more expenditures than revenues, net of transfers between funds. The operating budget is balanced with a $6.8 million net operating surplus. The $8.3 million of expenditures that exceed revenues are for one-time capital projects that the City will support from accumulated fund balances.

The FY 2021 Adopted Budget includes a total of $44.2 million in revenues and $39.3 million in operating and capital budget for a net $4.9 million more expenditures than revenues, net of transfers between funds. The operating budget is balanced with an $8.1 million net

operating surplus. The $3.3 million of expenditures that exceed revenues are for one-time capital projects that the City will support from accumulated fund balances.

The Adopted Budget includes work plan budget expenditures for improving services, supporting capital improvements, building reserves, and supporting the community.

- The amount of recommended work plan budget items that are ongoing in nature and include enhancing service levels and addressing Council priorities, net of revenues and transfers, are $208,300 in FY 2020 and $208,980 in FY 2021
- The amount of recommended work plan budget items that are one-time investments and include capital improvement projects that address critical infrastructure needs and other Council goals, net of revenues and transfers, total $11,246,789 in FY 2020 and $3,326,734 in FY 2021
- The General Fund Reserve is maintained at 25% of General Fund budgeted operating expenditures. As such, the adopted budgets include an additional $196 thousand in FY 2020 and an additional $69 thousand in FY 2021 from the General Fund unassigned fund balance to contribute to the General Fund Reserve
- The City's Fiscal Policy to maintain a contingency reserve of 1% of budgeted General Fund operating expenditures to support unanticipated items that may occur during the budget years is fully funded. Due to several large capital projects that could experience cost overruns, the contingency budget in the proposed budget is increased to approximately 3% per year at $650 thousand in FY 2020 and FY 2021
- The Risk Management Reserve for unanticipated risk management costs is fully funded and maintained at $250 thousand
- The adopted budgets maintain the $500 thousand City Facility Reserve
- The adopted budgets include setting aside $2.0 million in FY 2020 and FY 2021 of the General Fund unassigned fund balance for a Budget Stabilization set-aside. This set-aside allows the City to manage a potential economic downturn by drawing down from the set-aside.
- The FY 2020 adopted budget includes setting aside $1.0 million from prior year General Fund personnel costs savings for a CalPERS Prepayment set-aside. This set-aside is for a prepayment to CalPERS to reduce the City's unfunded pension liability.

This budget document is a comprehensive financial document that accounts for historical transactions and events, and compares the previous year's budgeted expenditures and the Adopted Budgets for FY 2020 and FY 2021. The FY 2019 revised budget, as presented in the ensuing departmental pages, reflects budget amendments approved through April 2019, as well as open encumbrances rolled over from the preceding fiscal year.

All relevant financial information is outlined in the budget summary on the following pages. The summary includes several charts, graphs, and commentary on the budget and items included within it. Following the budget summary, there are details of the budget organized by function and department.

Acknowledgements

I would like to thank the management, mid-management, and supervisory staff from all City departments who provided invaluable input into the preparation of the FY 2020 and

FY 2021 budget in a spirit of interdepartmental cooperation. In each instance, staff worked with the best interest of the entire community and the City's fiscal integrity in mind. I thank the staff of the Administrative Services Department who provided exceptional assistance to all departments in providing training, calculations, advice, and reminders of critical deadlines throughout the budget preparation process. I offer thanks to the City Council for their leadership, guidance and direction. Finally, I would also like to thank all other individuals who contributed in making this budget a reality. This document is a team effort.

Closing

We are FOCUSING ON QUALITY OF LIFE by making several key investments today that will make our future even brighter. We are financially stable, we are making prudent investments into the community, and we are enhancing the quality of life for our residents and visitors. These are great days for the City of Pismo Beach and I am excited about our future. Additionally, I am encouraged by the people coming together to work hard to take our community to the next level. All of the pieces are in place to make Pismo Beach even more exceptional than it already is and I am privileged to work with outstanding staff, volunteers, business owners, non-profit leaders, and elected officials.

Respectfully,



James R. Lewis
City Manager

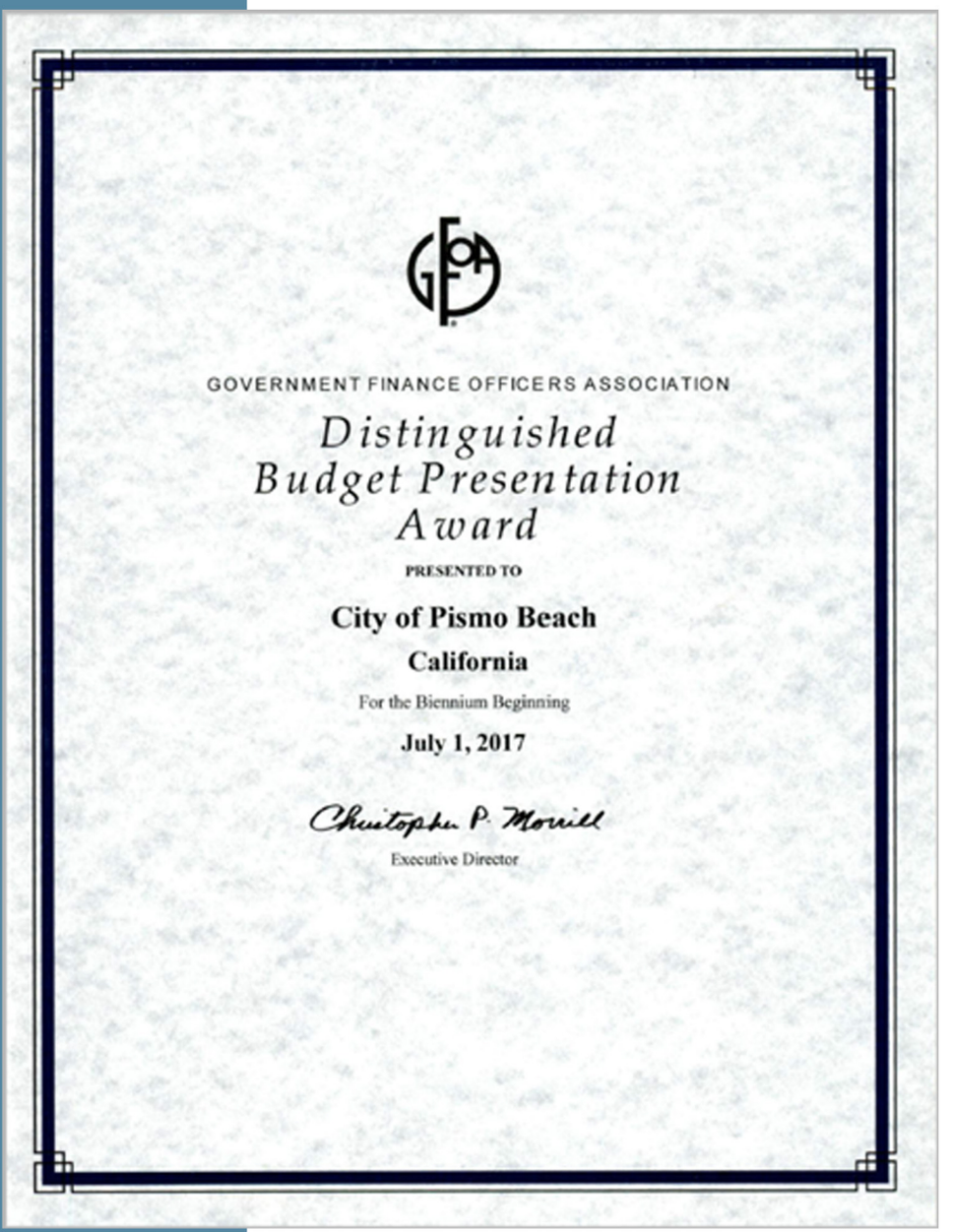
Budget Awards



Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Pismo Beach, California for its biennial budget for the biennium beginning July 1, 2017. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of two years only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Pismo Beach

California

For the Biennium Beginning

July 1, 2017

Christopher P. Morrill

Executive Director

California Society of Municipal Finance Officers (CSMFO)

Budget Award



California Society of Municipal Finance Officers

Certificate of Award

Operating Budget Excellence Award
Fiscal Year 2017-2018

Presented to the

City of Pismo Beach

For meeting the criteria established to achieve the Operating Budget Excellence Award.

February 7, 2018

Drew Corbett
CSMFO President

Craig Boyer, Chair
Professional Standards and
Recognition Committee

Dedicated Excellence in Municipal Financial Reporting

Comprehensive Budget Summary





Comprehensive Budget Summary

The Comprehensive Budget Summary includes discussions about revenues, expenditures, projections, staffing, changes to service levels, and key assumptions, all of which contribute to the development of the FY 2020 and FY 2021 Adopted Budgets.

The FY 2020 and FY 2021 Adopted Budgets present a balanced budget, with revenues sufficient to cover normal operations (or base level) and adopted ongoing work plan budget requests (or above base level) budget expenditures. The baseline budget is a continuation of all current services and contracts without any changes to staffing levels, contract costs beyond normal cost increases, program enhancements, or capital projects. The work plan budget requests are all revenues and expenditures over the baseline budget. These work plan budget items include accomplishments of the City Council's goals, investments in the City's future for downtown circulation and parking, water supply and conservation, Bello Street corridor and re-use of the Old City Hall building, downtown revitalization and beautification; and bluff protection. These include several capital projects, program enhancements, and increased contributions to contingency funds, replacement funds, and General Fund reserves.

The following tables depict the FY 2020 and FY 2021 Adopted Budget, all net of transfers. The first table is the total budget with ongoing and one-time revenues and expenditures. This table also includes General Fund contributions for reserves that reduce the fund balance. The second table includes the operating budget, or the ongoing revenues and expenditures. The third table includes the one-time revenues and expenditures. Note that the operating budget is structurally balanced, meaning that operating revenues are greater than or equal to operating or ongoing expenditures and the one-time expenditures are supported by one-time revenues or fund balance.

Total Budget	**FY 2020 Adopted Budget**	**FY 2021 Adopted Budget**
Beginning Fund Balance	$ 27,873,645	$ 26,154,793
Revenues	$ 45,260,366	$ 44,175,206
Expenditures	46,783,278	39,331,038
Net (Revs - Exps)	$ (1,522,912)	$ 4,844,168
Ending Fund Balance	$ 26,350,733	$ 30,998,961
Less Contributions to Reserves	(195,940)	(68,594)
Revised Ending Fund Balance	$ 26,154,793	$ 30,930,367

Operating Budget	FY 2020 Adopted Budget	FY 2021 Adopted Budget
Revenues	$ 41,650,378	$ 43,080,685
Expenditures	34,846,485	34,986,088
Net (Revs - Exps)	$ 6,803,893	$ 8,094,596

One-Time Revenues & Expenditures Net is supported by fund balance

One-Time Revenues & Expenditures	FY 2020 Adopted Budget	FY 2021 Adopted Budget
Revenues	$ 3,609,988	$ 1,094,521
Expenditures	11,936,793	4,344,950
Net (Revs - Exps)	$ (8,326,805)	$ (3,250,429)

The Adopted Two-Year Budget is Balanced

The FY 2020 Adopted Budget includes a total of $45.3 million in revenues and $46.8 million in operating and capital budget for a net $1.5 million more expenditures than revenues. The operating budget is balanced with a $6.8 million net operating surplus. The $8.3 million of expenditures that exceed revenues are for one-time capital projects that the City will support from accumulated fund balances.

The FY 2021 Adopted Budget includes a total of $44.2 million in revenues and $39.3 million in operating and capital budget for a net $4.9 million more revenues than expenditures. The operating budget is balanced with an $8.1 million net operating surplus. The $3.3 million of expenditures that exceed revenues are for one-time capital projects that the City will support from accumulated fund balances.

Comparing FY 2019 Adopted Budget to FY 2020 and FY 2021 Adopted Budgets

Comparing Adopted Budgets over time provides a look at how things have changed since the last two-year budget cycle. The following table provides the total budget for the FY 2019 through the FY 2021 Adopted Budgets, including variances for each fiscal year compared to the previous fiscal year. Explanations of the variances are provided after the table.

Total Budget	FY 2019 Adopted Budget	FY 2020 Adopted Budget	FY 20 vs FY 19	FY 2021 Adopted Budget	FY 21 vs FY 20
Beginning Fund Balance	$ 31,082,656	$ 27,873,645	$ (3,209,011)	$ 26,154,793	$ (1,718,852)
Revenues	$ 36,565,459	$ 45,260,366	$ 8,694,907	$ 44,175,206	$ (1,085,160)
Expenditures	37,171,801	46,783,278	9,611,477	39,331,038	(7,452,240)
Net (Revs - Exps)	$ (606,342)	$ (1,522,912)	$ (916,570)	$ 4,844,168	$ 6,367,080
Ending Fund Balance	$ 30,476,314	$ 26,350,733	$ (4,125,581)	$ 30,998,961	$ 4,648,228
Less Contributions to Reserves	(248,461)	(195,940)	52,521	(68,594)	127,346
Revised Ending Fund Balance	$ 30,227,853	$ 26,154,793	$ (4,073,060)	$ 30,930,367	$ 4,775,574

FY 2020 Adopted Budget vs. FY 2019 Adopted Budget

The FY 2020 Adopted Budget includes $8.7 million more revenues compared to the FY 2019 Adopted Budget. The additional revenues come from various sources, including $2.7 million additional one-time federal government grants, $1.2 million additional Lodging Business Improvement District (LBID) assessment revenues for an additional 1% assessment for physical improvements, $0.8 million of additional Transient Occupancy Tax (TOT), $0.7 million of additional interest earnings, $0.5 million of additional property-related tax, and additional various fee revenues. The FY 2020 Adopted Budget also includes $9.6 million more budgeted expenditures, primarily due to $8.4 million more one-time expenditures and capital projects budgeted in FY 2020. Similar to the last two-year budget for FY 2018 and FY 2019, most of the large one-time projects are budgeted in the first year of the two-year budget.

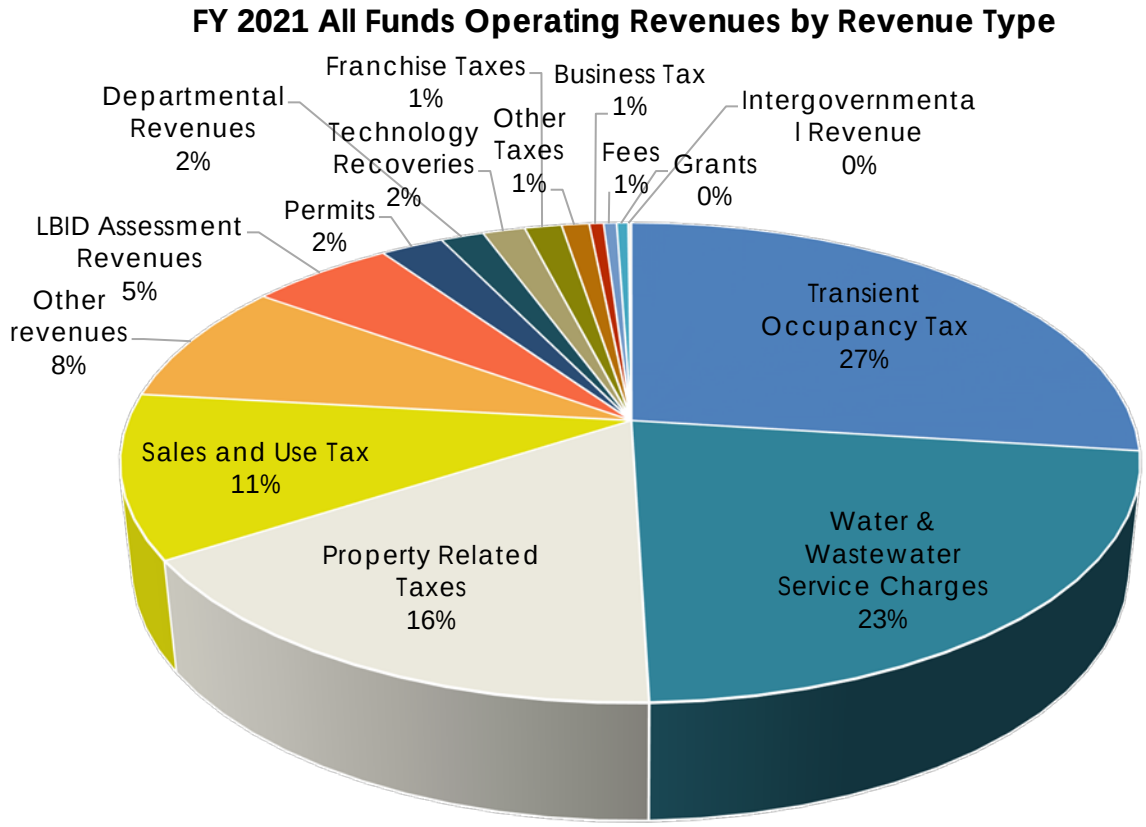
FY 2021 Adopted Budget vs. FY 2020 Adopted Budget

The FY 2021 Adopted Budget includes $1.1 million fewer revenues compared to the FY 2020 Adopted Budget, largely due to $2.7 million fewer federal grant revenues that were one-time revenues budgeted in FY 2020, offset by $0.7 million additional state grant revenues and $1.5 million of additional tax, assessment, and fee revenues. The FY 2021 Adopted Budget includes $7.5 million fewer expenditures compared to the FY 2020 Adopted Budget, primarily due to more one-time capital projects budgeted in FY 2020 than in FY 2021. Similar to the last two-year budget for FY 2018 and FY 2019, most of the large one-time projects are budgeted in the first year of the two-year budget.

Operating Revenue and Expenditure Components of the Two-Year Budget

The following pie charts illustrate the categories of revenues and expenditures that make up the City's FY 2021 Adopted Operating Budget, net of transfers between funds. The components of the FY 2020 and FY 2021 Adopted Operating Budgets are similar and the percentages in FY 2020 are almost identical. Operating revenues and expenditures include all the ongoing revenues and expenditures necessary to maintain or enhance current operations and does not include one-time revenues or expenditures.

All Funds Operating Revenues



- The largest component, or 27%, of the City's revenues is TOT revenues, budgeted at $11.6 million. These revenues are equal to 10% of the rent charged by all lodging businesses for a person exercising occupancy for 30 consecutive calendar days or less.
- The second largest component, or 23%, of the City's revenues is water & wastewater service charges from residential and non-residential customers, which is about $9.7 million.
- Property-related taxes make up 167% of the City's revenues, or $7.0 million, and include property taxes from assessed property values, property tax in lieu of vehicle license fees, property tax that was formerly allocated to the now-dissolved Redevelopment Agency (RDA), and a special water tax on property owners.

- Sales and Use tax revenues make up 11% of the City's revenues, or $4.7 million, and include the 1.0% Bradley Burns sales tax, public safety sales tax, and the Half-Cent Transaction sales tax.
- Other Revenues make up 8% of the City's revenues, or $3.5 million, and includes parking kiosk revenues, facility rental revenues, fines, interest earnings, and allocations from other funds.
- The remaining components contribute 15%, or $6.4 million, of the City's revenues, and includes Lodging Business Improvement District (LBID) assessment revenues, departmental revenues, permits, technology recoveries, franchise taxes, business taxes, other taxes, fees, grants, and intergovernmental revenue.

The four largest revenue categories (TOT, Water & Wastewater Service Charges, property-related taxes, and sales & use tax revenues) make up 77% of the City's revenues. TOT revenues and the majority of property and sales tax revenues are deposited in the General Fund. An in-depth description of these General Fund sources are provided in the General Fund Revenues section. The Water and Wastewater service charges are described below.

Water & wastewater service charges are deposited in the Water and Wastewater Enterprise Funds and are used exclusively for water and wastewater operations, maintenance, and utility-related capital projects. Based on a comprehensive water and wastewater rate study performed by an outside consultant, the City Council approved revised water and wastewater rates in March 2019. Water and wastewater fees are set up to each have a flat rate service charge and a variable rate based on water consumption. The Council approved two changes to rates:

(1) Changes to the water four-tier variable Single-Family Residential (SFR) rate structure so that indoor water usage, outdoor water usage, and excessive water usage correspond to their respective billing tiers. A recent appellate court decision regarding the legality of tiered water rate structures in the City of San Juan Capistrano suggests that, under Proposition 218, the rates not only need to be proportional to the cost of service, but they need to be proportional to the cost of service within rate tiers of such rate structures as well. The rates proposed in this study conform to the *San Juan Capistrano* decision's mandate.
(2) Rate increases to fund critical water and wastewater systems infrastructure, support the Central Coast Blue project, and support increased operating expenses. Water rates are set to increase by 11.9% in June 2019, January 2020, and on each January thereafter, with the last rate increase in January 2023. Wastewater rates are set to increase by 3.2% in June 2019, January 2020, and in each January thereafter, with the last rate increase in January 2023.

Water Service Charges

Water service charges are the primary source of revenue received by the City's Water Enterprise Fund. These service charges have fixed and variable components. The fixed charge is based on meter size and is structured to recover 20% of all water costs. The variable component is based on water consumption and recovers 80% of all water costs.

Other sources of revenue include account set-up fees, turn on/off fees, penalties and late fees, and interest income.

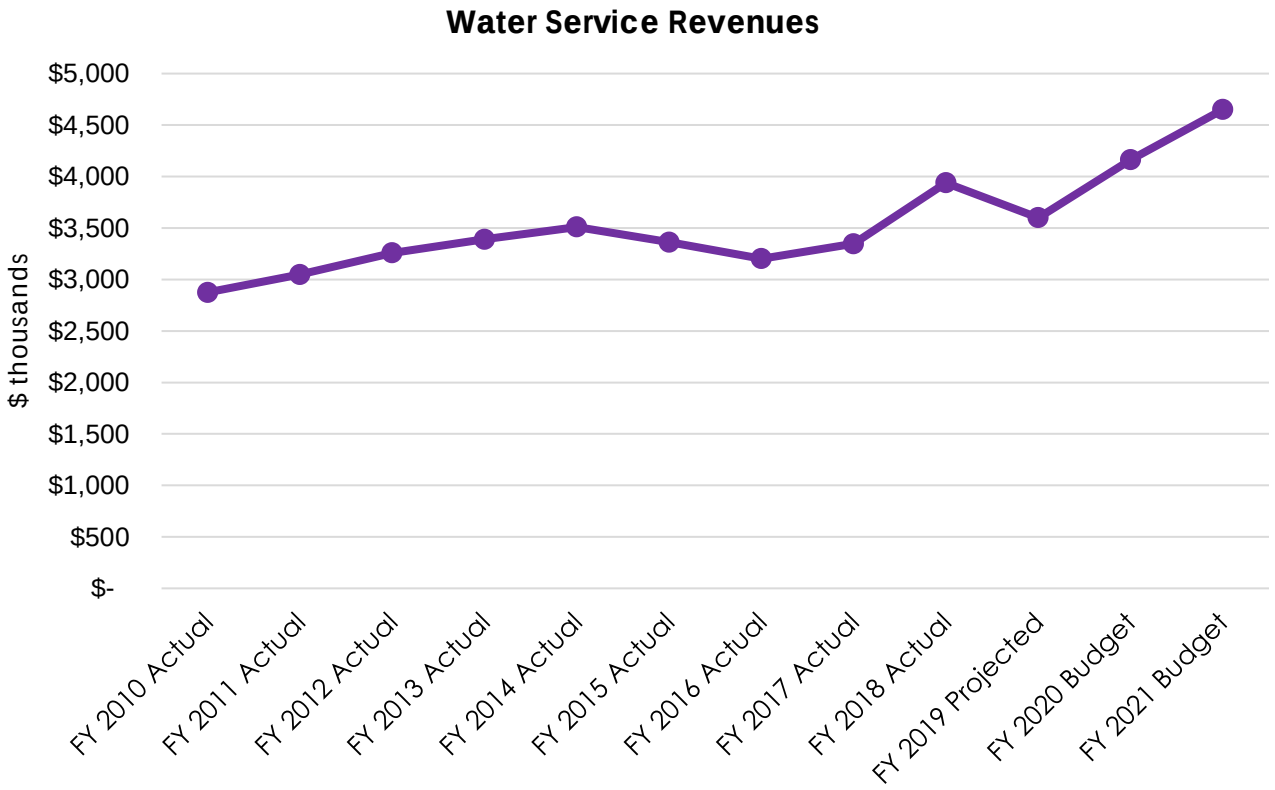
Historical actual water service charge revenues fluctuate based on customer growth and water sales volume, and includes rate increases. As such, reviewing these historical actual revenue changes alone does not project water service charge revenues for the future. Instead, water service charges are estimated through projections of customer growth and water sales volume.

Customer growth: The City has eight classifications of water customers. These include Single-Family Residential (SFR), Multi-Family Residential (MFR), Mobile Home, Commercial, Irrigation, Construction, Hydrant, and Municipal. Future customer growth in these classifications includes the assumption that there will be some customer growth in FY 2020 and FY 2021.

Water sales volume: Future water sales volume for the City is estimated by multiplying the projected number of customers by future estimates of water use per customer by classification.

The basis for the budgeted water service charge revenues for FY 2020 at $4.2 million includes the rate changes in water service rates (including the rate structure changes and the rate increases in June 2019 and January 2020) as well as a projected 0.50% increase in residential customer growth. FY 2021 budgeted water service charge revenues increase to $4.7 million, including the rate increase in January 2021 and the projected 0.50% increase in residential customer growth.

The following table illustrates the change in water service charge revenues from FY 2010 through the budgeted FY 2021. It should be noted that FY 2015 and FY 2016 reflect the City's water customers' efforts to reduce water consumption due to the state's emergency drought declaration. On January 17, 2014, California Governor Jerry Brown proclaimed a State of Emergency and asked all Californians to reduce water consumption by 20%. In addition, on April 1, 2015, the State Water Resources Control Board imposed restrictions to achieve a 25% reduction in potable water use and other water conservation measures. In FY 2018, water consumption increased largely from residential irrigation in the January through April months compared to the same time period in FY 2017. FY 2019 is projected to have fewer water service charge revenues compared to FY 2018 due to almost record rainfall in January through April 2019 with reduced water consumption for all customer types, especially in irrigation only meters. FY 2020 and FY 2021 budgeted revenues reflect the new increased rates and a projected 0.5% customer growth.



Wastewater Service Charges

Wastewater service charges are the primary source of revenue received by the City's Wastewater Enterprise Fund. These service charges have fixed and variable components. The fixed charge is based on meter size and is structured to recover 35% of all wastewater costs. The variable component is based on non-residential water consumption and is structured to recover 65% of all wastewater costs. Other revenue sources include penalties, interest income, and miscellaneous sources.

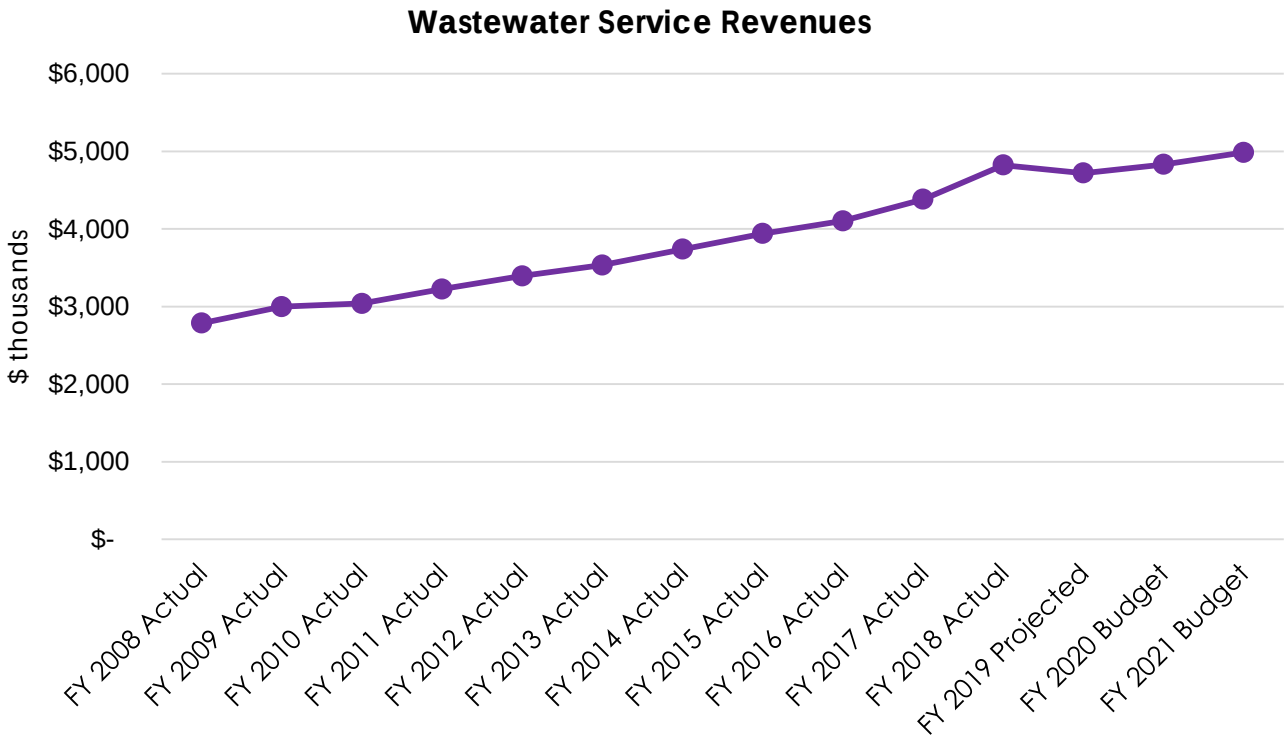
Historical actual wastewater service charge revenues fluctuate based on customer growth and waste sales volume, and includes rate increases. As such, reviewing these historical actual revenue changes alone does not project wastewater service charge revenues for the future. Instead, wastewater service charges are estimated through projections of customer growth and water sales volume.

Customer growth: The City classifies wastewater customers into 17 classifications. These include Single-Family Residential (SFR), Multi-Family Residential (MFR), Mobile Home, and various Commercial customers grouped by the cost to treat the wastewater created by those businesses. For example, a school without a cafeteria is charged a different rate than a school with a cafeteria since the cafeteria would increase the cost to treat the wastewater.

Wastewater sales volume: Future wastewater sales volume from non-residential wastewater customers is projected by multiplying the projected number of customers by future estimates of water use per customer by classification.

The basis for the budgeted wastewater service charge revenues for FY 2020 at $4.8 million includes the rate changes in wastewater service rate increases in June 2019 and January 2020, as well as a projected 0.50% increase in residential customer growth. FY 2021 budgeted wastewater service charge revenues increase to $5.0 million, including the rate increase in January 2021 and the projected 0.50% increase in residential customer growth.

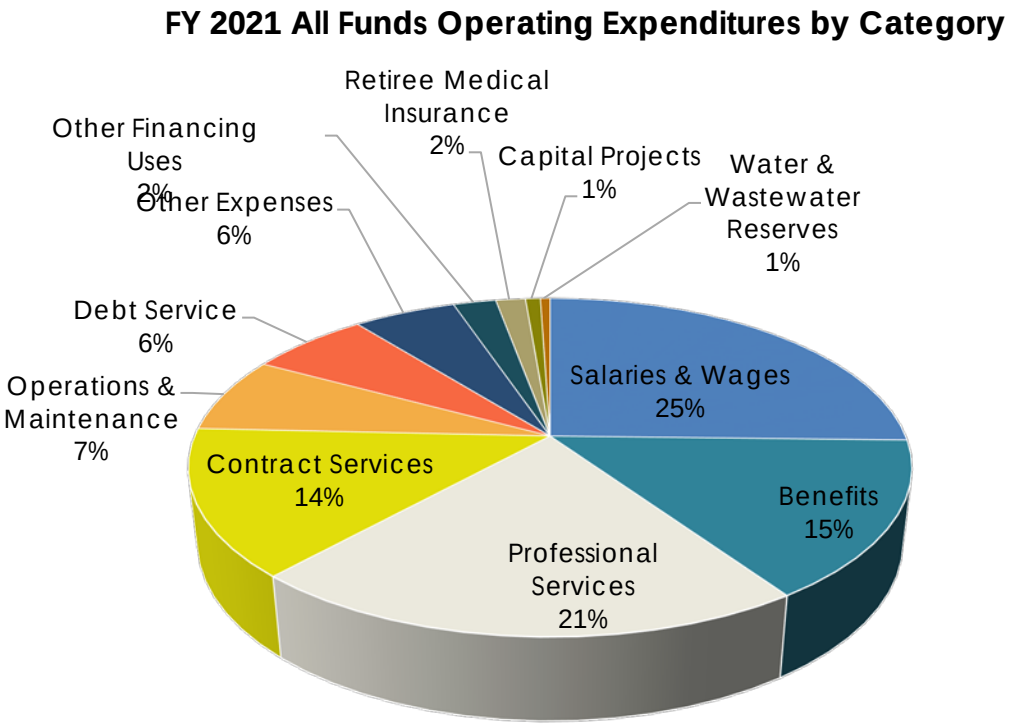
The following table illustrates the change in wastewater service charge revenues from FY 2010 through the budgeted FY 2021. It should be noted that FY 2015 and FY 2016 reflect the City's water customers' efforts to reduce water consumption due to the State's emergency drought declaration. On January 17, 2014, California Governor Jerry Brown proclaimed a State of Emergency and asked all Californians to reduce water consumption by 20%. In addition, on April 1, 2015, the State Water Resources Control Board imposed restrictions to achieve a 25% reduction in potable water use and other water conservation measures. In FY 2018, water consumption increased, leading to greater non-residential variable wastewater costs compared to FY 2017. FY 2019 is projected to have fewer wastewater service charge revenues compared to FY 2018 due to almost record rainfall in January through April 2019 with reduced water consumption for all customer types. FY 2020 and FY 2021 budgeted revenues reflect the new increased rates and a projected 0.5% customer growth.



All Funds Operating Expenditures

The following sections discuss two ways to view how the City's budgeted funds are spent: by expenditure category or by department/division.

All Funds Operating Expenditures by Category



- The largest components of the City's budget are salaries & wages and benefits, totaling $16.3 million, or 47% of all expenditures. Salaries & wages make up 25% and benefits make up 21% of total expenditures.

  Number of City FTE Positions: Staffing resources are an integral part of the City's two-year budget. The current number of budgeted permanent full time equivalent (FTE) positions in FY 2020 and FY 2021 is 88.00. This number of FTE positions remains unchanged from the FY 2018 and FY 2019 budget. A summary of FTEs by Department is provided in the Financial Summaries section of this document and can also be found in the Operating Budget Detail section for each Department.

  Personnel costs: Salary and benefit summaries are provided in the Financial Summaries section of this document and can also be found in the Operating Budget Detail section for each Department.

  Employee Compensation and Benefits: There are two union-represented groups in the City: the Police Officers Association (POA) for sworn and non-sworn "Safety Police"

employees; and Service Employees International Union (SEIU), Local 620, for "Miscellaneous" (all other represented) employees. The remaining, non-represented employees include City Manager, management employees, mid-management/professional employees, and supervisory/technical employees. Employees receive a wide range of benefits, including (California Public Employees' Retirement System) (CalPERS) retirement; medical, dental, vision, and life insurance; vacation, holiday, sick, and administrative leave; deferred compensation, employee assistance program, flexible benefits, and tuition reimbursement. Each Memorandum of Understanding with the bargaining units defines the benefit details for each job classification and can be found on the City's website.

- The second largest component of the City's budget is professional services, totaling 21% of all expenditures, or $7.4 million. This category includes interagency contracts for state water and water from the Lopez Reservoir totaling approximately $3.0 million in FY 2020 and FY 2021, the City's Cal Fire contract of approximately $2.8 million in FY 2020 and $2.9 million in FY 2021, and contracts with other professional services such as legal services, auditors, and planners.

- The third largest category is contract services, totaling 14% of all expenditures, or $4.9 million. This category includes advertising and promotion contracts for the City and the City's lodging businesses of $1.1 million in both FY 2020 and FY 2021, risk management and insurance costs of $1.0 million in FY 2020 and $1.1 million in FY 2021, $1.2 million per year for power and utility costs, $0.3 million per year in technology support costs, and $0.4 million per year for training costs and memberships.

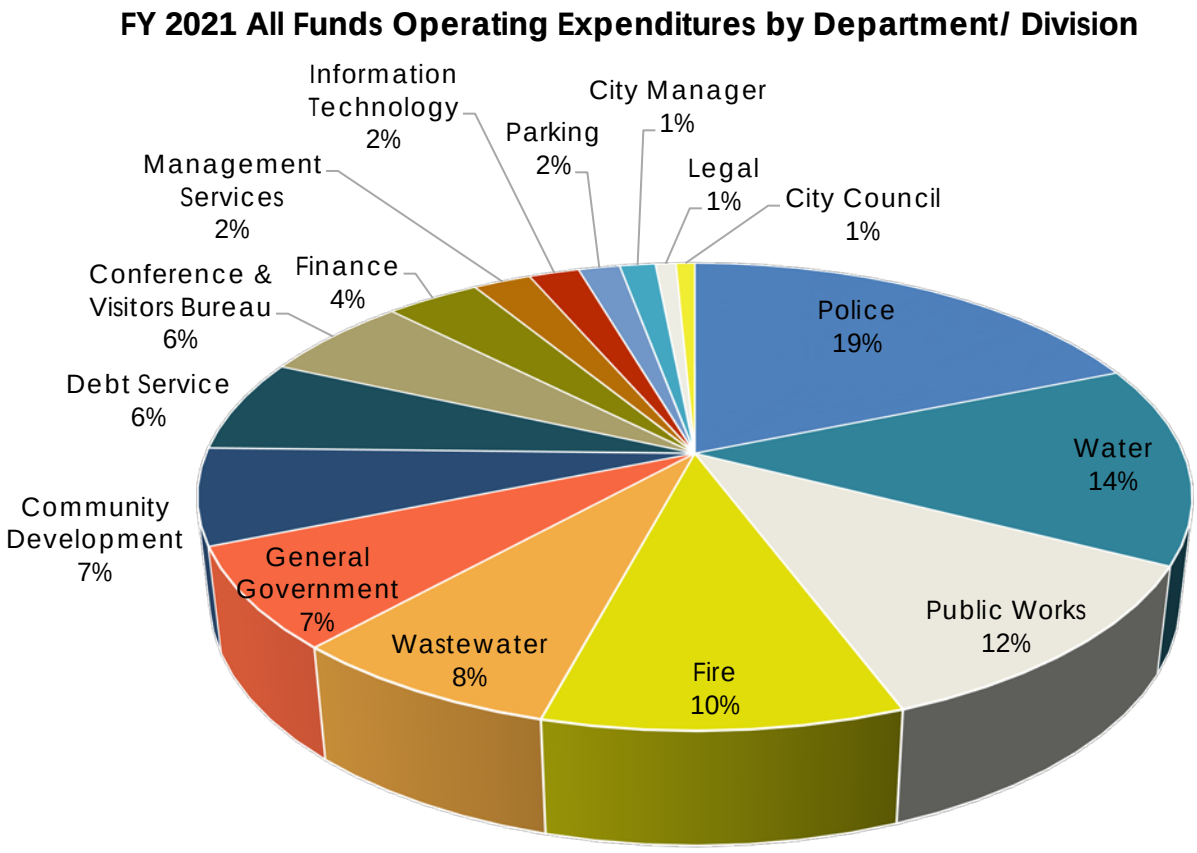
- The fourth largest category is operations & maintenance, which makes up 7% of the City's expenditures, or $2.5 million.

- Debt service makes up 6% of the City's expenditures, or $2.2 million.

- Other expenses make up 5% of the City's expenditures, or $1.9 million, including overhead costs, motor vehicle operations and repairs, and technology costs.

- The remaining operating expenditure categories total 5% of the City's expenditures, or $1.8 million. This includes other financing uses, retiree medical insurance, contributions to the water and wastewater reserves, and recurring capital projects.

All Funds Operating Expenditures by Department / Division



- The largest component of the City's budget at 19%, or $6.6 million, is spent on police protection to keep the City's residents and visitors safe and enforce the law. The Police Department is nationally accredited by the Commission on Accreditation for Law Enforcement Agencies (CALEA).
- The second largest component of the City's budget at 14%, or $4.8 million, is spent on water operations, construction, and consumption.
- The third largest component of the City's budget at 12%, or $4.1 million, is for Public Works, which includes maintenance and operations, engineering, improvements to City buildings and facilities, and motor vehicle operations and replacement.
- The fourth largest component of the City's budget at 10%, or $3.5 million, is for fire protection and prevention, lifeguards, and weed abatement. The City contracts with Cal Fire for fire protection and prevention services.
- The fifth largest component of the City's budget at 8%, or $2.6 million is for wastewater operations and maintenance, construction, and related costs.
- General government costs, or costs that are used by all departments, including insurance costs and contributions to reserves and the Other Post Employment Benefit fund contributions, make up 7% of the City's budget, or $2.5 million.
- Community Development, which includes building, planning, and recreation costs, makes up 7% of the City's budget, or $2.3 million.
- Debt service costs make up 6% of the City's budget, or $2.2 million.

- Conference & Visitors Bureau costs to support promoting tourism to Pismo Beach make up 6%, or $2.0 million of the City's budget.
- The remaining components of the City's budget include: Finance at 4%; Management Services at 2%; Information Technology at 2%; Parking at 2%; City Manager's office at 1%; Legal at 1%; and City Council at 1%. These components total 12%, or $4.3 million, of the City's budget.

Key Assumptions

In general, the adopted two-year budget includes several key assumptions.

Revenue Assumptions

- Operating revenues are projected based on historical revenue collections, known rate changes, consumer price index inflation, and estimated economic factors.
- This budget assumes conservative increases in the City's major revenue sources: water and wastewater rates, TOT, property tax, and sales tax. Details of water and wastewater revenues are provided in the All Funds Operating Revenues section, which includes rate changes in July 2019, January 2020, and January 2021. Details of the remaining revenues and assumptions are provided in the General Fund Revenues section. Included in these key General Fund revenues is the addition of a new hotel in FY 2020, which increases TOT revenues. In total, these revenues are expected to increase 4.9% in FY 2020 compared to FY 2019 projected actuals and another 4.7% in FY 2021. This is in line with historical trends, known rate changes, and economic projections.

Expenditure Assumptions

- The Budget includes the following personnel cost assumptions:
  - Salaries and wages:
    - Increases to reflect projected merit increases
    - Certain positions will decrease the compensation for new hires to the bottom step of the classification assuming projected retirements based on known retirements and/or assuming retirements after 5 years of service and at age 57.

  - Benefit increases:
    - Medical insurance assumes no change in City contributions
    - Dental, vision, and life insurance increase to reflect no additional increases in FY 2020 and FY 2021 based on historical actual increases
    - Workers' compensation rates remained the same as FY 2019 to support the FY 2020 and FY 2021 workers' compensation premium costs
    - CalPERS rate changes based on data provided by PERS Actuarial Reports dated August 2018. The City provides retirement benefits for full-time employees through CalPERS. The City has three retirement plans, each with two to three benefit tiers. The third tier is also often referred to as the California Public Employees' Pension Reform Act (PEPRA) tier. The following two tables provide the rates as of June 30th of each fiscal year as projected by CalPERS and are included in this two-year budget. The variable rates are multiplied by

the employee's salary and equal the employee's contribution toward their retirement benefits. The fixed cost amounts are flat contribution amounts that go toward paying down the City's unfunded liability.

Each tier within each plan calls for a different employer and employee cost, with the 1st tier costing the most and the 3rd tier, or the PEPRA tier, costing the least to the employer. The employees all contribute the same amount depending on their plan (Miscellaneous employees contribute 8.0% of their salary to their retirement and Safety Police employees contribute 12.0% of their salary to their retirement).

The following tables reflect the CalPERS rates for Miscellaneous and POA employees for each fiscal year.

FY 2020 CalPERS Cost

Plan	City Normal Cost Rate	Employee Pick-up	City Rate	Employee Rate	City Unfunded Liability Payment	Benefit
Miscellaneous - T1	11.43%	0.00%	11.43%	8.00%	$ 562,962	2.5% at age 55
Miscellaneous - T2	7.08%	1.00%	6.08%	8.00%	$ 1,179	2.0% at age 60
Miscellaneous - T3 (PEPRA)	5.24%	1.75%	3.49%	8.50%	$ 1,552	2.0% at age 62
Police - T1	18.93%	3.00%	15.93%	12.00%	$ 423,696	3.0% at age 50
Police - T2	15.93%	3.00%	12.93%	12.00%	$ 1,051	3.0% at age 55
Police - T3 (PEPRA)	12.53%	0.50%	12.03%	12.50%	$ 1,832	2.7% at age 57
Fire - T1	16.64%	0.00%	16.64%	9.00%	$ 71,278	2.0% at age 50
Fire - T3 (PEPRA)	13.03%	0.00%	13.03%	12.00%	$ 727	2.7% at age 57

FY 2021 CalPERS Cost

Plan	City Normal Cost Rate	Employee Pick-up	City Rate	Employee Rate	City Unfunded Liability Payment	Benefit
Miscellaneous - T1	12.20%	0.00%	12.20%	8.00%	$ 625,000	2.5% at age 55
Miscellaneous - T2	7.70%	1.00%	6.70%	8.00%	$ 2,300	2.0% at age 60
Miscellaneous - T3 (PEPRA)	5.75%	1.75%	4.00%	8.50%	$ 3,200	2.0% at age 62
Police - T1	20.30%	3.00%	17.30%	12.00%	$ 479,000	3.0% at age 50
Police - T2	17.10%	3.00%	14.10%	12.00%	$ 1,300	3.0% at age 55
Police - T3 (PEPRA)	12.60%	0.50%	12.10%	12.50%	$ 3,500	2.7% at age 57
Fire - T1	17.70%	0.00%	17.70%	9.00%	$ 82,000	2.0% at age 50
Fire - T3 (PEPRA)	13.10%	0.00%	13.10%	12.00%	$ 800	2.7% at age 57

Notes on the FY 2020 and FY 2021 CalPERS Cost tables:

- The City Normal Cost Rate is the total cost to the City of the CalPERS pension liability for current pension costs. This rate is the total amount before any City or employee cost sharing.
- The Employee Pick-Up Rate is the cost sharing amount of the CalPERS pension liability for current pension costs borne by the employee to share a portion of the City Normal Cost Rate.

- The City Rate is the City's share of the CalPERS pension liability for current pension costs after the Employee Pick-Up.
- The Employee Rate is the employees' cost for CalPERS pension liability.
- The City Unfunded Liability Payment is the fixed amount due to CalPERS to support the estimated unfunded liability based on the net of what is required to be paid less City contributions and market investments, amortized over a set term.

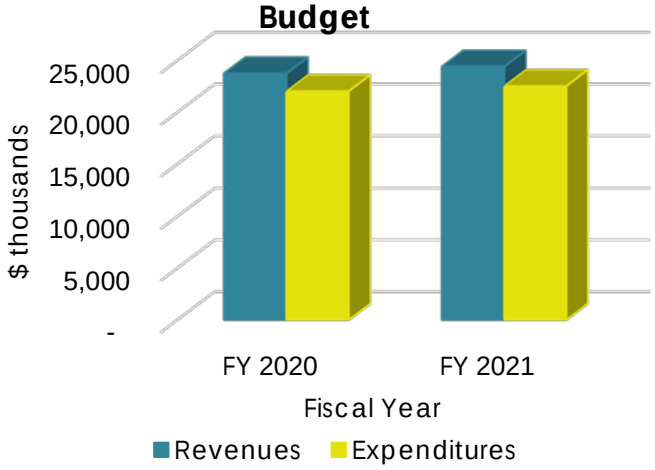
General Fund Overview

The General Fund is the City's largest and most discretionary fund. General Fund dollars are used for a variety of services including police and fire protection and for several important maintenance and capital projects. At the time of budget preparation, staff's estimate was that the General Fund would close FY 2019 with an unassigned fund balance of $6.72 million to be carried forward as the beginning fund balance for FY 2020. This unassigned fund balance represents uncommitted amounts carried over from FY 2018 plus the estimated excess of revenues over expenditures for FY 2019.

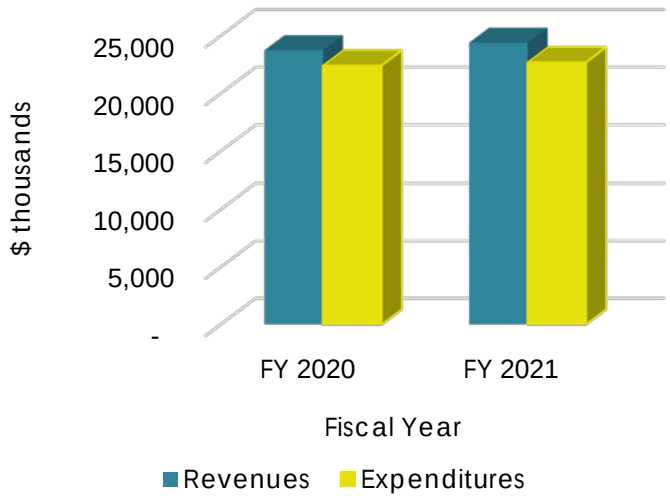
Base Operating Budget is Structurally Balanced

The General Fund base operating budget is structurally balanced, meaning that base operating revenues meet or exceed base operating expenditures. The base operating budget includes current staffing levels and operating costs. It accounts for known cost increases for salary step or merit increases, benefits, contracts, materials and supplies, and other operating costs. It does not include one-time capital and special projects, work plan budget items, or Council Goals.

FY 2020 and FY 2021
General Fund Base Operating Budget



FY 2020 and FY 2021
General Fund Operating Budget

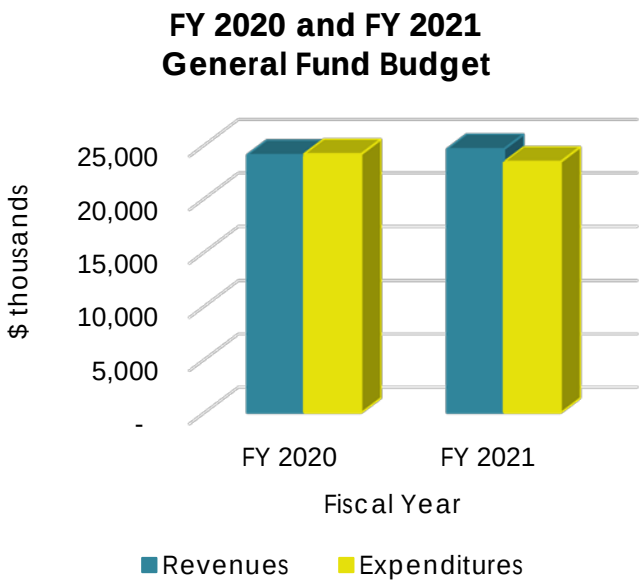


Adopted Operating Budget is Structurally Balanced

The General Fund Adopted Budget with ongoing work plan budget expenditures is balanced. This represents the ongoing operating budget. In FY 2020, revenues are greater than expenditures by about $1.32 million. In FY 2021, revenues are greater than expenditures by about $1.70 million. Ongoing work plan budget items include on-going enhancements that increase services to the public, funding additional reserves and depreciation, and ongoing Council Goals.

Total Adopted Budget is Balanced Using Fund Balance

The General Fund Adopted Budget with both one-time investments and ongoing work plan budget expenditures is balanced by using a portion of the General Fund unassigned fund balance. This chart represents the total General Fund budget. In FY 2020, expenditures are greater than revenues by about $0.85 million, which means that $0.85 million of the accumulated fund balance will support this difference. In FY 2021, revenues are greater than expenditures by about $1.18 million, which means that $1.18 million will be added to the fund balance. One-time investments include Public Safety Facility construction plans, Chapman Estate improvements, Price Canyon Road slope repair, and City infrastructure improvements.



Key changes from the base budget to the Adopted Budget are summarized below.

Adopted General Fund Budget Sources and Uses Summary

	FY 2020	FY 2021
Beginning Fund Balance	**$ 6,718,006**	**$ 6,418,782**
Base Budget		
Sources	$ 23,928,209	$ 24,628,107
Uses	22,192,098	22,723,721
Net Base	1,736,111	1,904,387
Fund Balance After Base	$ 8,454,117	$ 8,323,169
Contributions to Reserves	214,165	50,369
Modified Base Fund Balance	**$ 8,239,952**	**$ 8,272,801**
Adopted Work Plan Budget Requests		
Sources		
One-time revenues	$ 150,000	$ -
Uses		
Council Goals-General Fund	$ 1,148,824	$ 520,000
Work Plan Items One-time	698,023	157,274
Work Plan Items Ongoing	51,423	47,168
Outside Agency Funding	72,900	-
Total Uses	$ 1,971,170	$ 724,442
Net Above Base Requests	(1,821,170)	(724,442)
Ending Fund Balance	**$ 6,418,782**	**$ 7,548,359**
Budget Stabilization Set-Aside	*$ 2,000,000*	*$ 2,000,000*
CalPERS Prepayment Set-Aside	*1,000,000*	
Final Ending Fund Balance	**$ 3,418,782**	**$ 5,548,359**

Base Operating Budget

The previous summary table provides a look at the major categories of funding in the FY 2020 and FY 2021 General Fund Adopted Budget. The top half of the table reflects the beginning fund balance, base operating and one-time budget, contributions to reserves, and a modified base fund balance. This modified base fund balance is the fund balance available after base operations are funded and reserves are set aside. Work plan budget items are allocated from this modified base fund balance.

Work Plan Budget Items

Work plan budget requests are those items that request a change in funding compared to the baseline budget to reflect efforts toward achieving the Council's goals and

priorities, regulations, best practices, service growth, and implementing the IT Strategic Plan.

The bottom half of the summary table includes the additional sources and uses in the adopted work plan budget items. Total adopted sources are $150,000 in FY 2020 and $0 in FY 2021. Total Council goals that are funded by the General Fund equal $1,148,824 in FY 2020 and $520,000 in FY 2021. Adopted one-time work plan budget items are $698,023 in FY 2020 and $157,274 in FY 2021 and adopted ongoing work plan budget items are $51,423 in FY 2020 and $47,168 in FY 2021. Outside agency funding support is $72,900 in FY 2020 and $0 in FY 2021. These ongoing and one-time work plan budget items are detailed in the Adopted Work Plan Budget Requests for FY 2020 & FY 2021 section.

Ending Fund Balance

After factoring in the $2.00 million Budget Stabilization set-aside and a $1.00 million CalPERS Prepayment set-aside, the ending General Fund unassigned fund balance is $3.42 million in FY 2020 and $5.55 million in FY 2021.

Notes on "One-time" and "Ongoing" Budget items

It is important to note the distinction between "one-time" and "ongoing" budget items. "One-time" uses of funds do not create ongoing annual budget expenses for the City. Such expenditures are for projects or programs that are completed within the fiscal year. While there may be some future maintenance costs for some of these items, such costs are relatively minor when measured against the General Fund as a whole. "Ongoing" uses of funds, on the other hand, demand continuing expenditures in future years. The most obvious example is the addition of a new employee. Salary, benefits, and support costs, such as training and equipment, will affect every future budget for as long as the new position remains in the budget.

Because there are future cost increases to which the City may be committed, extreme care needs to be exercised so that current year commitments do not overwhelm future year resources. This was a major criterion used by staff in deciding which additions would be recommended. While most of the capital improvement projects funded by the General Fund will not create new expenditure commitments, some of the projects funded from other sources will have that effect—particularly new parks (as compared to improvement of existing parks) and new public buildings. On the other hand, many of the recommended capital improvement projects, especially street maintenance and park rehabilitation projects, should help control future costs by minimizing the need for emergency repairs.

FY 2020 General Fund Summary with Carryforwards

Based on the City's FY 2019 Fourth Quarter Financial Status Report and updated to reflect recent projections, the General Fund is estimated to begin FY 2020 with a $13.22 million beginning fund balance, consisting of $3.72 million of General Fund unassigned fund balance, $6.51 million for carryforward projects from the previous year, $2.00 for a Budget Stabilization set-aside, and $1.00 million for a CalPERS Prepayment set-aside. Operating

revenues are budgeted at $23.75 million and operating expenditures are budgeted at $22.50 million, for a net operating surplus of $1.25 million. This includes funding the General Fund contingency at 3.0% to account for potential overages in the various large capital projects currently underway. One-time revenues are budgeted at $0.33 million and one-time expenditures are budgeted at $8.17 million. These one-time expenditures consist of $1.67 million of new one-time investments and $6.51 million of carryforward projects from previous years. After contributions to the General Fund Reserve of $0.21 million as well as a $2.00 for a Budget Stabilization set-aside, and $1.00 million for a CalPERS Prepayment set-aside, the ending General Fund unassigned fund balance is $3.42 million.

FY 2021 General Fund Summary with Carryforwards

Based on the FY 2020 budgeted ending fund balance, the General Fund is estimated to begin FY 2021 with a $6.42 million beginning fund balance, consisting of $3.42 million of General Fund unassigned fund balance, the $2.00 million Budget Stabilization set-aside, and the $1.00 million for a CalPERS Prepayment set-aside. Operating revenues are budgeted at $24.40 million and operating expenditures are budgeted at $22.70 million, for a net operating surplus of $1.70 million. One-time revenues are budgeted at $0.23 million and one-time expenditures are budgeted at $1.75 million, including spending the $1.00 million CalPERS Prepayment. After contributions to the General Fund Reserve of $0.05 million as well as a $2.00 million Budget Stabilization set-aside, the ending General Fund unassigned fund balance is $4.55 million.

The following table illustrates the FY 2018 actuals, the FY 2019 Revised Budget and Projected Actuals, and the Adopted Budgets for FY 2020 and FY 2021.

Adopted General Fund Budget Sources and Uses Summary with Carryforwards

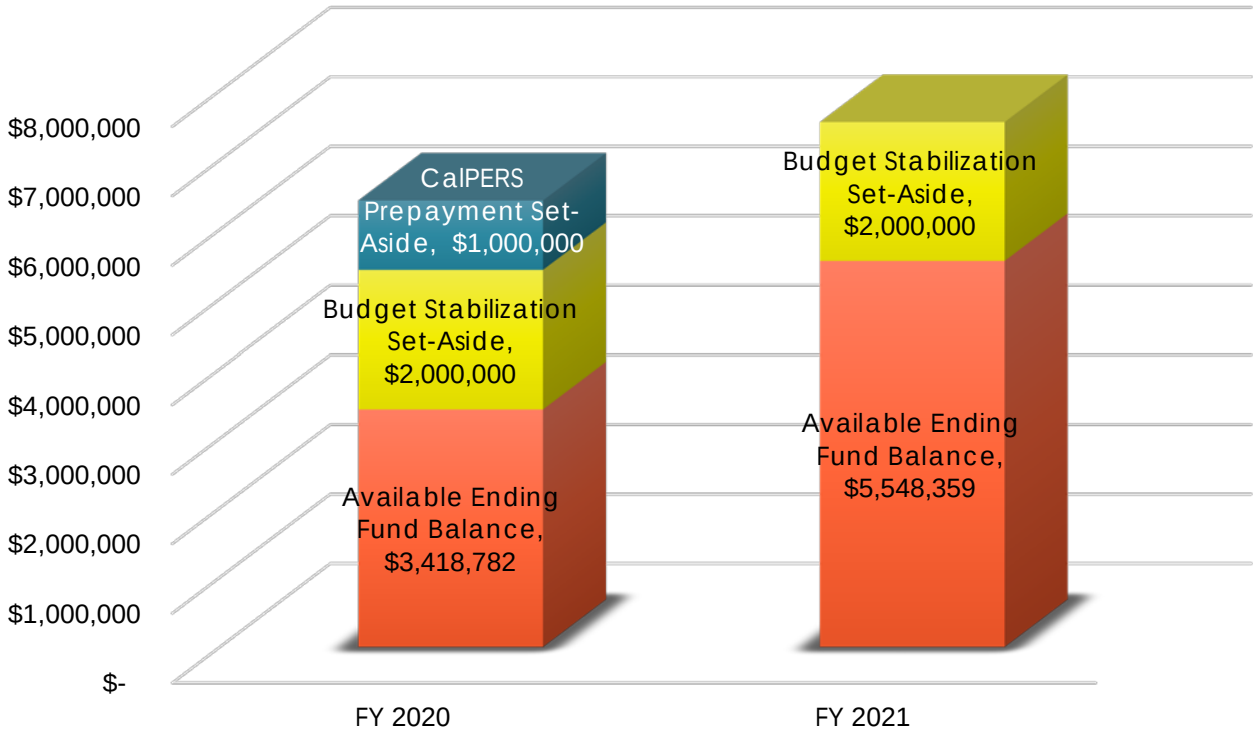
		A	B	C	D = C - B	E	F
	($ thousands)	FY 2018 Actuals	FY 2019 Revised Budget	FY 2019 Year-End Projected Actuals	Variance (Actuals-Budget)	FY 2020 Adopted Budget	FY 2021 Adopted Budget
	Unassigned Fund Balance	$ 8,049	$ 7,106	$ 7,106	$ -	$ 6,718	$ 6,419
	Committed Fund Balance	5,099	5,724	5,724	-	6,505	-
	Capital Funds Carryforward	4,808	5,279	5,279	-	6,505	-
	Purchase Orders Carryforward	248	403	403	-	-	-
	Prepayment Carryforward	43	41	41	-	-	-
a	**Beginning Fund Balance**	**13,148**	**12,829**	**12,829**	**-**	**13,223**	**6,419**
b	Operating Revenues	22,452	23,173	23,011	(162)	23,745	24,399
c	Operating Expenditures	19,147	21,681	19,988	(1,693)	22,497	22,698
d = b - c	**Net Operating Surplus/(Deficit)**	**3,304**	**1,492**	**3,023**	**1,531**	**1,248**	**1,700**
e	One-time Revenues	210	487	376	(111)	333	230
f	One-time/Capital Expenditures	3,706	9,246	2,741	(6,505)	8,172	1,750
g = a+d+e-f	**Ending Fund Balance**	**$ 12,956**	**$ 5,562**	**$ 13,487**	**$ 7,925**	**$ 6,633**	**$ 6,599**
	Unassigned Fund Balance	**$ 7,106**	**$ 5,562**	**$ 3,718**	**$ (1,844)**	**$ 3,419**	**$ 4,548**
	Committed Fund Balance	5,724	-	6,505	6,505	-	-
	Contribution to Reserves	126	-	264	264	214	50
	Budget Stabilitation Set-Aside			2,000	2,000	2,000	2,000
	CalPERS Pre-Payment Set-Aside			1,000	1,000	1,000	

General Fund Ending Fund Balance

The following table displays the General Fund projected ending fund balances for FY 2020 and FY 2021. The FY 2020 projected ending available (or unassigned) fund balance is $6.42 million, including $3.42 million of unassigned fund balance, $2.00 million for a Budget Stabilization set-aside, and $1.00 million for the CalPERS Prepayment set-aside (to pay down the City's CalPERS unfunded pension liability). The FY 2021 ending available (or unassigned) fund balance is $7.55 million, including $5.55 million of unassigned fund balance, $2.00 million for the Budget Stabilization set-aside.

It should be noted that the CalPERS Prepayment set-aside is salary and benefit budget savings from FY 2017 that have been carried forward to FY 2020 to pay down the City's CalPERS unfunded pension liability. Personnel budget savings from FY 2019 will be added to this set-aside to make a larger payment. Going forward, any personnel budget savings in FY 2020 and FY 2021 will be set aside for the following year to make an early spring CalPERS prepayment. These prepayments pay down the City's CalPERS unfunded liability to significantly reduce the 7.0% interest costs (the discount rate).

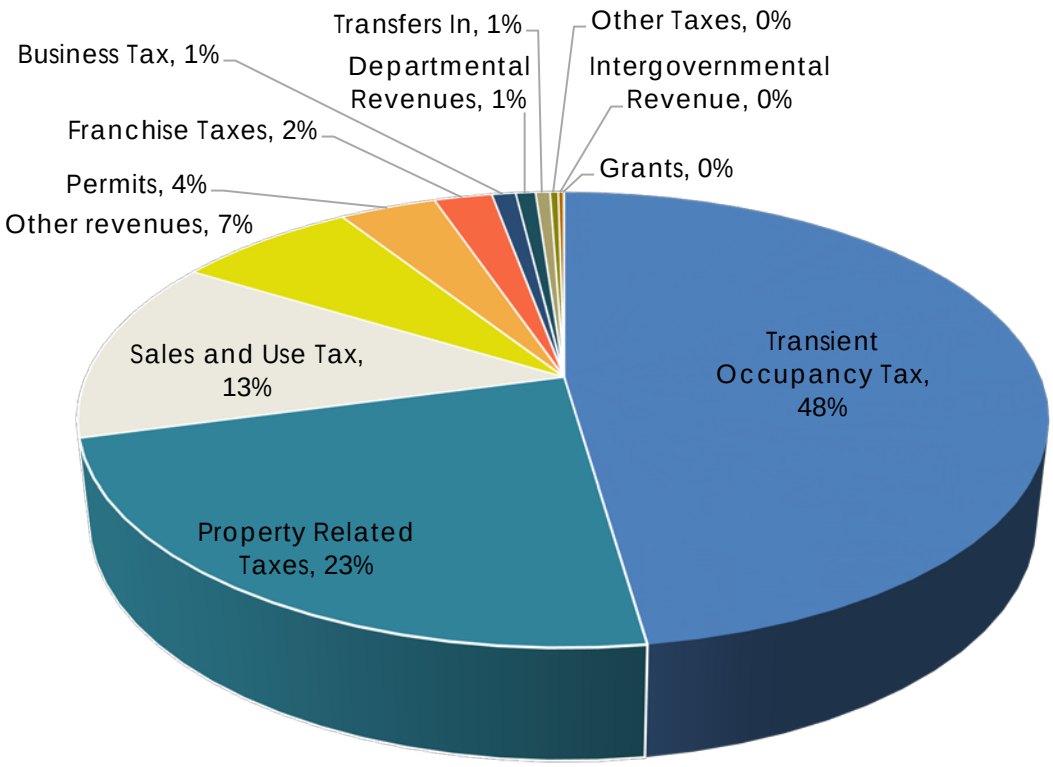
FY 2020 and FY 2021 General Fund Projected Ending Fund Balances



General Fund Revenues

Overall, General Fund (ongoing and one-time) sources are projected to be $24,078,209 in FY 2020 and $24,628,107 in FY 2021. General Fund operating (ongoing only) sources are projected to be $23,744,945 in FY 2020 and $24,398,586 in FY 2021. The difference between the ongoing and one-time sources includes the one-time revenues of $333,264 in FY 2020 and $229,521 in FY 2021. General Fund sources excludes the $1.55 million projected in FY 2020 and $1.56 million projected in FY 2021 for the Half-Cent Sales Tax as these funds are accounted for separately so they can be specifically measured and tracked.

FY 2021 Budgeted General Fund Revenues by Category



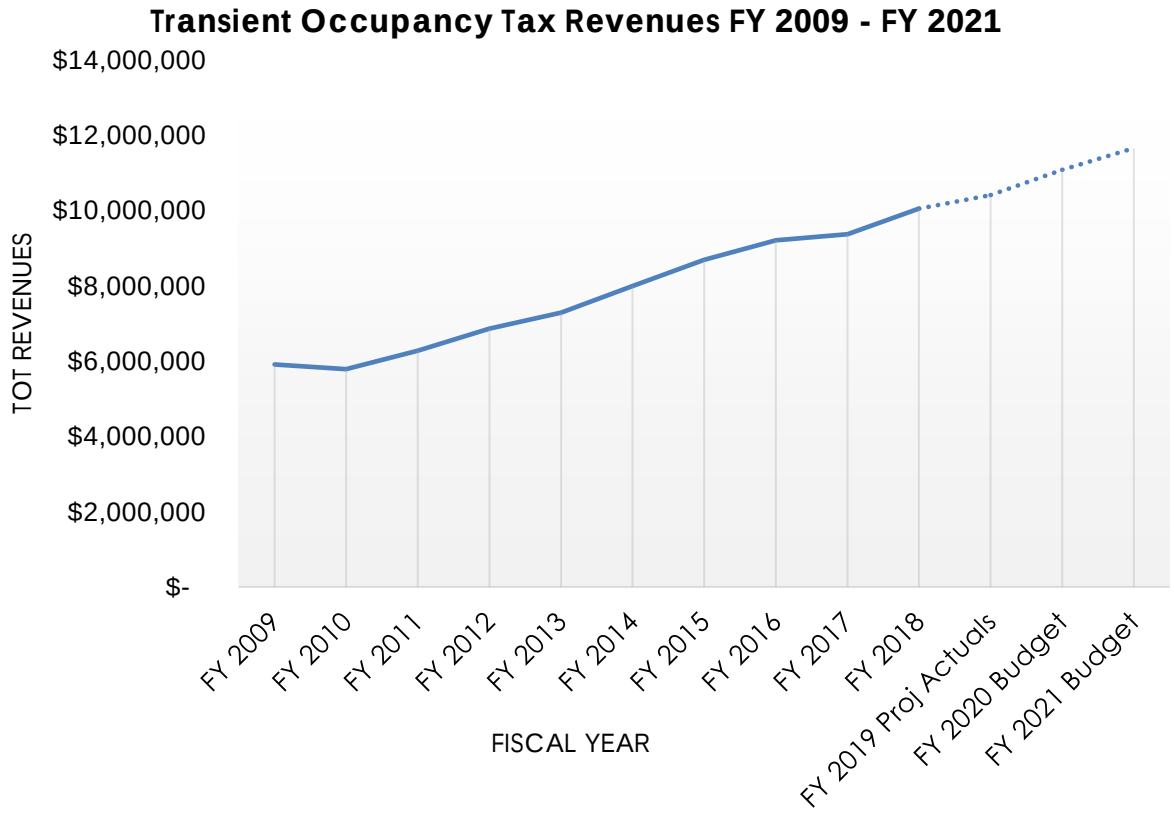
Summary of General Fund Revenues

The above pie chart illustrates the revenue categories that make up General Fund base operating revenues, and as the two fiscal years are similar, FY 2021 is displayed. Since approximately 84% of General Fund revenues consist of TOT, property-related taxes, and sales & use tax, this analysis focuses on these three revenue sources. Similar to past budget practices, the budget includes a conservative revenue estimate so that actual expenditures do not exceed actual revenues during the year and cause unanticipated cuts to services or projects. However, care is given to budget revenues realistically so that the City is able to achieve its goals, and maintain the highest level of service for its citizens, all while realizing efficiencies.

Transient Occupancy Tax (TOT), 48% of General Fund Operating Revenues

TOT revenue is the largest source of revenue to the General Fund and accounts for 48% of total General Fund operating revenues. In general, TOT revenues are equal to 10% of the rent charged by all lodging businesses for a person exercising occupancy for 30 consecutive calendar days or less, paid monthly to the City. These revenues have grown by 5.8% per year for the past 10 years from FY 2009 to the projected actuals for FY 2019. For the past five years from FY 2014 to the projected actuals for FY 2019, the growth rate was 5.4%.

The FY 2020 Adopted Budget includes $11.07 million in FY 2020, which includes a conservative 1.5% increase over the projected $10.40 million that City staff estimates to receive in FY 2019, plus an additional $0.52 million for a partial year of a new hotel opening. The FY 2021 Adopted Budget includes $11.65 million, which includes a conservative 2.0% increase over the FY 2020 budget plus $0.88 million for a full year of the new hotel and a partial year for another new hotel. A 2.0% increase of the base is used to reflect a slowdown of these revenues in both occupancy rates and room rates. The following table shows TOT revenues by fiscal year, where actual revenues received are reflected in FY 2009 to FY 2018, FY 2019 is the City's most recent projection, and FY 2020 and FY 2021 represent the two budget years.

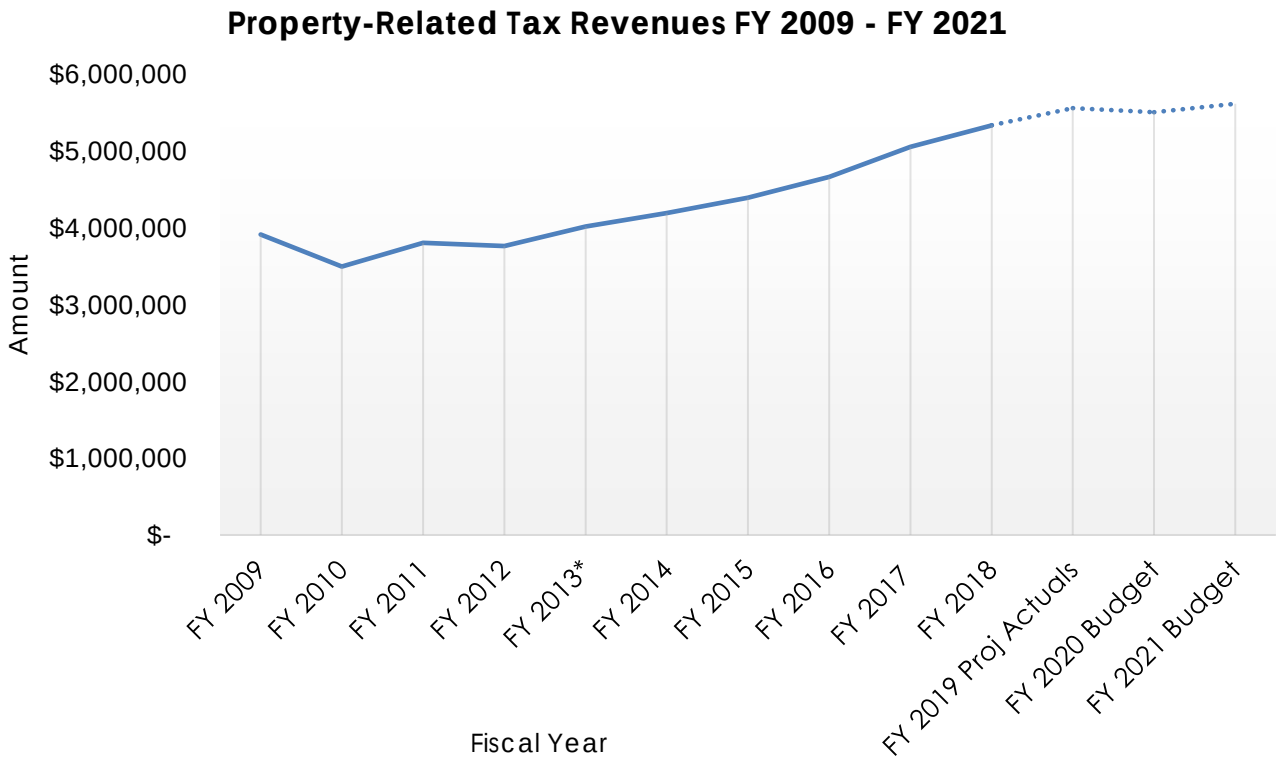


Property-Related Taxes, 23% of General Fund Operating Revenues

Property-related tax revenues are the second largest source of General Fund revenues and account for 23% of the total General Fund operating revenue budget, or a projected $5.50 million in FY 2020 and $5.61 million in FY 2021. There are three sources of property-related tax revenues:

- Property Tax Assessed Value revenues: This is the largest share, or $4.25 million in FY 2020 and $4.34 million in FY 2021, and is equivalent to 1% of assessed values.
- Property Tax In Lieu of Vehicle License Fees: This is the second largest share, or $0.96 million in FY 2020 and $0.97 million in FY 2021, which is a 1% tax on the market value of a registered vehicle.
- Former RDA property tax revenues: The third share is $0.29 million in FY 2020 and $0.30 million in FY 2021, and represents the City's share of property tax revenues that were previously allocated to the former Pismo Beach RDA.

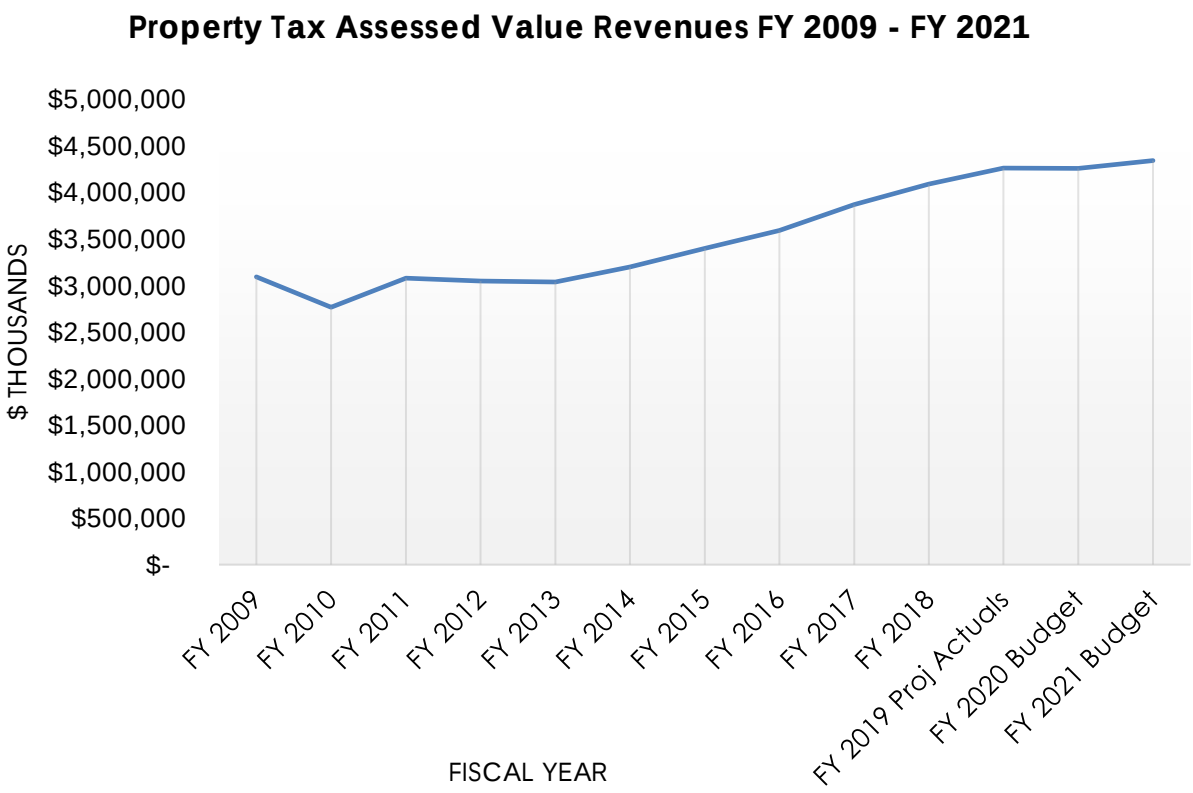
The following table illustrates all three property-related tax revenues by fiscal year, where actual revenues received are reflected in FY 2009 to FY 2018, FY 2019 is the City's most recent projection, and FY 2020 and FY 2021 represent the two budget years.



*Reflects FY 2013 actual property-related tax revenues total less the one-time $351,399 reimbursement from the state to pay back the City for a Proposition 1A loan from the City to the state.

Property Tax Assessed Value Revenues: The FY 2020 and FY 2021 assessed value property tax revenues are $4.25 million and $4.34 million. This reflects a growth of 2.0% from former FY 2019 property-related tax projected actual revenues of $4.13 million and potential recapture of parcels that were previously granted a value reduction and have potential for recaptured value per Proposition 8. The net change is an additional 3.0% in FY 2020 and 2.0% in FY 2021. Since the FY 2020 budget was adopted, projected actual revenues for FY 2019 were revised to $4.26 million. As such, the FY 2020 Adopted Budget assessed value revenues are slightly, or 0.1%, less than FY 2019 revised estimates and may warrant a future budget adjustment. The primary factors used in the projection of this revenue include historical growth in assessed valuation and projected home values. The housing market is projected to grow, although the pace of the growth is projected to slow due to the increase of interest rates and tight inventories. In most areas, foreclosure levels are back at historical norms as seen in 2006, before the real estate recession. The assumptions based on these factors are discussed in greater detail below.

- Assessed Valuation: The San Luis Obispo County Assessor provides assessed valuation information and a City-hired specialist reviews and analyzes this information to project future revenues. Over the past 10 years, assessed taxable values have increased by 3.3% on average per year. This growth has sped up to 5.9% average annual growth over the past 5 years. This recent growth is largely attributable to residential and commercial property valuations increasing in the past few years. The assessed value for most real property is the prior year's assessed value adjusted by the California Consumer Price Index (CPI), up to 2%. However, if there has been a change in ownership the new assessed value will be the market value of the property. In addition, as part of California's Proposition 8, a constitutional amendment to Article XIII A that allows a temporary reduction in assessed value when real property suffers a decline in value, properties were assessed at a lower value during the housing crisis of FY 2010. Over time, the County Assessor has been reassessing those properties at a faster rate than the CPI and has been able to recapture over 71% of the assessed value of Pismo Beach properties. As such, property-related tax revenues can increase beyond the 2% CPI level and have been for the past few years. The following table illustrates the property tax assessed value revenues by fiscal year, where actual revenues received are reflected in FY 2009 to FY 2018, FY 2019 is the City's most recent projection, and FY 2020 and FY 2021 represent the two budget years.



- Home Values: The calendar year 2018 average price ($883 thousand) and median price ($820 thousand) of single-family residential full value sales (home values) are 7.6% and 3.5%, respectively, lower than the average and median prices in calendar year 2017. The peak of Pismo Beach home values occurred in 2017, which exceeded the prior peak of 2006 before the housing market declined. Early 2019 data shows that average home values have increased to $977 thousand, or 10.7% more compared to 2018, while the median price dropped to $758 thousand, or 7.6% more compared to 2018.

Sales & Use Tax, 13% of General Fund Operating Revenues

Sales and use tax revenues are the third largest source of revenue to the General Fund at 13% of total General Fund revenues. This revenue is projected at $3.15 million in FY 2020 and $3.18 million in FY 2021. There are two sources of sales tax revenues that the City receives:

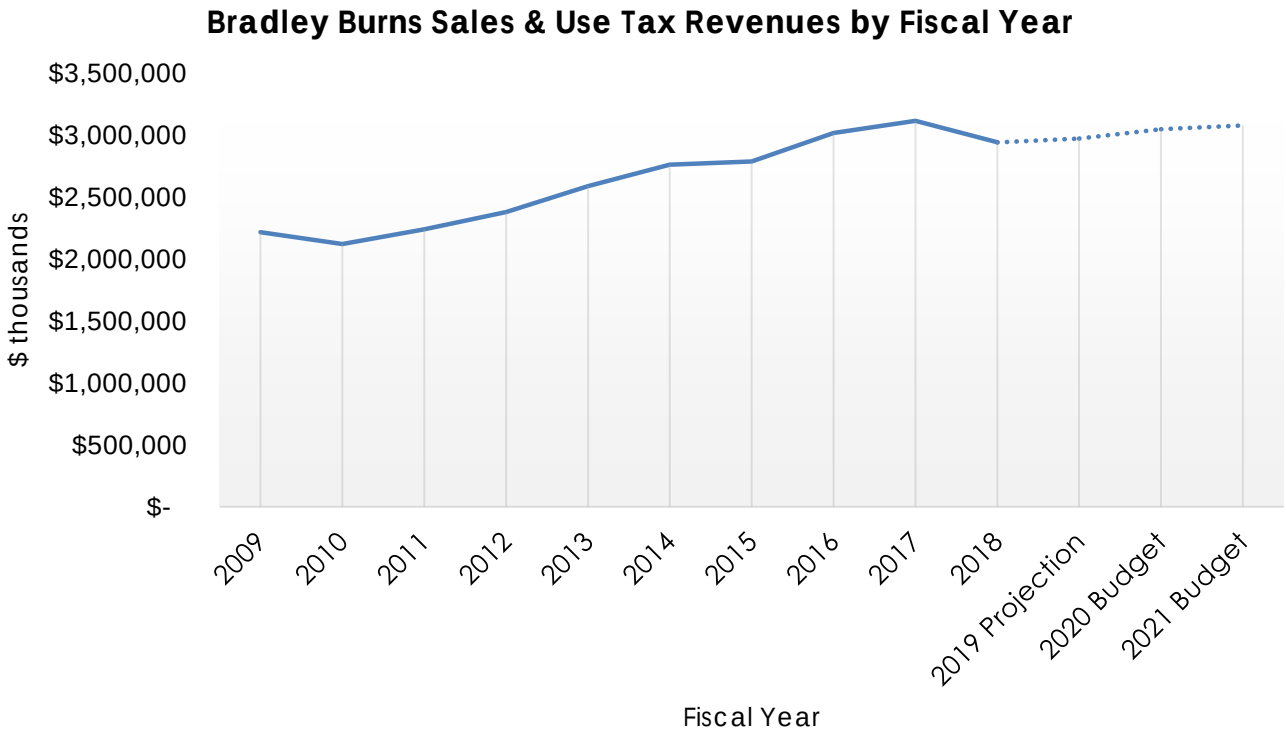
- The largest source is the Bradley Burns Uniform Sales and Use Tax, which is 1.00% of taxable sales. These revenues are projected to come in at $3.05 million in FY 2020 and at $3.08 million in FY 2021. These revenues are projected to be relatively flat, increasing by 2.5% in FY 2020 and by 1.0% in FY 2021.

- The second source of sales tax revenues is the 0.5% Public Safety Tax that provides revenues on the basis of the county's share of statewide taxable sales and a formula

based on the amount of property tax lost to the previous state expropriations by the Educational Revenue Augmentation Fund (ERAF). These revenues can only be used for specified public safety purposes. The City receives this sales tax revenue monthly, and it represents a projected $0.11 million per year in FY 2020 and FY 2021. These revenues are projected to grow by 16.1% in FY 2020 and 0.1% in FY 2021. The current large growth rate from FY 2019 to FY 2020 is based on a higher FY 2019 projected actual estimate of these revenues during budget development, where the growth rate was relatively flat. Based on more recent FY 2019 projected actual estimates, the growth rate appears large, but still represents only $15 thousand of additional revenues.

Bradley Burns Sales and Use Tax revenues fluctuate from year to year depending on the overall economy. In the past 10 years these revenues have fluctuated between $2.12 million to $2.97 million per year. The 10-year historical average annual growth rate is 3.0%. The budgeted amounts for FY 2020 and FY 2021 represent a 2.5% per year increase over the FY 2019 projected actuals of $2.97 million.

The following chart shows actual sales and use tax revenues from FY 2009 through FY 2018, then the FY 2019 projected amount, and finally, the budgeted FY 2020 and FY 2021 revenues.

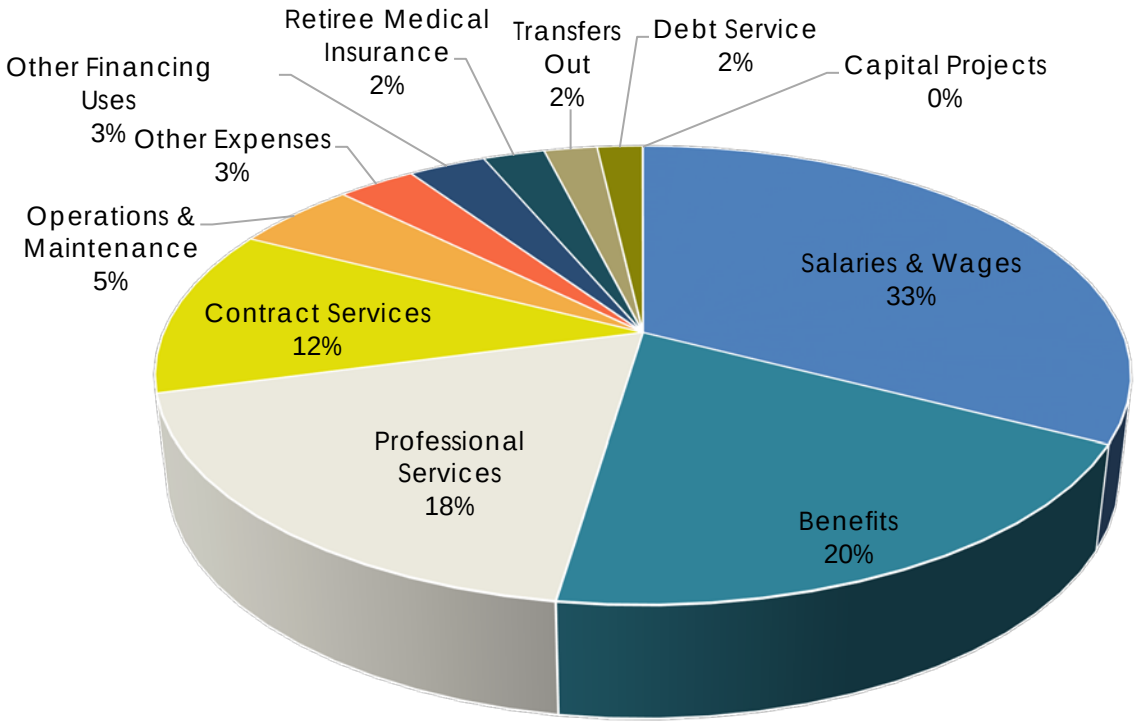


General Fund Expenditures

General Fund Operating Expenditures

Overall, General Fund (ongoing and one-time) uses are budgeted at $24,163,268 in FY 2020 and $23,448,163 in FY 2021. General Fund operating (ongoing only) uses are budgeted at $22,496,660 in FY 2020 and $22,698,135 in FY 2021. The difference between the operating and one-time uses are one-time work plan items of $1,666,607 in FY 2020 and $750,028 in FY 2021. To illustrate the expenditure side of the budget, two pie charts have been prepared using FY 2021 operating budget data, which identify, respectively, (1) the percentage of General Fund operating expenditure by expenditure category, and (2) the percentage of General Fund operating expenditures by Department.

FY 2021 General Fund Operating Expenditures by Category



Highlights of General Fund Operating Expenditures by Category

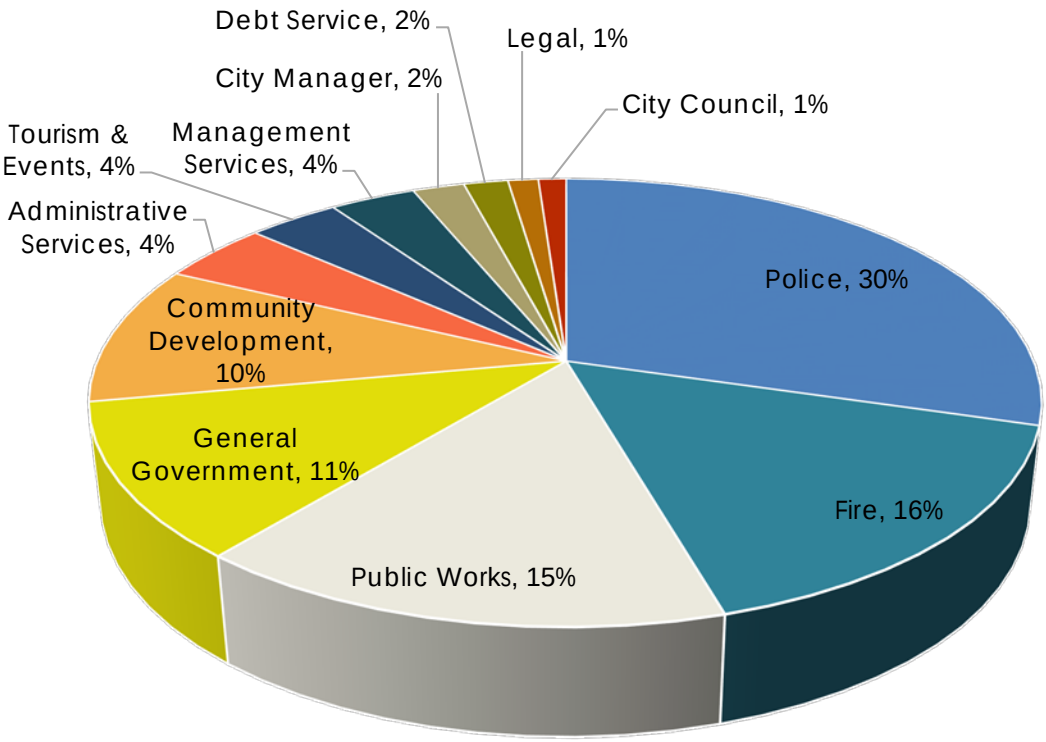
- Personnel costs represent the most significant percentage of expenditures at 55%, including Salaries and Wages (33%, or $7.41 million), Benefits (20%, or $4.48 million), and Retiree Medical Insurance (2%, or $0.55 million). This percentage is relatively low compared to many other cities because fire protection is provided by a contract with Cal Fire and is included in professional services. After including the Cal Fire contract, personnel costs make up 68% of the General Fund operating budget.

- Professional services makes up 18%, or $4.18 million, of the budget. The largest components of the professional services include the Cal Fire contract, legal services, auditor services, and other professional service contracts.

- Contract services make up 12%, or $2.69 million, of General Fund operating expenditures and include California Joint Powers Insurance Authority (CJPIA) costs, departmental contracts, Tourism & Events Department advertising and promotion costs, membership dues, electricity, phone, garbage, travel, and training.

- The remaining categories: operations & maintenance; other expenses; other financing uses; transfers out for motor vehicle and technology costs; debt service; and capital outlay, make up the remaining 15% and account for $3.40 million of the General Fund base operating budget.

FY 2021 General Fund Operating Expenditures by Department



Highlights of General Fund Operating Expenditures by Department

- Public safety services (police and fire) represent the largest percentage of the overall General Fund budget with 46% of the General Fund budget allocated for these uses. The Police Department operating budget accounts for 30%, or $6.71 million, and Fire Protection and Prevention accounts for 16%, or $3.62 million.

- The Public Works Department makes up 15%, or $3.50 million of General Fund operating expenditures. This includes design, construction, and maintenance of City facilities and infrastructure, including streets, public buildings, the Pier, promenades, beach access stairways, beach, parks, and public parking lots.

- General Government expenditures make up 11%, or $2.53 million, of General Fund expenditures, consisting of organization-wide services, supplies, materials, and equipment of a general nature.

- Community Development makes up 10%, or $2.29 million, of the General Fund operating budget and includes the Building, Planning, and Recreation Divisions, Veterans Halls', and Parks.

- Administrative Services makes up 4%, or $1.00 million, of the General Fund operating budget, and includes financial operations and information technology.

- Tourism & Events makes up 4%, or $0.84 million, of the General Fund operating budget, and includes promoting the City to visitors.

- Management Services, City Manager, Legal, and City Council combined make up the remaining 10%, or $2.20 million, of total General Fund operating expenditures.

General Fund Revenues and Expenditures Budget Year-to-Year Comparison

The following table shows the General Fund FY 2020 Adopted Budget compared to the FY 2019 projected actuals, and the FY 2021 Adopted Budget compared to the FY 2020 Adopted Budget.

	FY 2019 Projected Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	$ Change (FY 2020 - FY 2019)	% Change (FY 2020 - FY 2019)	$ Change (FY 2021 - FY 2020)	% Change (FY 2021 - FY 2020)
Beginning Fund Balance	**$ 12,829,214**	**$ 6,718,006**	**$ 6,418,782**	**$ (6,111,208)**	**-48%**	**$ (299,224)**	**-4%**
Base Operating Budget							
Revenues							
Transient Occupancy Tax	10,382,020	11,070,793	11,646,665	688,773	6.6%	575,872	5.2%
Property Related Taxes	5,620,837	5,504,240	5,614,348	(116,597)	-2.1%	110,108	2.0%
Sales and Use Tax	3,150,000	3,153,575	3,184,151	3,575	0.1%	30,576	1.0%
Other revenues	1,476,465	1,696,052	1,752,312	219,587	14.9%	56,260	3.3%
Permits	1,041,690	1,060,250	939,250	18,560	1.8%	(121,000)	-11.4%
Franchise Taxes	546,119	561,500	561,500	15,381	2.8%	-	0.0%
Business Tax	224,116	230,750	230,750	6,634	3.0%	-	0.0%
Departmental Revenues	252,419	192,000	192,000	(60,419)	-23.9%	-	0.0%
Transfers In	144,432	140,000	140,000	(4,432)	-3.1%	-	0.0%
Other Taxes	133,183	77,405	79,230	(55,778)	-41.9%	1,825	2.4%
Intergovernmental Revenue	33,093	53,380	53,380	20,287	61.3%	-	0.0%
Grants	6,199	5,000	5,000	(1,199)	-19.3%	-	0.0%
Total Revenues	**$ 23,010,573**	**$ 23,744,945**	**$ 24,398,586**	**$ 734,372**	**3.2%**	**$ 653,641**	**2.8%**
Operating Expenditures							
Salaries & Wages	6,748,052	7,313,971	7,390,917	565,919	8.4%	76,947	1.1%
Benefits	4,281,732	4,315,648	4,471,166	33,916	0.8%	155,518	3.6%
Professional Services	3,683,270	3,923,229	4,058,473	239,959	6.5%	135,244	3.4%
Contract Services	2,245,012	2,566,183	2,678,091	321,171	14.3%	111,908	4.4%
Operations & Maintenance	977,544	1,093,863	1,099,266	116,319	11.9%	5,403	0.5%
Transfers Out	862,238	874,529	879,409	12,291	1.4%	4,880	0.6%
Other Financing Uses	49,557	697,000	697,000	647,443	1306.5%	-	0.0%
Other Expenses	585,854	688,405	685,510	102,551	17.5%	(2,895)	-0.4%
Retiree Medical Insurance	489,978	546,335	554,335	56,357	11.5%	8,000	1.5%
Capital Projects	1,529	4,000	4,000	2,471	161.6%	-	0.0%
Total Operating Expenditures	**$ 19,924,765**	**$ 22,023,162**	**$ 22,518,167**	**$ 2,098,397**	**10.5%**	**$ 495,005**	**2.2%**
Net Base Operating Budget	**$ 3,085,807**	**$ 1,721,783**	**$ 1,880,419**	**$ (1,364,025)**	**-44.2%**	**$ 158,636**	**9.2%**
One-Time/Work Plan/Capital							
Sources: One-time Revenues	$ 376,203	$ 333,264	$ 229,521	$ (42,939)	-11.4%	(103,743)	-31.1%
Uses							
One-time Costs	2,084,757	1,273,158	750,028	(811,598)	-38.9%	(523,131)	-41.1%
Outside Agency Funding	62,900	72,900		10,000	15.9%	(72,900)	-100.0%
Ongoing Work Plan items		400,598	179,968	400,598		(220,630)	-55.1%
Captial Projects	656,353	393,449	-	(262,904)	-40.1%	(393,449)	-100.0%
Contributions to Reserves	264,165	214,165	50,369	(50,000)	-18.9%	(163,796)	-76.5%
Total Uses	$ 3,068,174	$ 2,354,270	$ 980,364	$ (713,904)	-23.3%	$ (1,373,906)	-58.4%
Net Adopted Budget	393,836	(299,224)	1,129,576	(693,060)	-176.0%	1,428,800	-477.5%
Ending Fund Balance	**$ 13,223,051**	**$ 6,418,782**	**$ 7,548,359**	**$ (6,804,268)**	**-51.5%**	**$ 1,129,576**	**17.6%**
Carryforward Projects	$ 6,505,045						
Budget Stabilization Set-Aside	*$ 2,000,000*	*$ 2,000,000*	*$ 2,000,000*				
CalPERS Pre-payment Set-Aside	*1,000,000*	*1,000,000*					
Final Ending Fund Balance	**$ 3,718,006**	**$ 3,418,782**	**$ 5,548,359**				

FY 2020 Adopted Budget vs FY 2019 Projected Actuals

Base Revenues

Comparing FY 2020 to FY 2019, FY 2020 base revenues are projected to be $734 thousand, or 3.2% greater than FY 2019 projected actual revenues. This is largely attributable to the following factors:

- First, there is an increase of $689 thousand of TOT revenues budgeted in FY 2020 as compared to FY 2019 projected actuals. The City is projected to receive $11.07 million in FY 2020 compared to the FY 2019 projected actuals of $10.38 million, which is a 6.6% increase over FY 2019. The FY 2020 increase represents approximately .5% growth from the prior year plus an estimated amount for a new hotel that is expected to open in November 2019.
- Second, there is an increase of $220 thousand in other revenues budgeted in FY 2020 as compared to FY 2019 projected actuals. This is largely due to a one-time $270 thousand revenue refund in FY 2019 that is not budgeted in FY 2020.

These increases are offset by decreases in the following areas:

- There is a decrease of $117 thousand, or 2.1%, in property-related taxes in FY 2020 as compared to FY 2019. The FY 2020 budget was developed to be 2.0% to 3.0% over the FY 2019 third quarter projected actuals. Since then, the FY 2019 fourth quarter projected actuals are greater than estimated at the third quarter, resulting in a decrease in the year-over-year comparison of FY 2020 budget to FY 2019 projected actuals. City staff will continue to monitor these revenues throughout the year and recommend budget adjustments as needed.
- There is a decrease of $60 thousand, or 23.9%, in departmental revenues primarily due to more police revenues received in FY 2019 compared to the FY 2020 budget. City staff will continue to monitor these revenues throughout the year and recommend budget adjustments as needed.

Base Expenditures

FY 2020 base expenditures are $2.10 million, or 10.5%, greater than FY 2019 projected actual operating expenditures. This increase is attributable to a variety of base operating increases:

- $566 thousand increase in salaries & wages due to budgeting the full salaries of budgeted employees compared to FY 2019 projected actuals. FY 2019 projected actuals reflect vacancies in the Police Department which are projected to be filled by FY 2020. The FY 2020 salaries and variable benefits have increased to reflect step and merit increases. Since the budget was adopted, the Council approved changes to salaries & wages to reflect the impact of labor negotiations.
- $34 thousand increase in benefits due to variable rate benefit increases largely as a result of increased salaries & wages. In addition, the City's prepayments to CalPERS to reduce future Unfunded Accrued Liability pension payments have paid off as the

City's required contribution in FY 2020 is slightly less than the FY 2019 projected actual payment.

- $647 thousand increase in other financing uses to reflect increasing the general contingency account from 1% to 3% of operating budgeted expenditures. Due to several large capital projects that could experience cost overruns, the contingency budget in the Adopted Budget is increased to 3% per year at $650 thousand in FY 2020. The City budgeted $625 thousand in FY 2019, which was mostly transferred to other projects to support additional unforeseen costs.
- $240 thousand increase in professional services funds in FY 2020 compared to FY 2019 projected actuals, largely due to $478 thousand of increases in the FY 2020 budgeted Cal Fire contract compared to FY 2019 projected actuals. This is offset by a decrease of $158 thousand in Community Development professional service contracts, including $95 thousand for contracting out Building Division plan check services and $78 thousand for contracting out Planning Division services as the department works to fill the vacant Planning Manager position.
- $321 thousand increase in contract services, largely due to savings in FY 2019 for government building contract services and street maintenance contract services.
- $116 thousand increase in operations & maintenance across all departments, largely due to FY 2019 savings compared to FY 2019 budget. The FY 2020 budget and the FY 2019 Revised Budget are comparable.
- $103 thousand increase in other expenses, largely due to FY 2019 savings compared to FY 2019 budget. The FY 2020 budget and the FY 2019 Revised Budget are comparable.

One-time / Work Plan / Capital Project Adopted Budget Items

The adopted sources reflect a decrease of $43 thousand in the FY 2020 Adopted Budget one-time revenues compared to FY 2019 projected actuals.

FY 2020 budgeted one-time revenues include:

- $150 thousand in FY 2020 for a California Coastal Commission grant to support the Local Coastal Plan (LCP) Update project.
- $103 thousand in FY 2020 for an Internal Revenue Service (IRS) subsidy to offset the interest on the Series 2017B New Clean Renewable Energy Bonds (CREBs).
- $80 thousand in FY 2020 only for a transfer in from the Grants Fund to the General Fund to support a portion of the Police Department's Mobile Command Vehicle for FY 2021.

FY 2019 projected actual one-time revenues include:

- $116 thousand for transfers in from the Grant Fund to support a U.S. Department of Justice Office of Community-Oriented Policing (COPs) Grant-funded police officer.
- $92 thousand for one-time TOT audit compliance revenues
- $71 thousand for one-time other revenues, including a $68 thousand insurance claim reimbursement for property damage to a City facility and $3 thousand for a Pacific Gas & Electric (PG&E) grant for public outreach related to the Shell Beach Streetscape Project, in which PG&E is the City's partner.
- $54 thousand for the IRS subsidy for the Series 2017B New CREBs.

- $39 thousand for Federal Emergency Management Agency (FEMA) grant funds to support the 2017 Rainstorm event damage to City facilities

There are $732 thousand fewer adopted above-base expenditures in FY 2020 compared to FY 2019 projected actuals from:

- $812 thousand fewer one-time items in FY 2020 compared to FY 2019. FY 2019 included large one-time payments for the Pier Rehabilitation Project.
- $263 thousand fewer capital project items compared to FY 2019 projected actuals. The FY 2019 projected actuals includes supporting the Shell Beach Streetscape Project and other capital projects budgeted over the past few years.
- $401 thousand greater ongoing work plan items. Ongoing items in FY 2019 are reflected in the FY 2019 operating budget and in the FY 2020 base operating budget.
- $10 thousand more in FY 2020 for General Fund contributions to outside/non-profit agencies.

Ending Fund Balance

The adopted ending fund balance is $3.44 million, or $281 million less than the FY 2019 projected ending fund balance.

FY 2021 Adopted Budget vs FY 2020 Adopted Budget

Base Revenues

Comparing FY 2021 to FY 2020, FY 2021 base revenues are $654 thousand, or 2.8% greater than FY 2020. This is attributable to the following factors:

- First, there is an additional $576 thousand in TOT revenues budgeted in FY 2021 compared to FY 2020, which is based on a 2.0 % increase over the FY 2020 budget plus an additional amount to reflect a full year of the new hotel opening in FY 2020 and a partial year of another new hotel.
- Second, there is an additional $110 thousand in property-related tax revenues in FY 2021 compared to FY 2020 to reflect an increase of 2.0%, consistent with CPI.
- Third, there is an additional $31 thousand in sales and use tax revenues in FY 2021 compared to FY 2020 to reflect an increase of 1.0%, consistent with historical projections and the City's sales and use tax revenue consultant's projections.
- Fourth, there is an additional $56 thousand in other revenues, largely representing an increase in overhead cost charges to other funds.

These revenues are offset by a $121 thousand decrease in permit revenues as the City moves closer to build-out.

Base Expenditures

FY 2021 base expenditures are $495 thousand, or 2.2% greater than FY 2020 due to projected increases in various costs. These increases account for step or merit increases, projected benefit increases, inflation, or known contract cost increases.

One-time and Work Plan Items

One-time revenues projected for FY 2021 include $130 thousand for the COPs grant revenues and $100 thousand for the IRS subsidy for the Series 2017B New CREBs.

Adopted contributions to reserves are $163 thousand less than FY 2020. These contributions are for the General Fund Reserve (25% of budgeted operating expenditures).

Ongoing and one-time work plan budget items and Capital Projects are $1.14 million less than FY 2020 as most one-time items are budgeted in the first year of the two-year budget.

Projected Ending Fund Balance

The projected ending fund balance is $5.55 million, or $2.13 million greater than the FY 2020 adopted ending fund balance. If the $1.00 million CalPERS Prepayment set-aside is paid to CalPERS during FY 2021, the projected ending fund balance would be $4.55 million

General Fund Reserves

The City maintains various General Fund reserves currently totaling $5.98 million in FY 2020 and $6.15 million in FY 2021 for various purposes as discussed below. These reserves are crucial to the City in order to avoid disrupting the City's operations should an unanticipated event occur. The reserves are shown in the table below, followed by a summary of each reserve.

General Fund Reserves ($ thousands)

Reserve	FY 2020 Amount	FY 2021 Amount
General Fund 25% Reserve	$5,280	$5,400
City Facility Reserve	$500	$500
Risk Management Reserve	$200	$250
Total General Fund Reserves	**$5,980**	**$6,150**

General Fund Reserve

The General Fund Reserve is equal to 25% of General Fund operating budget expenditures in FY 2020 and FY 2021. The City Council adopted a General Fund Reserve policy to achieve 25% by FY 2020 based on the City's dependence on the tourism industry, the large capital- and cash flow-intensive budget, potential major unanticipated costs from an earthquake or other major disaster, and vulnerability if the state confiscates key revenues. Intended uses of the reserve include emergencies, economic downturns, decreased revenues, capital acquisitions and cash flow needs, and emerging opportunities. A 25% Reserve would allow the City to maintain normal operations for 3 months. The General Fund Reserve is projected to be $5.28 million at the end of FY 2020 and $5.40 million at the end of FY 2021.

City Facility Reserve

On January 7, 2014, the Council created a City Facility Reserve of $500,000, for improvements for City facilities and buildings, particularly if other funds are not available. The intended use is for this reserve to fund improvements over $100,000 necessary for accessibility improvements, safety improvements, improvements to protect the City from exposure to general liabilities associated with use of City buildings and facilities, or other unanticipated infrastructure improvements to City buildings and facilities.

Risk Management Reserve

Despite strategic efforts to manage risk, the City continues to see increases in risk management costs associated with general liability and workers' compensation costs. The CJPIA is the City's provider of Risk Management Services, including insurance for general liability, workers' compensation, and property insurance. Each year the City makes an annual contribution to pay for this insurance coverage, which has increased substantially over the past 10 years. General liability insurance is the leading factor in the increase and is made up of both the premiums and deferred amounts. The aggregate of the general liability costs has increased by 11% per year for the past 10 years. This is

largely the result of several large claims filed against cities that are members of the CJPIA risk pool, including Pismo Beach. Included in this increase is the CJPIA's annual retroactively calculated amount based on the history of actual claims activity.

Because these rising costs are a concern for the City, the City has a major Risk Management Program designed to reduce exposure to risk. Additionally, the City Council established and funds a Risk Management Reserve to fund unanticipated general liability and workers' compensation costs, legal costs, judgments, or costs to avoid judgments such as accessibility improvements costing more than $100,000, in the event the City does not have resources available in the future. The reserve includes an annual contribution of $50 thousand from the General Fund unassigned fund balance starting with FY 2014, up to a maximum amount of $250,000. The reserve is fully funded at $250 thousand in FY 2020.

Summary of General Fund Reserves

The following table provides a summary of the various General Fund reserves, including their balances from FY 2019 projected through FY 2024.

General Fund Reserves

Reserves	FY 2019 Projected Actuals	FY 2020 Budget	FY 2021 Budget	FY 2022 Projection	FY 2023 Projection	FY 2024 Projection
General Fund Reserve	$ 5,410,000	$ 5,624,165	$ 5,674,534	$ 5,930,986	$ 6,300,167	$ 6,635,682
Risk Management Reserve	250,000	250,000	250,000	250,000	250,000	250,000
City Facility Reserve	500,000	500,000	500,000	500,000	500,000	500,000
Reserves	**$ 6,160,000**	**$ 6,374,165**	**$ 6,424,534**	**$ 6,680,986**	**$ 7,050,167**	**$ 7,385,682**

General Fund Contingency Budget

In addition to the above reserves, the City's fiscal policy maintains a contingency budget of 1% of budgeted General Fund expenditures to be used for emergencies or other unanticipated expenditures that come up during the year at the direction of the City Council, or up to $50 thousand at the direction of the City Manager. This $50 thousand cumulative amount is based on the City's Purchasing Policy threshold where the City Manager has the discretion to approve expenditures in the amount of $50 thousand or less. Due to several large capital projects that could experience cost overruns, the contingency budget in the Adopted Budget is increased to 3% per year at $650 thousand in FY 2020 and $650 thousand in FY 2021.

Other Major Funds

Detailed budgets for funds other than the General Fund are presented in the same narrative format as for General Fund activities. Enterprise funds (Water and Wastewater Utilities, Pier Operations and Maintenance, and Parking Enterprise) are presented on the pages immediately following the General Fund departments. The budget concludes with other City funds, primarily special revenue and capital projects funds. The following tables and narratives provide a summary of some of the City's other major funds.

Half-Cent Sales & Use Tax Fund—Measure "I" Transaction Tax

The Half-Cent Sales & Use Tax Fund (Half-Cent Fund) is part of the General Fund and includes a 0.50% transaction sales and use tax. This tax was approved by Pismo Beach voters in June 2008, went into effect October 1, 2008, and was renewed in November 2014, which extends the tax to March 31, 2027. All proceeds of the tax levied and imposed are accounted for in the City of Pismo Beach General Fund, and may be used for any lawful purpose as designated by the Council. The City of Pismo Beach has set up a separate fund to track the specific revenues and expenditures that are generated by the 0.50% transaction sales and use tax. To date, the Half-Cent Tax revenues have been used entirely to fund streets, sidewalks, and storm drains.

Revenues generated by the Half-Cent Fund are paid each month along with the Bradley Burns sales tax paid by the State of California. Interest revenues are also included in this Fund. Revenues in the FY 2020 and FY 2021 budget for the Half-Cent Fund are estimated at $1.56 million and $1.58 million, respectively. The total amount of capital improvements to be funded out of the Half-Cent Fund is $1.70 million for FY 2020 and $65 thousand for FY 2021. The FY 2020 budget includes $950 thousand for storm drain projects, including the Encanto Avenue, Reef Court, and Windward—Ocean Boulevard storm drain. The FY 2020 funding also includes $750 thousand for a FY 2020 paving project. In FY 2021, the Half-Cent Fund supports $50 thousand for a pavement management plan update and $15 thousand for rehabilitation of the Shell Beach tennis courts. The remaining fund balances in FY 2021 are reserved to support future capital projects, primarily a paving project in FY 2022. The following table summarizes the total revenues and expenditures in the Half-Cent Fund's FY 2020 and FY 2021 Adopted Budgets.

Half-Cent Sales & Use Tax Fund Budget Summary

	FY 2020 Adopted Budget	FY 2021 Adopted Budget
Projected Beginning Fund Balance	$ 4,380,314	$ 1,344,402
Revenues	$ 1,560,300	$ 1,575,000
Expenditures	1,700,000	65,000
Net	$ (139,700)	$ 1,510,000
FY 2019 Carryforward Projects	2,896,212	
Estimated Ending Fund Balance	$ 1,344,402	$ 2,854,402

The following table lists the FY 2019 through FY 2021 budgeted projects and their funding levels.

Half-Cent Sales & Use Tax Fund Budgeted Projects

Projects	FY 2019 Budget	FY 2020 Adopted Budget	FY 2021 Adopted Budget
Shell Beach Streetscape	$ 2,496,043		
Accessibility Improvements Cypr	150,000		
Blufftop Measures	2,194		
Pismo Pier	23,007		
Morro Ave Stair Replacement	938,300		
Encanto Storm Drain		$ 250,000	
Reef Court Storm Drain		100,000	
Storm Drain Windward Ocean Blv		600,000	
FY 20 Paving Project		750,000	
Shell Beach Tennis Court			$ 15,000
Street Paving Study			50,000
Total Budget	**$ 3,609,544**	**$ 1,700,000**	**$ 65,000**

LBID Fund

The Pismo Beach Lodging Business Improvement District (LBID) is an assessment district created by the Pismo Beach City Council, at the request and approval of a majority of the lodging businesses operating in the City, to raise money by assessing themselves, and then to use that money to promote Pismo Beach lodging businesses. Pismo Beach Municipal Code Section 3.26.110 provided for a three-year sunset provision for the LBID (in early September 2012). After the passage of the LBID ordinance, California voters enacted Proposition 26, which amended the California Constitution to revise the definition of "tax." This set in motion the fact that the LBID assessment, in order to be extended beyond the September 2012 sunset date, was subject to compliance with Proposition 26 to avoid being considered a special tax requiring a 2/3 majority vote of the electorate to pass. With the renewal of the LBID following adoption of Proposition 26, the purposes for which LBID assessments could be expended were more limited than when the LBID was initially established. As such, the improvements and activities to be provided for in FY 2020 and FY 2021 are to be those services and activities permitted under Section 3.26.030 of the Pismo Beach Municipal Code, as follows:

a) The general promotion of lodging operations within the LBID shall include costs of programs and physical improvements as specified in the business plan to be adopted annually;
b) The marketing of conference, group, and vacation business that benefits the local lodging industry in the district;
c) The marketing of the LBID to the travel industry in order to benefit the local lodging industry in the district;
d) Administration of the LBID, including collection and enforcement of assessments.

In FY 2019, the Conference and Visitors Bureau Board / LBID Advisory Board and City Council approved an additional 1% LBID assessment starting on January 1, 2019 and continuing for 5 years to provide the funding to complete some significant community enhancing projects that would help promote and benefit the lodging businesses in the city of Pismo Beach. These community-enhancing projects include the Pier Plaza improvements, pedestrian connections under Highway 101 at Price Street and Spyglass Drive for entrance into the Pismo Preserve, Addie Street area improvements, and the Shell Beach Streetscape improvements.

The LBID Ordinance provides for a LBID assessment of 2% levied on transient rents received by all Pismo Beach lodging properties, including but not limited to hotels, motels, vacation rentals, and recreational vehicle parks. Revenues in the FY 2020 and FY 2021 budget are estimated at $2.22 million and $2.33 million, respectively. Budgeted expenditures total $2.22 million in FY 2020 and $2.24 million in FY 2021. The following table summarizes the total revenues and expenditures in the LBID's FY 2020 and FY 2021 Adopted Budget.

Lodging Business Improvement District Fund Budget Summary

	FY 2020 Adopted Budget	FY 2021 Adopted Budget
Projected Beginning Fund Balance	$ 761,534	$ 208,568
Revenues	$ 2,219,158	$ 2,334,332
Expenditures	2,220,327	2,243,493
Net	$ (1,169)	$ 90,839
FY 2019 Carryforward Projects	551,797	
Estimated Ending Fund Balance	$ 208,568	$ 299,407

Water Enterprise Funds

The Water Enterprise Funds consist of the Water Operating Fund, the Water Tax Fund, the Water Construction Fund, and the Water Expansion Fund. Each of these funds supports different sources and uses. Looking at all Water Enterprise Funds combined, water revenues in the Water Enterprise Funds are from water service charges, sales from water usage, and transfers in from other funds. Expenditures from the Water Enterprise Funds are from San Luis Obispo County and the Central Coast Water Authority for the costs of providing water to the City. In addition, costs include personnel, utilities, supplies, materials, and transfers to other funds. The revenues and transfers into the Water Enterprise Funds for FY 2020 and FY 2021 total $6.37 million and $6.70 million, respectively. Total expenses including work plan budget items and transfers out of the fund are $6.05 million in FY 2020 and $7.06 million in FY 2021. Of these total expenses, capital improvements budgeted are $0.88 million in FY 2020 and $1.84 million in FY 2021. The projected ending balance available at June 30, 2021 is estimated at $3.58 million. The following table summarizes the total revenues and expenditures in the combined Water Enterprise Funds' FY 2020 and FY 2021 Adopted Budget.

Water Enterprise Funds Budget Summary

	FY 2020 Adopted Budget	FY 2021 Adopted Budget
Projected Beginning Fund Balance	$ 3,623,604	$ 3,934,880
Revenues	$ 6,365,500	$ 6,698,000
Expenditures	6,054,224	7,055,603
Net	$ 311,276	$ (357,603)
Estimated Ending Fund Balance	$ 3,934,880	$ 3,577,277

Wastewater Enterprise Funds

The Wastewater Enterprise Funds consist of the Wastewater Operating Fund, the Wastewater Capital Projects Fund, and the Wastewater Expansion Fund. Each of these funds supports different sources and uses. Looking at all Wastewater Enterprise Funds combined, revenues in the Wastewater Enterprise Funds are from service charges for providing wastewater facilities, and transfers in from other funds. Expenditures in the Wastewater Enterprise Funds include costs for running a wastewater treatment plant, personnel costs, transfers in from other funds, and debt service costs related to the funding of the wastewater treatment plant and other wastewater facilities. The revenues in the Wastewater Enterprise Funds for FY 2020 and FY 2021 total $5.61 million and $6.73 million, respectively. Total expenses including work plan budget items, debt service, and transfers are $6.19 million in FY 2020 and $6.48 million in FY 2021. Of total expenses, capital improvements budgeted for FY 2020 and FY 2021 are $2.61 million and $2.32 million, respectively. The projected ending balance available at June 30, 2021 is estimated at $7.42 million. The following table summarizes the total revenues and expenditures in the combined Wastewater Enterprise Funds' FY 2020 and FY 2021 Adopted Budget.

Wastewater Enterprise Funds Budget Summary

	FY 2020 Adopted Budget	FY 2021 Adopted Budget
Projected Beginning Fund Balance	$ 5,049,051	$ 4,477,265
Revenues	$ 5,614,938	$ 6,734,569
Expenditures	6,186,724	6,489,811
Net	$ (571,786)	$ 244,758
Estimated Ending Fund Balance	$ 4,477,265	$ 4,722,023

Parking Enterprise Fund

Revenues in the Parking Enterprise Fund come from parking kiosks and meters located in the downtown core area and from parking citations. Expenditures in the Parking Enterprise Fund are primarily personnel costs and the cost of maintaining the parking kiosks. The revenues in the Parking Enterprise Fund for FY 2020 and FY 2021 total $946 thousand in FY 2020 and $966 thousand in FY 2021. Total expenses including work plan items and transfers are $588 thousand in FY 2020 and $589 in FY 2021. The projected ending balance available at June 30, 2021 is estimated at $3.41 million. It is anticipated that these funds will be used to enhance parking, including a partial payment for a downtown parking garage, as part of the City's focus on and investment in the downtown area. The following table summarizes the total revenues and expenditures in the Parking Enterprise Fund's FY 2020 and FY 2021 Adopted Budget.

Parking Enterprise Fund Budget Summary

	FY 2020 Adopted Budget	FY 2021 Adopted Budget
Projected Beginning Fund Balance	$ 2,671,297	$ 3,028,868
Revenues	$ 946,000	$ 966,000
Expenditures	588,429	588,988
Net	$ 357,571	$ 377,012
Estimated Ending Fund Balance	$ 3,028,868	$ 3,405,880

Motor Vehicle Operations and Replacement Fund

The Motor Vehicle Operations and Replacement Fund is an internal service fund created to support replacement and ongoing maintenance of the City's fleet of vehicles. Revenues come from various other City funds based on an allocation of replacement and maintenance costs. Expenditures include purchases of replacement vehicles and ongoing maintenance of existing vehicles, including personnel costs and equipment. Total revenues into the Motor Vehicle Fund are $1.06 million in FY 2020 and $2.29 million in FY 2021. Expenditures total $2.97 thousand in FY 2020 and $880 thousand in FY 2021. In FY 2020, the Motor Vehicle Fund includes a $2.30 million loan to the LBID Fund to support a portion of the Pier Plaza/Pier Parking Lot Project. Starting in FY 2021, the LBID Fund is scheduled and budgeted to repay the Motor Vehicle Fund the principal and interest over 3 years. This level of support assumes a total project cost of $4.00 million. As such, once the Pier Plaza/Pier Parking Lot Project is bid and construction costs are known, this loan may need to be revised. The following table summarizes the total revenues and expenditures in the Motor Vehicle Fund's FY 2020 and FY 2021 Adopted Budget.

Motor Vehicle Fund Budget Summary

	FY 2020 Adopted Budget	FY 2021 Adopted Budget
Projected Beginning Fund Balance	$ 3,490,068	$ 1,583,247
Revenues	$ 1,058,947	$ 2,294,019
Expenditures	2,965,768	879,873
Net	$ (1,906,821)	$ 1,414,146
Estimated Ending Fund Balance	$ 1,583,247	$ 2,997,393

Work Plan Budget Items

As previously mentioned, the budget is built from base operations. Once the base budget is established, work plan budget items are considered. These items include program enhancements, staffing modifications, service modifications, etc., that fit within the Council's goals. The ability to add work plan items changes from year to year and is based on the amount of funding available. A complete list of work plan budget items for each year is included on the Adopted Work Plan Budget Requests for FY 2020 & FY 2021 section.

Total work plan items adopted by the City Council, net of revenues and transfers, are $8,061,927 in FY 2020 and $2,652,100 in FY 2021. These amounts include $5,053,515 in FY 2020 and $1,624,934 in FY 2021 of Council goals. The following table provides the net (revenues less expenditures) amount of adopted work plan budget items by fund for each budget year.

Adopted Work Plan Budget Items by Fund (Net, Expenditures less Revenues)

Fund	FY 2020 Adopted Budget	FY 2021 Adopted Budget
General Fund	$ 1,241,598	$ 694,968
Half Cent Sales Tax Fund		50,000
Chapman Estate Fund	230,000	-
Capital Projects	4,195,240	(1,029,666)
Circulation Fees	90,000	
Water Enterprise Fund	621,067	1,888,356
Water Construction Fund	154,500	-
Wastewater Treatment Fund	926,667	116,756
Wastewater Capital Projects	455,000	559,000
Pier Enterprise Fund	14,000	14,000
Parking Enterprise Fund	30,605	25,686
Technology Service Fund	94,000	28,000
Motor Vehicle Fund	9,250	305,000
All Funds Total	**$ 8,061,927**	**$ 2,652,100**

Capital Improvement Projects

Capital improvement projects are identified in this budget document as those projects that are at least $20,000 over the life of the project and have a useful life of at least 3 years. These projects include improvements to buildings, facilities, or other infrastructure, or large capital purchases of equipment. The specific capital improvement projects adopted as additions to the budget are listed in the Capital Improvement Projects section as part of the overall capital improvements budget, including projects in all City funds. Brief project descriptions are provided on the capital improvement project detail pages.

Total new capital improvement projects are $8,302,564 in FY 2020 and $3,595,500 in FY 2021, for a total of $11,898,064 over both years. This does not include capital projects that are included in the baseline budget. Baseline capital projects include scheduled replacement vehicle purchases and other previously approved ongoing capital projects and account for $295,500 in FY 2020 and $213,550 in FY 2021.

In calculating year-end fund balances, staff assumed that each capital improvement project budgeted in FY 2019 will either be completed by June 30, 2019 or that City funds allocated for the projects will be transferred to the appropriate construction fund or carried forward at fiscal year-end. Many of those budgeted projects from FY 2019 and prior have been completed, several have begun with contract encumbrances and expenditures recorded against them, and others have been delayed without any expenditure. By completing transfers to the construction funds for those projects that are underway, the amounts allocated from the General Fund or other funds are secured and reserved to pay for the specific projects. Uncommitted project budget amounts for projects not yet under way will be carried forward in the fund from which the project is being financed. Ultimately, the City Council maintains control of expenditures by virtue of the requirement that all construction contracts and all professional services contracts in excess of $50,000 be approved by Council.

The following three Capital Project tables list the total amount of capital projects by fund. The first table includes all capital projects by fund, including both new (Work Plan) and baseline budget capital projects. The second table includes just the new Work Plan capital projects. The third table includes just the baseline capital projects.

Capital Projects by Fund – Work Plans and Baseline Budget

Fund Title	FY 2020 Adopted Budget	FY 2021 Adopted Budget
General Fund	$ 54,000	$ 4,000
Chapman Estate Fund	50,000	-
Capital Projects	8,409,043	15,000
Circulation Fees	90,000	-
Water Enterprise Fund	139,100	1,886,500
Water Construction Fund	154,500	-
Wastewater Treatment Fund	92,800	93,800
Wastewater Capital Projects	455,000	1,424,000
Parking Enterprise Fund	25,000	25,000
Technology Service Fund	21,000	49,000
Motor Vehicle Fund	162,950	376,750
All Funds Total	**$ 9,653,393**	**$ 3,874,050**

New Work Plan Capital Projects by Fund

Fund Title	FY 2020 Adopted Budget	FY 2021 Adopted Budget
General Fund	$ 50,000	$ -
Chapman Estate Fund	50,000	
Capital Projects	7,421,964	-
Circulation Fees	90,000	
Water Enterprise Fund	56,100	1,803,500
Water Construction Fund	154,500	-
Wastewater Treatment Fund	52,000	53,000
Wastewater Capital Projects	455,000	1,424,000
Parking Enterprise Fund	25,000	25,000
Technology Service Fund		28,000
Motor Vehicle Fund	9,250	305,000
All Funds Total	**$ 8,363,814**	**$ 3,638,500**

Baseline Budget Capital Projects by Fund

Fund Title	FY 2020 Adopted Budget	FY 2021 Adopted Budget
General Fund	$ 4,000	$ 4,000
Capital Projects	987,079	1,044,666
Water Enterprise Fund	83,000	83,000
Wastewater Treatment Fund	40,800	40,800
Technology Service Fund	21,000	21,000
Motor Vehicle Fund	153,700	71,750
All Funds Total	**$ 1,289,579**	**$ 1,265,216**

Outside Agency Requests for Funding

Each year during the budget process, the City receives funding requests from outside agencies. For FY 2020, several outside agencies submitted requests for funding and presented their funding requests to the City Council at the June 4, 2019 Council meeting. A total of $95,600 was approved for outside agency requests for FY 2020.

Outside Requests FY 2020 Requests, and Prior Year Payments

	FY 2020	FY 2020	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Agency / Program	**Approve**	**Funding Source**	**Request**	**Paid**	**Paid**	**Paid**	**Paid**	**Paid**
American Red Cross	3,500	General Fund	3,500	3,500	3,500	3,500	3,500	3,500
Assistance League of SLO County	2,500	General Fund	2,970	2,500	2,000	2,000	1,500	1,500
Association of Amputee Servers (AMPSURF)	4,000	General Fund	5,000	4,000	3,000	2,000	2,000	2,000
CAP-SLO (EOC)-Adult Wellness & Prevention Screening Prg	2,000	General Fund	2,000	2,000	2,000	2,000	2,000	2,000
CAP-SLO (EOC) - Energy Svcs Home Repair Program	4,200	Housing In-Lieu Fund	4,200	4,200	4,200	4,200	4,200	4,200
CAP-SLO (EOC) - 40 Prado Homeless Services Center	3,000	General Fund	3,000	2,500	2,500	2,200	2,200	2,200
Destination Imagination		General Fund				2,000	3,000	3,000
ECO-SLO - County Coastal Cleanup	5,000	General Fund	5,000	5,000	3,000	3,000	2,000	2,000
Five Cities Diversity Coalition	1,000	General Fund	2,000	1,000	1,000	-	1,100	
Five Cities Meals on Wheels	7,400	General Fund	7,400	7,400	7,400	7,400	4,000	4,000
HomeShare SLO	3,500	Housing In-Lieu Fund	5,000	2,000	2,000			
NOOR Foundation	12,000	General Fund	12,000	10,000	8,000	6,000	4,000	
People's Self-Help Housing		Housing In-Lieu Fund		5,000	5,000	2,500	500	500
Pismo Beach Chamber of Commerce - Clam Festival		General Fund				5,000	5,000	5,000
Pismo Beach Chamber of Commerce - Band Review		General Fund				7,500	7,500	7,500
Shell Beach Elementary School PTO		General Fund		0				
Shower the People of SLO	2,500	General Fund	2,500					
SLO County Housing Trust Fund	2,000	Housing In-Lieu Fund	2,000	2,000	2,000	2,000	2,000	2,000
SLO County YMCA	2,500	General Fund	2,500	2,500	2,500	2,000	2,000	2,000
SLO SCORE	2,500	General Fund	2,500	2,500	2,500	1,000	1,000	1,000
Spokes	0	General Fund	1,500	0				
United Way - SLO County 211 Hotline	5,000	General Fund	5,000	5,000	3,500	3,000	3,000	3,000
5Cities Homeless Coalition	20,000	General Fund	20,000	15,000	10,000			
Subtotal Donations from General Fund Unassigned Fund Balance	**$ 72,900**		**$ 76,870**	**$ 62,900**	**$ 50,900**	**$ 48,600**	**$ 46,300**	**$ 41,200**
Housing In Lieu Fee Fund Balance	**$ 9,700**		**$ 11,200**	**$ 13,200**	**$ 13,200**	**8,700**	**$ 4,200**	**$ 4,200**
Pismo Beach Chamber of Commerce - Clam Festival		LBID				5,000	5,000	5,000
Basin Street Regulars / Jubilee by the Sea	8,000	LBID	25,000	12,000	11,000	10,000	7,000	7,000
San Luis Obispo Int'l Film Festival	5,000	LBID	5,000	5,000	4,000	4,000	3,000	3,000
Visit SLO membership - General Fund		LBID					-	40,000
Visit SLO membership - LBID		LBID					-	105,673
Subtotal Visit SLO Donations & CVB, LBID Budget	**$ 13,000**		**$ 30,000**	**$ 17,000**	**15,000**	**19,000**	**$ 15,000**	**$ 160,673**
General Fund Total (excludes Visit SLO Membership)	*$ 72,900*		*$ 76,870*	*$ 62,900*	*$ 50,900*	*48,600*	*$ 46,300*	*$ 41,200*
General Fund Visit SLO Budget								*$ 40,000*
Housing In Lieu Fee Fund	*$ 9,700*		*$ 11,200*	*$ 13,200*	*$ 13,200*	*8,700*	*$ 4,200*	*$ 4,200*
LBID Fund Total	*$ 13,000*		*$ 30,000*	*$ 17,000*	*$ 15,000*	*19,000*	*$ 15,000*	*$ 120,673*
All Fund Budget Total	**$ 95,600**		**$ 118,070**	**$ 93,100**	**$ 79,100**	**76,300**	**$ 65,500**	**$ 201,873**
All Funds less Visit SLO	**$ 95,600**		**$ 118,070**	**$ 93,100**	**$ 79,100**	**76,300**	**$ 65,500**	**$ 56,200**

Long-Term Financial Planning

The City incorporates long-term financial planning into its budget process in three ways:

- First, the City has established a set of financial policies that were reviewed and affirmed by the City Council and Department Head Team on April 16, 2019 during the development of the budget. These policies establish goals for the allocation of public resources in the manner best suited to the efficient provision of services to citizens and visitors present within the City. Some of these policies call for maintaining adequate cash reserves and providing ongoing maintenance of infrastructure and buildings, which are vital to sound fiscal management.

- Second, the Council undertakes a strategic planning process to establish goals and priorities for the organization that takes into account a long-term vision of the City and incorporates public input. The Council reviews and may modify its long-term vision statement for the City every two years. Additionally, the Council seeks public input in developing the City's goals to meet this vision. This public input process, branded *Pismo Voice*, includes a tri-fold flyer in all utility bills advertising community workshops and directly asks for ideas about priorities, with prepaid postage for return mail to the City. In addition, the City received feedback about priorities from social media outreach efforts, push notifications through the City's website, outreach booths at community events, and several community meetings. The resulting City goals are long-term goals that typically cannot be accomplished in one or two years. As such, City staff develop work plans to implement various stages of those goals and those items are incorporated into the budget.

- Third, the City maintains a five-year operating projection for the General Fund and the Water and Wastewater Enterprise Funds. The General Fund projection is updated quarterly and shared with Council annually. In FY 2019, the City prepared a five-year financial plan for the Water and Wastewater Enterprise Funds as part of the water and wastewater rate development process. These projections allow management to see what the future could look like given a set of assumptions and are evaluated in the context of whether decisions are sustainable over the long term.

- Fourth, the City maintains a 10-year long-range capital planning process that helps drive annual capital funding decisions as well as periodic bond issues for larger investments. The Capital Improvement Plan is approved biennially along with the two-year Adopted Budget.

- Finally, all Governmental Accounting Standards Board (GASB) pronouncements are monitored and implemented into the City's financial statements.

The following table shows the five-year projection for the General Fund, including all sources and uses and the beginning and projected ending fund balances for FY 2019 projected actuals forecasted to FY 2024. In general, the revenues and expenditures in FY 2020 and FY 2021 reflect the Adopted Budgets and FY 2020 to FY 2022 are projections that reflect what the City's General Fund would look like if the City continued to receive

revenues based on historical growth rates and spend based on historical spending rates. The narrowing variance between projected revenues and expenditures illustrates that budgets should be developed with a long-term outlook. Given uncertainties of future revenues, expenditures, and resulting fund balances, it is prudent to continue to maintain thoughtful discipline in restraining costs.

Pismo Beach's Municipal Code requires that each year's budget be balanced. Balancing the budgets will likely require some combination of expenditure reductions and/or additional revenues. These projections assume no ongoing solutions are implemented. To the extent budgets are balanced with ongoing solutions, future shortfalls would decrease.

This projection assumes no major changes from the FY 2020 and FY 2021 Adopted Budget levels to policies, service levels, the number of employees, or labor contracts approved after the June 4, 2019 budget adoption. It also assumes capital projects spending stays relatively level around $616 thousand in FY 2022 and growing by CPI each year and that there are no other new one-time costs.

The projected net operating revenues less expenditures in FY 2024 is negative if no changes in operations occurred. However, for each budget cycle, the City Council and staff would propose a balanced budget with either enhanced revenue projections or reduced expenditures in order to maintain a structurally balanced budget.

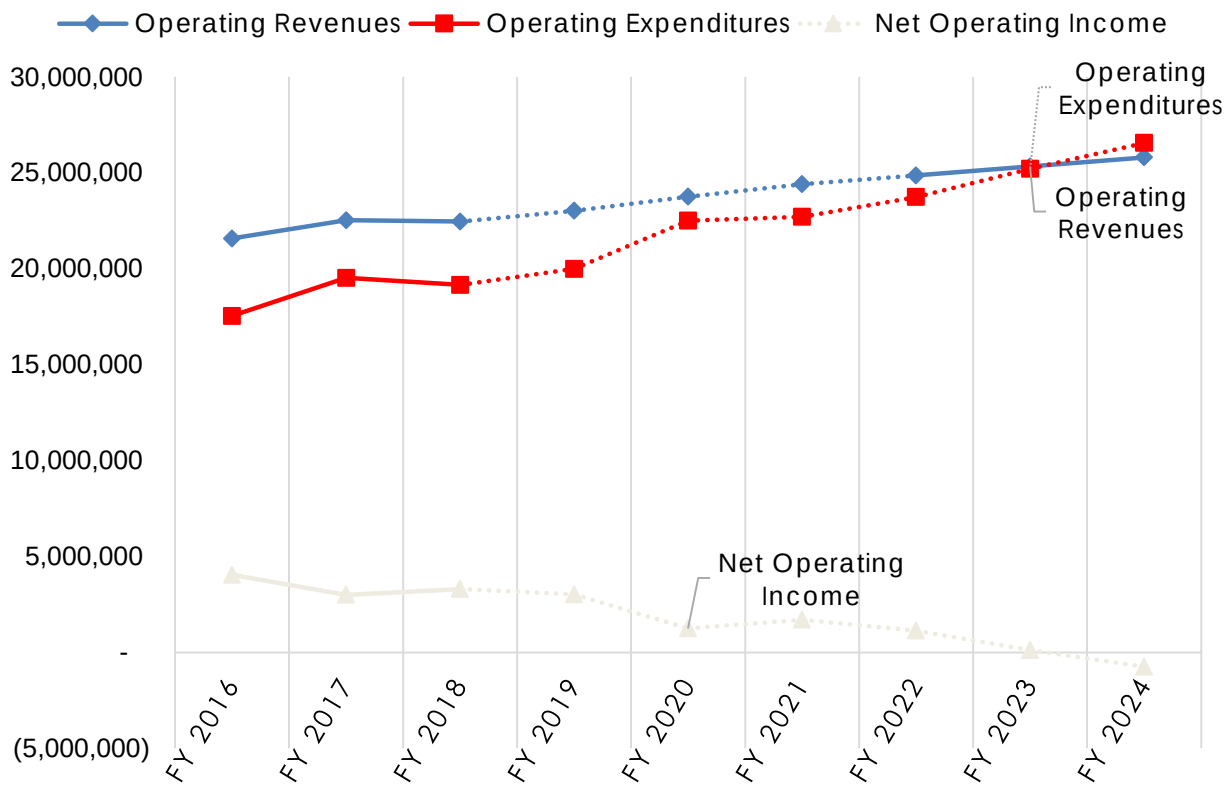
General Fund Five-Year Projection FY 2019 through FY 2024

Category	FY 2019 Projected Actuals	FY 2020 Adopted	FY 2021 Adopted	FY 2022 Projection*	FY 2023 Projection*	FY 2024 Projection*
Sources						
Beginning Fund Balance	**$ 12,829,214**	**$ 13,223,051**	**$ 6,418,782**	**$ 6,548,359**	**$ 6,806,478**	**$ 5,923,441**
Transient Occupancy Tax	10,382,020	11,070,793	11,646,665	11,879,598	12,117,190	12,359,534
Property Related Taxes	5,620,837	5,504,240	5,614,348	5,726,635	5,841,168	5,957,991
Sales and Use Tax	3,150,000	3,153,575	3,184,151	3,215,993	3,248,152	3,280,634
Other revenues	1,476,465	1,696,052	1,752,312	1,787,358	1,823,105	1,859,568
Permits	1,041,690	1,060,250	939,250	958,035	977,196	996,740
Franchise Taxes	546,119	561,500	561,500	572,730	584,185	595,868
Business Tax	224,116	230,750	230,750	235,365	240,072	244,874
Departmental Revenues	252,419	192,000	192,000	195,840	199,757	203,752
Transfers In	144,432	140,000	140,000	142,800	145,656	148,569
Other Taxes	133,183	77,405	79,230	80,815	82,431	84,080
Intergovernmental Revenue	33,093	53,380	53,380	54,448	55,537	56,647
Grants	6,199	5,000	5,000	5,100	5,202	5,306
Total Revenues	**$ 23,010,573**	**$ 23,744,945**	**$ 24,398,586**	**$ 24,854,716**	**$ 25,319,650**	**$ 25,793,562**
Uses						
Salaries & Wages	6,748,052	7,309,216	7,410,179	7,610,254	7,815,730	8,026,755
Benefits	4,281,732	4,312,977	4,476,944	4,934,149	5,451,849	6,031,096
Professional Services	3,683,270	4,146,429	4,178,473	4,571,234	5,001,264	5,472,134
Contract Services	2,245,012	2,573,583	2,681,691	2,755,407	2,927,594	3,110,659
Operations & Maintenance	977,544	1,256,908	1,109,316	1,139,268	1,170,028	1,201,619
Transfers Out	862,238	874,529	884,409	913,845	924,912	935,328
Other Financing Uses	112,457	769,900	697,000	465,175	494,131	262,799
Other Expenses	585,854	702,783	701,789	720,737	740,197	760,183
Retiree Medical Insurance	489,978	546,335	554,335	609,769	670,745	737,820
Capital Projects	1,529	4,000	4,000	4,108	4,219	4,333
Total Operating Expenditures	**$ 19,987,665**	**$ 22,496,660**	**$ 22,698,135**	**$ 23,723,945**	**$ 25,200,669**	**$ 26,542,726**
Net Revenues less Operating Expenditures	**$ 3,022,907**	**$ 1,248,285**	**$ 1,700,451**	**$ 1,130,771**	**$ 118,982**	**$ (749,164)**
One-time Revenues	376,203	333,264	229,521	-	-	-
One-time Expenditures**	2,741,109	8,171,652	1,750,028	616,200	632,837	649,924
Total Expenditures	**$ 22,728,774**	**$ 30,668,312**	**$ 24,448,163**	**$ 24,340,145**	**$ 25,833,506**	**$ 27,192,650**
Ending fund balance	**$ 13,487,216**	**$ 6,632,948**	**$ 6,598,727**	**$ 7,062,930**	**$ 6,292,622**	**$ 4,524,352**
Committed	6,505,045					
Carryforward to next FY	**13,223,051**	**6,418,782**	**6,548,359**	**6,806,478**	**5,923,441**	**4,188,838**
Budget Stabilization Set-Aside	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
CalPERS Prepayment Set-Aside	(1,000,000)	(1,000,000)				
Ending Unassigned Fund Balance after set-asides, carryforwards, & contributions	**$ 6,718,006**	**$ 3,418,782**	**$ 4,548,359**	**$ 4,806,478**	**$ 3,923,441**	**$ 2,188,838**
Contribution to Reserves	264,165	214,165	50,369	256,452	369,181	335,514
GF Reserve	5,420,182	5,624,165	5,674,534	5,930,986	6,300,167	6,635,682

*Note for FY 2022 through FY 2024 Operting Revenues and Expenditures:
The last 3 years of the 5 Year Projection assumes that operation continue to increase at known rates, CPI, or historical growth rates.
**Assumes $616,200 plus CPI of one-time costs in FY 2022 - FY 2024
Staff will work to ensure that revenues and operating expenditures are structurally balanced during the budget development process.

The General Fund operating budget is structurally balanced in FY 2019 through FY 2023. Starting in FY 2024, projected ongoing expenditures are projected to exceed revenues by $749 thousand. This assumes that no changes to operations or revenues occur prior to when those budgets are developed. However, the City Council and staff will ensure that future budgets are balanced and sufficient fund balances are left for one-time projects. The following chart illustrates the actual revenues and expenditures for FY 2016 through FY 2018, and projections and budgeted operating revenues and expenditures for FY 2019 through FY 2024.

General Fund Operating Revenues and Expenditures



Key Assumptions of the General Fund Five-Year Projection

- The FY 2019 projected actuals represent the most recent projections for FY 2019, including the City's FY 2019 Fourth Quarter Financial Status Update and other updated information.
- FY 2020 and FY 2021 numbers reflect the Adopted Budgets for those years.
- Revenues and expenditures reflect known one-time changes from the prior years.
- FY 2022 through FY 2024 reflect projected CPI increases (CPI projection from the California Department of Finance) or 2.0% per year for revenues unless otherwise stated below.

Sources:

- FY 2022 through FY 2024 TOT revenues increase by 2.0% per year.
- Property-related tax revenues are projected to grow at 2% per year based on a seven-year historical average of property-related tax revenue growth and the maximum amount that property taxes can increase based on assessed valuation.

- Sales & use tax revenues increase by 1.0% in FY 2021 through FY 2024 to reflect historical actual increases and projections from the City's sales and use tax revenue consultant.
- All other operating revenues are projected to increase by 2.0% in FY 2022 through FY 2024.

Uses:

- CalPERS benefit costs are projected to change based on CalPERS-projected changes, including the implementation of the CalPERS discount rate changes and to reflect the City's negotiated contracts, the state's pension reform savings, and projected retirements. The CalPERS unfunded accrued liability costs (prior year unfunded costs) are expected to increase by 15% during FY 2022 through FY 2024. CalPERS normal costs (current ongoing costs) are expected to increase by 3.0% during the same period.
- All other benefits including Social Security; workers' compensation; heath, dental, vision, and life insurance; and other personnel benefits are projected to increase by 11% per year in FY 2022 through FY 2024 based on a three-year historical average rate of growth.
- Retiree medical insurance reflects projected Other Post Employment Benefit (OPEB) annual required contributions (ARC) and the City's annual contributions for current and projected retiree health insurance costs. The ARC payment reflects the potential increase to the City's annual contribution as a result of valuing the implied subsidy in FY 2020, and overall is expected to increase by 10% per year from FY 2022 through FY 2024.
- Professional service contracts are expected to increase by 9% per year from FY 2022 through FY 2024 to reflect a projected 9% increases for the Cal Fire contract for labor and benefits and a projected 11% increase for all other professional service contracts.
- Contract services are expected to increase by 6% per year from FY 2022 through FY 2024 primarily based on the historical average increase in risk management costs. The CJPIA is the City's provider of risk management services, including insurance coverage for general liability, workers' compensation, and property insurance. This cost is projected to increase by 7% per year based on the three-year historical average growth rate of general liability and workers' compensation costs.
- Capital Projects and one-time costs are projected to be about $616 thousand in FY 2022 and grow by CPI until FY 2024.

Economic/Policy/Legislative Issues Facing the City

The following are some of the major economic and legislative issues impacting the City:

Economic Issues

U.S. Economy

The U.S. economic outlook is healthy for the next two budget years according to key economic indicators. The Federal Open Market Committee (FOMC) released its June 19, 2019 economic projections, which indicate that the U.S. economy is estimated to grow at a rate of 2.0% in 2020 and 1.8% in 2021. This is slightly less than the 2019 estimate of 2.1%. This growth represents the median estimate forecast in real Gross Domestic Product (GDP), which is the total value of goods produced and services provided in a country in one year. GDP growth is how much the economy produced compared to the previous year. According to the FOMC, GDP growth between the 2.0% to 3.0% per year is the ideal range. The Committee also sees little change in the national unemployment rate, currently 3.6% in 2019, and slightly growing to 3.7% and 3.8% in 2020 and 2021, respectively. The normal range for the unemployment rate is based on the composition of the labor force and the demand and supply of workers. The FOMC estimates that the normal unemployment rate is between 3.6% and 4.5%. Finally, the FOMC projects that inflation will be 1.9% in 2020 and 2.0% in 2021, while the 2019 projection is 1.8%. The FOMC sets monetary policy by reviewing the rate of inflation, and because the 2019 rate of 1.8% is currently below its target 2.0%, the Committee is projected to lower the federal funds rate.

The U.S. is on its tenth year of economic expansion, which is the longest period of economic growth for the country. Compared to previous expansions with more rapid growth of 3.9% in the 1990s and 4.2% in the 1980s, the recovery from the most recent (June 2009) recession has been a gradual increase of about 2.3%. How long will the economy continue to expand before there is another recession? Economic expansions typically end due to imbalances in the economy, economic shocks, major changes in the economy, or public policy. Economic expansions have historically become longer due to improved management of U.S. monetary policy, other government policies, better management of business inventories, technological change, and a stable rise in the service sector. One indicator that the U.S. is headed for a recession is the inversion of the 2-year and 10-year Treasury note yield curve. Typically, the 10-year Treasury note has a higher yield rate than the 2-year Treasury note, suggesting growth in the future. However, recently, the 2-year Treasury note is higher than the 10-year Treasury note. In the past 40 years, recessions have been preceded by this inversion by about 15 to 18 months. In response, the Federal Reserve could continue to reduce rates to stimulate more growth, borrowing funds for homes and for business investments. **In summary, the U.S. economic outlook for FY 2020 and FY 2021 is healthy and expanding,**

> ***How long will the economy continue to expand before there is another recession?***
> ***"The U.S. economic outlook for FY 2020 and FY 2021 is healthy and expanding, but at a slowing rate."***

but at a slowing rate. The chances of an economic downturn are increasing, but the timing is uncertain.

State of California Economy

According to the California Department of Finance's economic projections from April 2019, California consumer price index for urban consumers (CPI-U) is expected to grow to 3.8% in FY 2020 compared to FY 2019 and grow by 2.8% in FY 2021 compared to FY 2020. This is compared to the FY 2019 growth from the previous year of 3.5%. The most substantial factor is the cost of gasoline, which is projected to increase by 11.2% in FY 2020, but then decrease by 4.1% in FY 2021. According to the California Legislative Analyst's Office, the state's fiscal health is currently positive and the future-year outlook continues to demonstrate operating surpluses. Overall, **employment is projected to grow** by 0.7% each year for the next two years and the unemployment rate is projected to remain at 4.3%, close to the projected national average. **Personal income is expected to grow** by 4.2% to 4.0% in the next two years.

California Housing Trends

Housing costs and rents are high and housing affordability is a major concern for the state. One of the big factors for high home costs is the lack of supply. These high housing costs make it difficult for many Californians to find housing that is affordable and that meets their needs. Nationwide, home price growth has decelerated (still growing, but at a slower rate). Although mortgage rates are decreasing, there has been little impact on both prices and home sales. Statewide, construction of residential homes has decreased in 2019 compared to 2018. The supply of single-family housing remains low and is growing slowly is due to tighter credit standards compared to the earlier housing boom, slow personal income growth, and more restrictive zoning and environmental regulations. The state's budget includes measures to improve the affordability of housing in the state, including linking the receipt of local streets and road funds to communities' progress toward meeting long-term housing goals.

California Tourism Trends

The City of Pismo Beach is heavily reliant upon tourism to the city. The City's General Fund (the City's largest and most discretionary fund) is made up of 46% TOT revenues, which is a 10% tax on gross rent for stays of 30 consecutive days or less at various lodging properties. In addition, part of the City's sales & use tax revenues come from visitors shopping, dining, buying fuel at service stations, and buying general consumer goods in Pismo Beach.

The California travel and tourism industry continues to show solid growth. According to Tourism Economics' *California Travel & Tourism Outlook* from April 2019 **total visitors to California are expected to grow by about 2.2% in 2020 and in 2021**. Estimated total expenditures in California from these visitors is expected to increase by 4.3% in 2020 and 4.0% in 2021. **However, these growth rates demonstrate a slowing of visitors to California compared to 2011 through 2015**, where visitors to California grew by 3.1% to 5.6% per year. Domestic travel to California makes up 93% of all California visitors, of which residents from Arizona, Nevada, Oregon, and Washington make up the majority of visits. International visitors make up the remaining 7% of California tourists, of which residents from Mexico, China, and Canada make up the top three countries (in decreasing order).

City of Pismo Beach Economy

The City of Pismo Beach is subject to the same economic impacts of the U.S. and the State of California. However, Pismo Beach is more reliant upon tourism compared to the average city. The City's primary visitors come from the San Joaquin Valley, who visit the city largely during the summer to escape the extreme heat in the valley. With these annual visitors, the City enjoys a stable base of visitors. Even as the overall U.S. economy slowly picked up after the Great Recession, Pismo Beach was able to rebound rather quickly due to these more stable visitor revenues. In fact, Pismo Beach continues to lead the way in San Luis Obispo County for tourism and hospitality. According to PKF Consulting, RevPAR (or hotel revenue per available room) in Pismo Beach increased by 3.0% during FY 2019, largely due to average daily room rates increasing by 3.5%, to $170, offset by occupancy rates decreasing 0.4%. However, like the rest of the economy, the City is projecting slowing growth. General Fund revenues are expected to increase in FY 2020 by 3.2% compared to FY 2019 projected actual revenues, largely reflecting two new hotels in the City's downtown area. These revenues are expected to increase by 2.8% in FY 2021 largely due to fully annualizing TOT revenues from the additional hotels.

City's Response to Economic Issues

In response to these economic issues, the City's Adopted Budget includes conservative revenue projections, fully funds its reserves, includes a Budget Stabilization Reserve to help weather reduced revenues during a recession, and continues to pay down its CalPERS unfunded pension liability with one-time prepayments. Although there are potential areas for economic growth, the City remains wary about past revenue declines in all the major General Fund categories. In addition, the City's Adopted Budget includes measures to maintain the City's strong financial position. The budget includes infrastructure investments and other investments in the community and provides support for the City's effective team, while setting aside funds for a rainy day in the event of economic challenges.

In addition, the City's Lodging Business Improvement District collects 1% of gross lodging revenues and uses those funds to promote the Pismo Beach lodging industry. The City uses these funds to open new tourism markets, focusing on getting the most use out of its funds and creating a unique experience for its visitors. The LBID collects another 1% of gross lodging revenues to support visitor serving improvements, including the Pier Plaza/Parking Lot Upgrade Project, the Shell Beach Streetscape Project, Addie Street area improvements, and the pedestrian connections under the Highway 101 at Price Street and Spyglass Drive for the Pismo Preserve entrance.

Nuclear Power Plant Closure

Another potential impact to the City's budget is the closure of the local nuclear power plant. Diablo Canyon Power Plant (DCPP) is an electricity-generating nuclear power plant owned and operated by Pacific Gas and Electric Company (PG&E) and located on the Pacific coast approximately 10 miles north of the City. DCPP began commercial operation in 1985. The plant is powered by two Westinghouse-designed 4-loop pressurized water reactors. The two reactors have a generation capacity of 2,300 megawatts and produce about 18,000 gigawatt hours of electricity annually. The two

nuclear reactors are currently licensed until 2024 and 2025, respectively, and PG&E has publicly announced each will be decommissioned contemporaneously with license expiration. Spent nuclear fuel is stored on-site, and there are presently no operating facilities available in the United States for the reprocessing of nuclear fuel.

Risks associated with operating nuclear power plants such as DCPP include, among other things, the possibility that a nuclear power plant could experience a meltdown or be targeted for a terrorist attack, either of which might result in the release of radiation into the environment. A meltdown is an accident in which severe overheating of the nuclear reactor results in the melting of the reactor's core. An uncontrolled release of radioactive material would have the potential to result in significant health and safety impacts to the city and surrounding area.

Since the March 1, 2011 earthquake and tsunami that damaged the Fukushima Daiichi nuclear facility in Japan, the U.S. Nuclear Regulatory Commission (NRC) established the Near-Term Task Force (NTTF) to conduct a systematic and methodical review of NRC processes and regulations and determine if the agency should make additional improvements to its regulatory system. Ultimately, a comprehensive set of recommendations contained in a report to the NRC (dated July 12, 2011, SECY-11-0093 (Agencywide Documents Access and Management System, Accession No. ML 111861807)) was developed using a defense-in-depth concept in which each level of defense-in-depth (namely prevention, mitigation, and emergency preparedness) is critically evaluated for its completeness and effectiveness in performing its safety function. The current regulatory approach, and the resultant plant capabilities, gave the NTTF and the NRC the confidence to conclude that an accident with consequences similar to the Fukushima accident is unlikely to occur in the United States. The NRC concluded that continued plant operation and the continuation of licensing activities did not pose an imminent risk to public health and safety.

While PG&E claims that the DCPP has been designed to withstand the impact of a small plane crash, as well as the effects of natural phenomena such as earthquakes (up to a magnitude of 7.5), tornados, hurricanes, floods, tsunami, and seiches, the City has not independently verified the safety or design standards of DCPP, and makes no assurances that a catastrophic natural or unnatural event in the future will not adversely affect the City and the City's finances.

Closure of DCPP

PG&E has publicly announced closure of DCPP after its current U.S. Nuclear Regulatory Commission operating licenses expire in November 2024 and August 2025. PG&E has also publicly stated that the power produced by DCPP's two nuclear reactors is expected to be replaced with investment in a greenhouse-gas-free portfolio of energy efficiency, renewables, and energy storage. The proposal is contingent on a number of regulatory actions, including approvals from the California Public Utilities Commission (CPUC).

Based on preliminary research, the estimated cumulative impact during 2017 to 2025 on the City is approximately $867,000, of which approximately $839,000 impacts the General Fund and $28,000 impacts the LBID Fund. The ongoing impact is estimated to be a

$227,000 (approximate) per year loss to the City, of which approximately $222,000 impacts the General Fund and approximately $6,000 impacts the LBID Fund. There are many variables and assumptions associated with these fiscal impacts, which are likely to change. The largest components of this loss are to the City's unitary property tax revenues and to the TOT and LBID Assessment revenue loss. The City is expected to receive approximately $767,000 from PG&E in the form of an Economic Development Fund (EDF) to mitigate this financial loss. Although the City does not expect DCPP's closure to have a material impact on the City's ability to make Base Rental Payments, there can be no assurances that unforeseen consequences of the closure will not adversely affect the City and the City's finances.

The City has partnered with the other cities and school districts in the county to seek funding for these financial losses. After much discussion with PG&E, the City worked to gain support for legislation (California Senate Bill (SB) 1090) to provide settlement funds for the county for Essential Services Mitigation Funds (ESMF) and for EDF. The City should receive $20,581.13 in nine annual payments for a total of $185,230.17 in ESMF dollars and a one-time payment of $767,028 in EDF dollars.

Legislative Issues

CalPERS Discount Rate Change

The City of Pismo Beach provides retirement benefits for full-time employees through the CalPERS. Unfortunately, CalPERS is underfunded, meaning that as of January 2018, CalPERS had only 68% of the funds required to pay estimated retirement benefits. Although the funded rate is a moving target depending on the amount of contributions into CalPERS and the market value of CalPERS investments, an 85% to 90% funded rate would allow CalPERS to support current and future retirement benefits, while a 50% funded rate could mean that the pension system may not be able to deliver promised benefits. There are several factors contributing to the underfunding of the CalPERS system, the largest of which is investment performance in the past two national recessions. Although the 2013 pension reform and CalPERS' more conservative investment changes have reduced the potential for further decline in CalPERS funded status, there still remain large unfunded accrued liabilities (UAL) from promised defined benefits compared to the fiscal health of the CalPERS system.

The City of Pismo Beach has taken a proactive approach to managing the City's UAL, which is essentially debt with a 7.0% interest rate. The most significant elements of the City's management of these costs are maintaining level staffing and budgeting conservatively. The City Council also contributed $3 million towards its UAL, saving hundreds of thousands in interest costs, renegotiated new retirement tiers, and increased employee contributions. However, the City's funded status still hovers around the 70% mark. Based on what CalPERS is requiring from the City to pay down its UAL, assuming reduced investment earnings performance, staff projects that these future payments could require the City Council to make tough decisions between maintaining current operations or paying into its retirement system.

Factors Contributing to CalPERS System Unsustainability

There are several factors contributing to the unsustainability of the CalPERS system, to the largest of which is past investment performance, exacerbated by other factors including demographic changes, automatic cost of living adjustments for retirees, and enhanced retiree benefits.

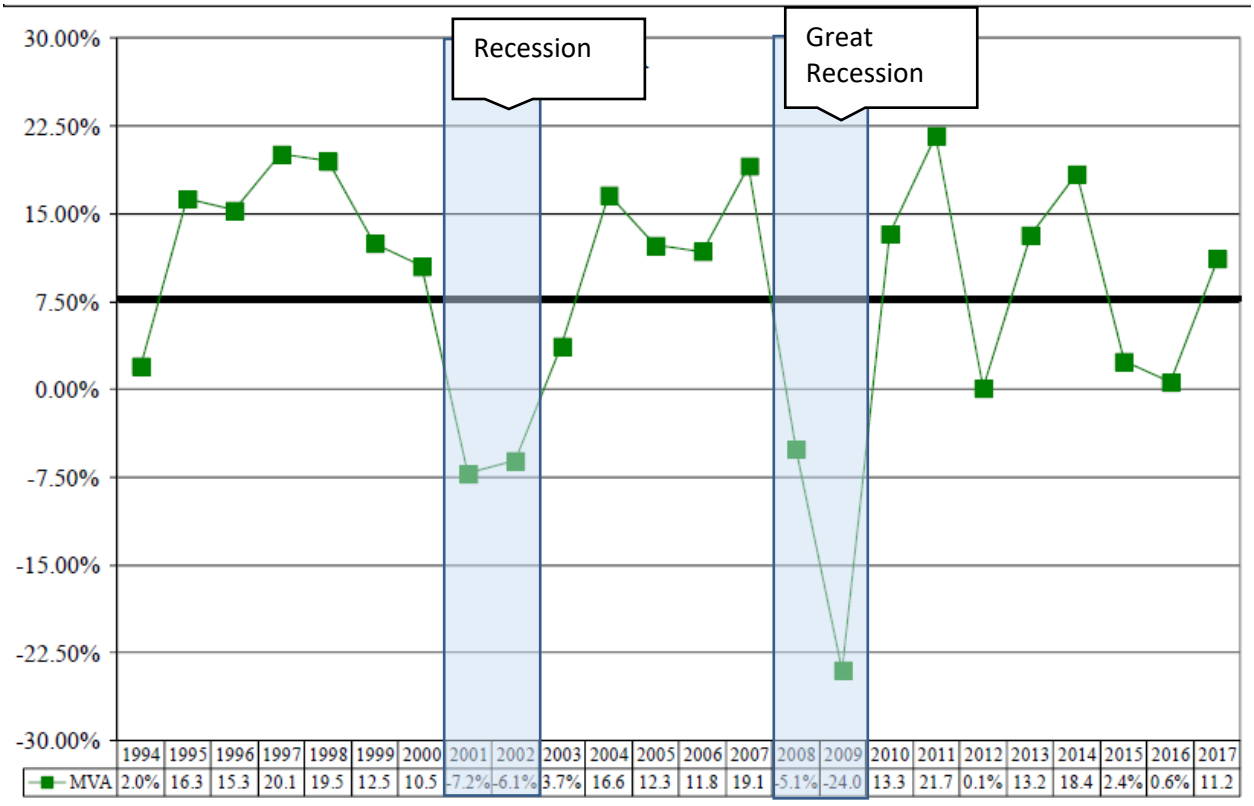
CalPERS Past Investment Performance and Rate of Return

Prior to 2017, CalPERS provided pension benefits based on a 7.5% annual long-term rate of return. This meant that CalPERS expected to earn approximately 7.5% on average each year on the contributions into CalPERS. However, in the last two recessions, CalPERS has suffered significant losses.

- During the recession in 2000 and 2001, CalPERS had losses of 7.2% and 6.1%, respectively, in investment earnings.
- During the Great Recession in 2008 and 2009, CalPERS suffered losses of 5.1% and 24.0%, respectively, of investment earnings and since then, has been struggling to recover those losses.

The following chart illustrates CalPERS historical investment performance at the end of each year, demonstrating the two significant losses.

CalPERS Historical Investment Returns 1994 –2017



Above assumes contributions, payments, etc. received evenly throughout year.

As retirement benefit payments are made up of 61% from investment earnings, 26% from CalPERS employers, and 13% from CalPERS employee member contributions, the two recessions have led to a larger UAL for most CalPERS member agencies. When the pension plan's investment earnings are lower than expected, the fund needs to make better-than-expected earnings in future years, request higher contributions from employers and employees, or reduce retiree benefits.

Other Factors

Although past investment performance is the primary factor in the current unsustainability of CalPERS, the UAL is intensified by other factors including demographic changes, automatic cost of living adjustments (COLAs) for retirees, and enhanced retiree benefits. Regarding demographic changes, the number of annual retirees drawing down from CalPERS for pension payments is increasing compared to active employees contributing into CalPERS with reduced contributions. This factor decreases the amount of funds paid into CalPERS. In addition, several actuarial factors including mortality rates, are improving, creating a larger liability. Retiree COLAs are automatic, increasing in years even when there is flat or negative inflation, which draws funds out of CalPERS. Finally, each plan has several enhanced benefits, including earlier retirement ages and larger compensation packages and resulting pensions as a percentage of salaries. All these factors contribute to an increase in the UAL and negatively impact the future stability of CalPERS.

What Has the State/CalPERS Done to Fix the Problem? CalPERS Pension Reform and Investment Changes

Due to the dramatic losses in the CalPERS system after the most recent two recessions, there has been significant support for pension reform.

- In 2012, Governor Jerry Brown signed into law the California Public Employees' Pension Reform Act (PEPRA), which changed the way CalPERS retirement and health benefits are applied, and placed compensation limits on members hired after January 1, 2013. The cost savings of this legislation will be realized over 20 years as more PEPRA employees are hired.

- Beginning in July 2015, CalPERS changed the way employers' contributions into the plan were calculated, placing an increased burden on employers. This resulted in requiring larger contributions by public agencies into the CalPERS system.

- In December 2016, the CalPERS Board voted to reduce the expected rate of return (discount rate[1]) on CalPERS investments from 7.5% to 7.0% over the next three years.

[1] **Discount Rate**
The discount rate, or the long-term expected rate of return, is based on the CalPERS actuarial assumptions that it will earn a certain percent investment return on all of the amount it invests as well as on all the amounts that are owed. If the actual rate of return is less than this amount and all other factors remain the same (e.g., number of annual retirements, mortality, compensation adjustments, etc.), later annual valuations will reflect a greater UAL. There is discussion among CalPERS staff that this discount rate could be further reduced from 7.0% to 6.5% or 6.0% as CalPERS changes the mix of investments from more growth earnings to fixed-earning investments. CalPERS has stated that it expects to earn about 6.1% per year over the next 10 years, which will result in even higher pension costs.

This change is intended to reflect more realistic future investment returns. But because the retirement system is based on defined benefits, with a lower expected earnings rate, the result is that CalPERS member agencies will need to pay higher employer rates. This change also increases the City's UAL.

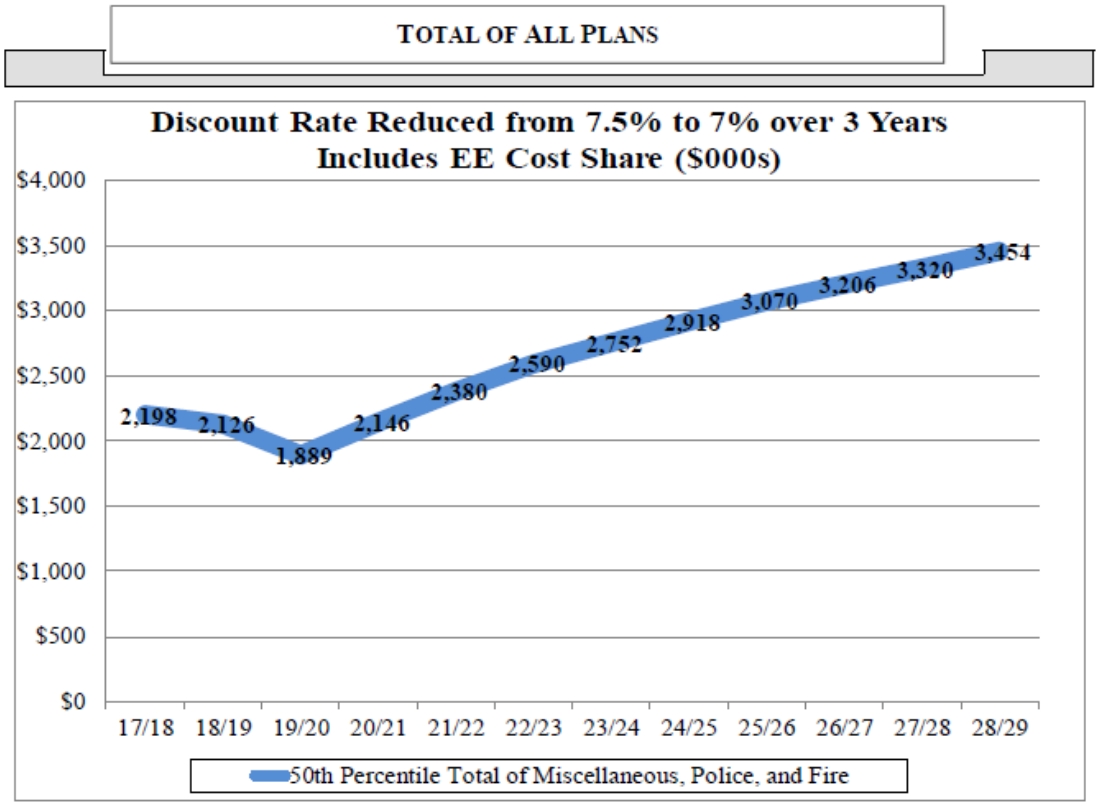
- In February 2018, the CalPERS Board voted to change the amortization period for any prospective gains/losses on investments to a 20-year amortization period (compared to a 30-year amortization period) starting with the FY 2019 valuation. This change will have the impact of increased volatility in the amount that cities would need to contribute to CalPERS as the impacts are spread over a shorter time frame.

Each time changes are implemented into member agencies' pension plans, they are reflected in the plans over a period of 20 to 30 years to minimize the impact of the investment losses and resulting impact in increased contributions by CalPERS member agencies. Although a smoothing policy is least impactful on a fiscal-year basis, spreading out the losses means that member agencies will continue to pay interest costs equal to the discount rate over a longer term, ultimately costing more to member agencies.

What is the Fiscal Health of the City of Pismo Beach's Pension Plans?
Every year, CalPERS performs an actuarial study to determine how much the City should contribute based on the most recent valuation of the Plan's funded status. Based on CalPERS actuarial valuation for the fiscal year ending on June 30, 2016 (FY 2016), the June 30, 2018 estimated balance of the Miscellaneous Plan tier 1 has a UAL of $9.05 million. Bartel and Associates (Bartel), the City's actuarial consultants, calculates that this plan is 70.6% funded based on the estimate June 30, 2018 funded status. The Safety Police Plan UAL is $7.62 million. Bartel calculates that this plan is 70.3% funded.

Looking into the future, Bartel projects that the fiscal impact to the City for all plans will increase by 57% in FY 2029 compared to FY 2018, will continue to increase until FY 2032 at its peak, then ramp down until the UAL is paid off in FY 2048. This is about a $114 thousand per year increase compared to the previous year, or an ongoing increase of $1.26 million by FY 2029. A $1.26 million ongoing increase in cost is unsustainable and could require the City to either increase taxes or support other ongoing revenue measures, pursue other economic development efforts to raise revenues, or decrease operations in order to support this cost. Further, this amount does not include pension related costs in the Cal Fire contract. The City contracts for fire prevention services with Cal Fire, which is also a member of CalPERS. Those costs will likely increase at the same rate or faster, as safety-related plans are generally more costly with higher benefits and lower retirement ages. The following chart illustrates Bartel's projected retirement costs from the City from FY 2018 through FY 2029.

CalPERS Projected Costs FY 2018 – FY 2029



Note that the decrease in cost in FY 2019 reflects the Miscellaneous Plan tier 1 Side Fund paid off due to the City's $1 million prepayment in FY 2015. The Side Fund is just one portion of the Plan's UAL. The decrease in FY 2020 reflects the Safety Police Plan tier 1 Side Fund paid off based on a completed amortization of those costs.

City's Proactive Approach to CalPERS

The City recognizes that pension costs are rising, which places an increased burden on local taxpayers and the City to come up with funds sufficient to support its pension obligations. Although not in a critical situation compared to some public agencies that are facing large reductions in staff and operating costs or facing bankruptcy, the City continues to look for ways to be proactive and reduce this burden to avoid difficult decisions in the future.

What the City has Done so Far

So far, the City has taken the following steps:

- ✓ *Maintained level staffing*: The City has maintained level full-time staffing despite increased workloads for development and implementing ambitious goals. This factor has allowed the City to keep pension costs from rising, as each new full-time employee is enrolled in CalPERS. Comparing budgeted full-time employees across the county and including Santa Maria, all cities increased the number of full-time employees (FTEs) in FY 2018 compared to FY 2016 on average by 4.44 FTEs, with the low end an increase of 1.25 FTEs and on the high end 10.00 FTEs. Pismo Beach was the only City in the past four years that actually decreased the number of FTEs by 1.00.

What is the City doing to resolve this issue?

The City Council

- ✓ Maintained level staffing
- ✓ Created 2nd and 3rd Tiers with Reduced Benefits for New Employees
- ✓ Increased Employee Contributions
- ✓ Prepaid UAL by $3 Million to Reduce Interest Costs
- ✓ Set-aside $1.0 Million to Make a Prepayment to CalPERS in FY 2020
- ✓ is a voice for CalPERS pension reform.

- ✓ *Creation of 2nd and 3rd Tiers with Reduced Benefits for New Employees*: The City of Pismo Beach has taken a proactive approach to handling the increased cost of providing pension benefits to its employees. An early adopter, the City successfully negotiated in 2012 with its employees and labor unions to create a second tier of reduced retirement benefits, including a later retirement age, for new employees to the City of Pismo Beach. With PEPRA in 2013 came a third tier of further reduced benefits and an even later retirement age.

- ✓ *Increased Employee Contributions*: In addition, the total contribution made by the City to CalPERS is made up partially from contributions by the City based on a percentage of payroll from taxpayer and rate-payer dollars as well as the employee paying into the system as a percentage of their salary. In 2012, the City successfully negotiated with its employees and labor unions for employees to increase their contribution the full amount of the employees' portion and in some cases, a small part of the City's employer contribution.

- ✓ *Prepaid UAL by $1 Million to Reduce Interest Costs*: On March 17, 2015, the City Council unanimously approved a $1 million payment to reduce the City's UAL costs. This payment reduced the City's unfunded pension costs by an estimated $670

thousand and reduced the annual ongoing contribution of approximately $200 thousand per year to CalPERS starting on July 1, 2018.

- ✓ *Prepaid UAL by $2 Million to Reduce Interest Costs*: On March 3, 2018, the City Council unanimously approved a $2 million payment to reduce the City's UAL costs. This payment reduced the City's unfunded pension costs and reduced the annual ongoing contribution of approximately $182 thousand per year to CalPERS starting on July 1, 2019.

- ✓ *Set-aside $1.0 Million to Make a Prepayment to CalPERS in FY 2020*: the City Council included a $1.0 million set-aside from the General Fund to reduce the City's UAL costs.

- ✓ ***Finally, the City Manager is working with the League of California Cities to start discussions about pension reform as the current pension system is not sustainable.*** Pismo Beach and other leaders in the state are working together to be a voice for pension reform and to take measures to resolve this upcoming crisis.

Other Challenges

Other potential challenges that are facing the City are:

- **Risk Management Costs**: The California Joint Powers Insurance Authority (CJPIA) is the City's provider of risk management services, including insurance coverage for general liability, workers' compensation, and property insurance. General liability insurance is the leading factor in the increase in premium costs and is made up of both premiums and deferred amounts. The aggregate of the general liability costs has increased by 11% per year for the past 10 years. This is largely the result of several large claims filed against cities that are members of the CJPIA risk pool, including Pismo Beach. Included in this increase is the CJPIA's annual retroactively calculated amount based on the history of actual claims activity. Because these rising costs are a concern for the City, the City has a major Risk Management Program designed to reduce exposure to risk. Additionally, the City Council established and funds a Risk Management Reserve to fund unanticipated general liability and workers' compensation costs, legal costs, judgments, or costs to avoid judgments such as accessibility improvements costing more than $100,000, in the event the City does not have resources available in the future. The City's Adopted Budget includes a fully-funded $250,000 Risk Management Reserve to fund unanticipated risk management costs.
- **Americans with Disabilities Act (ADA) improvements**: The City is making significant strides toward upgrading disability access improvements throughout the City. The budget includes various ADA improvements in all new capital projects (about 10% of all applicable capital projects include these improvements), and continues work on existing structures to make them more accessible to the public.
- **Water Supply**: The City continues to be water-supply conscious due to the most recent drought, and took measured actions to deal with the drought, including a three-tiered system of building restrictions depending on the City's total water supply.

  The City has a diverse water supply, pulling from three sources:

City of Pismo Beach Water Sources

Water Source	Percentage of Water Supply	Acre Feet/Year	Gallons of Water (millions)
State Water	41%	1,100	358
Lopez Lake Reservoir	33%	892	291
Santa Maria Ground Water Basin	26%	700	228

This Adopted Budget includes studies to move toward building a sustainable water supply for the future. The budget includes substantial investments toward the Central Coast Blue Project, a regional water sustainability project that is proposed to create a new, high-quality, and reliable water supply for the Five Cities communities, including Arroyo Grande, Pismo Beach, Grover Beach, and Oceano. Agencies representing the Five Cities communities are designing and building a new advanced water purification facility to create a high-quality water source to supplement local groundwater supplies, with Pismo Beach serving as the lead agency. This project will allow these communities to have sufficient supplies even in times of water shortage or drought. These funds are used to support various environmental studies associated with a regional recycled water treatment plant, permitting, planning, designing, and garnering financial support from the federal and state governments. The overall cost of this project is expected to be $38 million in the near future.

Major Changes in Budget

The following items are a brief description of major changes in the Adopted Budget as compared to the previous years' budgets:

1. Ensuring a Sustainable Water Supply: The City continues to improve the its water supply, including water conservation, with special focus on implementation of Central Coast Blue, confirming commitments from partner agencies, and public outreach and education, as well as including funding in the Adopted Budget for:
   - Continuing the planning and design for the Central Coast Blue Project
   - Updating the City's Urban Water Master Plan
   - Replacing an existing 8" waterline with a 12" waterline from 4th Street to the Outlet Center ramp
   - Replacing the Charles Street Reservoir
   - Installing variable-frequency drives in booster stations

2. Infrastructure Maintenance and Beautification: The City continues its efforts to keep the downtown attractive and prosperous, with special focus on completing the Pier Plaza and related improvements, as well as façade enhancements, including funding in the Adopted Budget for:
   - Pier Plaza and Pier Parking Lot improvements, including construction of the Pier Parking Lot, installation of Pier restrooms, and Pier Plaza access improvements

- Purchasing additional trash cans for the downtown core to replace degrading cans
- Purchasing additional banners for Pier
- Purchasing replacement beach wheelchairs
- Quarterly polishing and detailing of Pier Airstreams
- FY 2020 street paving project
- Installing a new backup generator at the Vista Del Mar lift station and replace the motor control center

3. Housing, Health, and Safety: The City continues to focus on ensuring that its neighborhoods, businesses, parks, and beaches are safe for all residents and visitors. The Adopted Budget includes the following housing, health, and safety changes:
   - Public Safety Facility conceptual drawings, complete construction plans, specifications, and estimates, as well as creation of bid materials for the construction of the facility
   - Bluff stabilization, pedestrian path and replacement of Morro Avenue stairs and outfall
   - Bluff stabilization for Harloe lift structure infrastructure
   - Installation of two or three dynamic signs to improve circulation and parking in downtown
   - Extension of the storm drain to eliminate algae growth in the gutter at Windward Avenue and Ocean Boulevard
   - Reef Court Storm Drain improvements to keep runoff within the street and gutter
   - Repairing damage to the Encanto Avenue storm drain, including sections of existing corrugated metal pipe that have been lost due to corrosion
   - Chapman Estate interior improvements and accessibility improvements
   - Purchasing a Mobile Command Vehicle to be used for a command post during City Events, disaster response, extended crime scene investigation, and an alternate Emergency Operations Center

4. Preservation of essential services and fiscal health: The Adopted Budget is a structurally balanced budget that retains the City's fiscal health, preserves essential services, and implements long-term productivity improvements and cost-reduction strategies. The budget includes:
   - Support for capital projects with available fund balances based on a new 10-Year Capital Improvement Plan
   - Securing the City's information through investments in cloud and virtual servers and enterprise-class data storage systems, and improving the City's records management system for better disaster recovery
   - Fully funding the General Fund Reserves and other Water and Wastewater emergency capital reserves
   - Increasing the General Fund contingency from 1% to 3% during FY 2020 and FY 2021 to support various large capital projects that may exceed their contingency budget
   - Setting aside $2.0 million for a Budget Stabilization set-aside
   - Setting aside $1.0 million for a CalPERS prepayment to reduce the City's unfunded pension liability

5. Economic Development: The Adopted Budget includes additional funds to support economic development, including:
    - Operating and managing the Visitor Information Center (VIC) and Visitor Information Kiosk (VIK)
    - Operating and managing the July 4th fireworks festival, Clam Festival, and Band Review events
    - Efforts related to improving the Pismo Beach downtown experience, including beautification improvements such as purchasing uniform trash cans, enhanced downtown sidewalk pavers cleaning program, installing a new sign program for coastal access points, and construction of the Pier Plaza area improvements and Pier restrooms
    - Completion of lower-cost visitor serving accommodations and sea level rise studies, as well as the General Plan Housing Element update
    - Updating the General Plan/Local Coast Plan and completing environmental review

Accomplishments in Prior Two-Year Budget

The City was able to achieve and accomplish many of the Council's FY 2018 and FY 2019 goals during the past two years. The key accomplishments, summarized by department, can be found below and are also detailed within the department program sections of the budget document.

City Council

- ✓ Improved Traffic Circulation
- ✓ Downtown Revitalization
- ✓ Continued Planning for Central Coast Blue
- ✓ Continued League of California Cities involvement
- ✓ Continuous investment in City infrastructure maintenance and improvements
- ✓ Maintained strong financial position
- ✓ Continued to set ambitious goals and vision for the City

City Manager

- ✓ Completed Major City Goals and Priorities
- ✓ Continued League of California Cities involvement to advocate for best interests of City
- ✓ Ensured and protected the City's strong financial position
- ✓ Represented the City effectively on various regional boards and committees
- ✓ Enacted state and federal legislative platforms
- ✓ Maintained a strong, productive, and customer service-oriented workforce

Management Services

- ✓ Completed the preliminary design for Old City Hall/future Public Safety Facility
- ✓ Completed the FY 2020 and FY 2021 Public Outreach program through the utilization of *Pismo Voice*, information sessions, and traditional mail-in responses
- ✓ Completed all items in LossCAP report related to Risk Management to further reduce liability and enhance working conditions for City staff
- ✓ Completed Risk Management project to update contract language in the City's templates to transfer risk and ensure compliance with legal requirements
- ✓ Developed Standard Operating Procedures for the human resource functions and training new staff in implementation
- ✓ Conducted 2018 General Municipal Election
- ✓ Updated the Advisory Body Handbook, Bylaws, and training to include new Council-adopted policies on training and attendance standards.
- ✓ Revised the Citywide Records Retention Schedule
- ✓ Completed digital audio upgrade in the Council Chamber

Tourism & Events Department (TED)

- ✓ Designed and printed updated visitor guides, event calendar rack cards, VIC activity brochures, and new overhead banners for Price Street and Clam Island
- ✓ Hired and approved clam painters for Clam Island and Highway 1 Clams.
- ✓ Began using Simpleview CRM software to manage marketing contacts and leads.

- ✓ Managed and successfully executed City events including the 4th of July, Clam Festival / Pier Fest and Band Review.
- ✓ Coordinated the 750 Amgen Tour rooms for two nights in Pismo Beach.

Administrative Services Department

Finance

- ✓ Successfully implemented a new integrated financial system to replace the former technologically-antiquated system
- ✓ Incorporated the Governmental Accounting Standards Board (GASB) 67 and 68 measures into the City's Comprehensive Annual Financial Reports (CAFRs)
- ✓ Maintained compliance with various federal and state agencies for the City's debt portfolio and investment practices
- ✓ Prepaid and defeased the 2007A Lease Revenue Refunding Bonds
- ✓ Secured financing and issued lease revenue bonds for the Pier Rehabilitation Project
- ✓ Achieved full compliance with GASB 45 for Other Post-Employment Benefits (OPEB), to pre-fund retiree health costs for retirees and their beneficiaries
- ✓ Set up processes and procedures for following and using a paperless system

Technology

- ✓ Upgraded the City's data storage systems to improve performance and capacity to support the City's paperless workflow initiatives.
- ✓ Added additional modules to the City's document management system to improve automation and increased the use of paperless workflows.
- ✓ Replaced network switches, Police virtual host servers, utility SCADA servers, and computer workstations to ensure the City's IT infrastructure is reliable and able to accommodate user demands.
- ✓ Improved wireless networks at City Hall, Police, Pismo Beach Veterans' Hall, and Yard to increase their reliability, coverage, and capacity.
- ✓ Migrated the City's email system to the cloud to provide better reliability and business continuity in the event of a disaster.
- ✓ Virtualized the City's SCADA systems to provide better disaster recovery options and increase reliability.

Community Development Department

Building

- ✓ Recruited and began training of a new inspector
- ✓ Negotiated a contract with California Code Check for building inspection and plan review services to meet the requirements of state law.
- ✓ Maintained prompt plan check turn-arounds and one-day inspection request turn-arounds.
- ✓ Assisted in implementation, plan review, and inspection for the new short-term rental (STR) program.
- ✓ Continued to update the special inspector qualifications and approvals for work in Pismo Beach
- ✓ Continued to update and maintain the automated permit and code enforcement tracking systems.
- ✓ Established disaster preparedness equipment and supplies

Planning

- ✓ STR Ordinance approved, certified by CCC, and implemented
- ✓ Circulation Element Update approved and certified by California Coastal Commission
- ✓ Accessory Dwelling Unit (ADU) Ordinance update approved and certified by the California Coastal Commission
- ✓ City Council approval of the Price Street Streetscape Upgrade concept
- ✓ City Council approval of the Pier Plaza concept and approval to proceed with construction documents.

Recreation

- ✓ Completed request for proposals (RFP) and bid for playground design and construction for Spyglass and Dinosaur Caves Parks. Completed ground-breaking ceremony for Dinosaur Caves Park.
- ✓ Successful ground-breaking ceremony for Shell Beach Streetscape.
- ✓ Added Movies in the Park to community recreational events.
- ✓ Served as staff liaison to the Parks, Recreation and Beautification Commission (PRBC) in its focus on Public Art projects for the Shell Beach Streetscape and Pier Plaza Projects, St. Jude's Tunnel, and utility boxes. PRBC has also been instrumental in selecting the playground designs and working on other capital improvement projects such as modification of tennis courts to pickleball courts.
- ✓ Special Events continue to be popular for the local community, serving over 2,500 participants for larger events such as Easter Eggstravaganza and Pumpkins in the Park. Holiday Harmony was brought back to the Pier successfully.
- ✓ Develop and expand curriculum for youth/adult programs. Continue to add new instructors when feasible.

Park and facility rentals continue to be booked frequently. These rentals include many special events.

Public Works

Engineering

- ✓ Chapman Estate ADA Improvements
- ✓ Pismo Heights generator enclosure
- ✓ Energy Conservation Project
- ✓ Shell Beach Streetscape project – waterline replacement

Public Facilities

- ✓ Add play equipment to Dinosaur Caves Park
- ✓ Chapman Estate ADA Improvements
- ✓ Bello Veterans' Hall heaters
- ✓ Downtown trashcan replacement
- ✓ Completed bluff protection
- ✓ Completed bluff inspections
- ✓ Police Department parking lot privacy screen
- ✓ South promenade electrical repairs

Water Division

- ✓ Booster station variable-frequency drives
- ✓ Huber well fence replacement

Wastewater Division

- ✓ Wastewater system pump replacement

Motor Vehicle Division

- ✓ Purchased replacement vehicles as approved by City Council

- ✓ Developed a vehicle and equipment plan for City fleet, including new equipment required by regulations and additions to meet build-out requirements

Pier Enterprise Fund

- ✓ Pier Rehabilitation Project

Fire Department

- ✓ Purchased grant-funded Open Space/Special Event response vehicle.
- ✓ Replaced lifeguard tower and fire engine.
- ✓ Created and printed a partially Fire Safe Council grant-funded City of Pismo Beach Emergency Pre-Plan Field Guide.
- ✓ Implemented Beach Drowning Accident Rescue Team (DART) program that reduced water rescues by 25%.
- ✓ Staffed Bello Street Fire Station (64) with additional peak fire season staffing
- ✓ Accomplished Citywide Business/Hotel Inspection Program goals.
- ✓ Consulted on and implemented Vegetation Management Projects at Price House, Price Canyon/Heights, El Portal Drive, Bluffs Cave, Highland Drive

Police Department

Police Operations

- ✓ Comprehensive traffic safety program
- ✓ Community Camera (ComCam) Program
- ✓ MyCop enhancements
- ✓ Downtown Resource Officer Program (DROP)
- ✓ Gang Task Force street team
- ✓ Communication Center accreditation
- ✓ Records Bureau reorganization
- ✓ Body camera replacement

Parking

- ✓ Implemented meter test areas for paid parking
- ✓ Completed single-space meter trial and expanded the program
- ✓ Began modifications to the Parking Management Plan
- ✓ Completed downtown parking inventory
- ✓ Completed five-year audit of the Parking Program
- ✓ Adopted rate schedule for parking management
- ✓ Identified new parking solutions vendor and deployed new systems

Major Department Work Plan Items in FY 2020 & FY 2021 Budget

Departmental work plan items for the FY 2020 and FY 2021 budget years were presented and discussed with the City Council at a public budget workshop on April 16, 2019. Major work plan items, in addition to a list of the ongoing responsibilities of each department, can be found summarized below and also in detail within the department program sections of the budget document.

City Council - *General Fund*

- Implement Major City Goals and Priorities
- Continue League of California Cities involvement
- Continuous investment in city infrastructure
- Represent the City effectively on various regional boards and committees
- Enact state and federal legislative platforms

City Manager – *General Fund*

- Downtown parking garage
- Continue to focus on cost-effective and efficient operations
- Develop new revenue opportunities
- Work to accomplish progress and completion of City Council priority goals, including the Major City Goals:

    - Water Supply, Conservation and Central Coast Blue
    - Downtown Parking
    - Local Coastal Plan/General Plan/Zoning
    - Downtown Improvements and Pier Plaza
    - Bello Street Corridor/Old City Hall

- Further develop meaningful and beneficial partnerships with other governmental, non-profit, and private entities
- Ambitiously pursue grant opportunities
- Enhance quality of life for residents
- Continue development of an entrepreneurial and service-oriented staff culture
- Protect the City's economy
- Increase citizen engagement and public information

Management Services – *General Fund*

- Negotiate successor Memorandums of Understanding with both employee bargaining units and unrepresented employees
- Update City's Personnel Rules to reflect new laws and policies
- Evaluate and provide recommendations on the utilization of Channel 20 and development strategies for enhancements
- Redesign of the City's website to improve functionality and customer services
- Complete aesthetic upgrades to Council Chamber
- Conduct 2020 General Municipal Election
- Preparation of voter ballot measure to include potential funding for the construction of the Public Safety Facility

- Develop supervisor and manager training program
- Continue paperless office strategy for human resource functions

Tourism & Events (TED) – *General Fund, LBID Fund*

- Follow the Strategic Plan initiatives of smart tourism growth, collaborative partnerships, expanding the brand, and building strong visitor satisfaction
- Continue to participate in tourism trade shows, including International Pow Wow, Go West Summit, Bay Area Travel & Adventure Shows, Visit CA Summit, and media events.
- Continue to successfully oversee the Special Events Committee, streamline efforts where possible, annually evaluate the application process and fee schedule, and work with event organizers to see how the TED can partner and promote events that have a potential impact on lodging or sales tax revenues for the City.
- Improve stakeholder satisfaction with the TED by communicating quarterly on upcoming events, Pier Rehabilitation Project progress, partnership opportunities and on any items that may have an impact on local business
- Maintain a presence with local, regional and state organizations and maximize networking benefits with Visit California, California Travel Association, Central Coast Tourism Council and U.S. Travel (ESTO).
- Complete CDME (Certified Destination Management Executive) Program put on by U.S. Travel Destination International.
- Ensure www.ClassicCalifornia.com, www.ExperiencePismoBeach.com, and all microsites are up to date and re-evaluate websites annually to ensure event calendar and business listings remain current
- Conduct marketing RFP for the 2017-2020 TED / LBID Marketing and Public Relations Contract.
- Change out billboard event boards to list upcoming events for visitors traveling Highway 101.

Administrative Services

Finance Division – *General Fund*

- Administer a fiscally-sound Two-Year Budget maintaining the General Fund Reserve at 25% of General Fund operating budget expenses, maintaining the $250,000 Risk Management Reserve, maintaining the City Facility Reserve of $500,000, and fully funding the 3% General Fund Contingency Budget. The FY 2020 and FY 2021 reflect a 3% General Fund Contingency Budget to support unanticipated costs associated with several large General Fund supported projects.
- Develop and provide trainings related to finance for all City staff, including holding training sessions, developing a training manual, and creating screencast how-to videos.
- Work with Planning Division staff to develop procedures for vacation rental and STR certificates and compliance
- Achieve compliance with GASB 45 for OPEB, to pre-fund retiree health costs for retirees and their beneficiaries
- Monitor the City's cash flow with large capital project budgets including the Pier Plaza/Pier Restrooms Upgrade Project, the Shell Beach Streetscape Project, the Central Coast Blue Project, the Five Cities Lift Station project, and the Sludge Dewatering Project.

- Update the City's Purchasing Policy to reflect new processes as implemented through updated workflow and automated procedures
- Move toward electronic timesheets, seeking vendors that will integrate with the City's financial system and meet City departmental needs

Information Technology (IT) Division – *Technology Services Fund*

- Implement a new Computer Aided Dispatch and Records Management System (CAD/RMS) for the Police Department.
- Implement a new surveillance system for the Police Department.
- Implement a business continuity solution for the City's SCADA systems.
- Implement a new keyless access control system for City Hall.
- Create a new Five-Year Information Technology Strategic Plan and IT Assessment.
- Upgrade the Microsoft Office applications on all City workstations and deploy OneDrive as a cloud-based file storage system.
- Assist with the decommissioning of the wIntegrate system.
- Replace the network switch stack at City Hall.
- Continue to improve the automation of the City's paperless workflows by adding integrations to other City applications.
- Deploy a password management tool.
- Provide IT training including Microsoft Office, Laserfiche, and cybersecurity.
- Provide for annual computer workstation replacements
- Develop and implement a new City Intranet

Community Development – *General Fund*

Building

- Prepare and process adoption of the 2019 California Construction Codes
- Continue to provide a high level of customer service with aggressive turn-around times for plan review, permit issuance, same-day inspection, public counter assistance for 9 hours a day, and pre/post-disaster evaluation
- Process an estimated 1,000 building permits and conduct corresponding inspections.
- Continue training efforts for new inspector and obtain required certifications for all trades.
- Continue training efforts for all other Building Division staff and prepare for Certified Access Specialist (CASp) Certification
- Continue to support the Central Coast Chapter of the International Code Council
- Create new construction-related handouts

Planning Division

- Lower-Cost Visitor Serving Accommodations Study
- LCP update (General Plan, Zoning Code, Local Coastal Plan)
- 5th-cycle and 6th-cycle Housing Element Updates
- Develop appropriate land use controls for downtown

Recreation

- Develop social media marketing tools for classes and camps. Work with ACTIVE Net, the recreation program software, to develop marketing tools to past participants.
- Continue to work on CIP projects that were deemed a priority such as pickleball courts, maintenance of the veterans' halls, new playground equipment at the beach, etc.
- Continue to evaluate recreation programming and make adjustments accordingly. Continue to explore other marketing strategies for programs such as the on-line school district website service, Peachjar, activity guide, community calendars, and press releases.
- Develop facility booking module through the registration software, ACTIVE Net.
- PRBC will continue to work on the major Public Art projects, including Shell Beach Streetscape and Pier Plaza projects.
- Develop new contract with Five Cities Youth Baseball for the use of the Pismo Beach Baseball fields to ensure cooperation and efficiency of services.

Public Works

Engineering – *Various Funds*

- Five Cities Lift Station replacement
- Solids handling (belt press replacement)
- Bello Bridge replacement
- Shell Beach Reservoir I replacement
- Update the Pavement Management System
- Central Coast Blue Project
- Corporation Yard administration building construction drawings
- Police Department parking lot screen

Public Facilities – *Various Funds*

- Shell Beach/Pismo Beach pedestrian and bicycle access and streetscape (in progress)
- Spyglass Park parking lot rehabilitation
- Replace Spyglass Park play equipment
- Remove and replace Dinosaur Caves Park restroom/relocate old restroom to Price Historic Park
- Bello Veterans' Hall repairs
- Re-roof Police Department and Fire Department
- Paint Shell Beach Veterans' Hall Exterior
- Resurface/restripe Shell Beach tennis courts
- Replace beach wheelchairs
- Downtown trashcan replacement

Water Division – *Water Enterprise Fund*

- Water Master Plan (in progress)
- Central Coast Blue (in progress)
- Smart water meters
- Five Cities Drive waterline replacement
- Reservoir maintenance

- Ocean View Avenue waterline upgrade
- Urban Water Master Plan update
- Charles Street Reservoir replacement

Wastewater Division – *Wastewater Enterprise Fund*

- Five Cities Lift Station replacement (in progress)
- Lift Station Maintenance Project (in progress)
- Sewer System Management Plan (in progress)
- Solids handling construction
- Inflow and infiltration
- Grit removal
- Wastewater system pump replacement
- Toucan Terrace sewer trestle rehabilitation
- Vista Del Mar lift station generator

Motor Vehicle Division – *Motor Vehicle Replacement Fund*

- Purchase replacement vehicles and equipment as approved by City Council
- Maintain the City's fleet to the highest standards

Pier Division – *Pier Enterprise Fund*

- Pier Plaza Improvement Project

Fire Department – *General Fund*

- Explore funding options and complete a scoping study for a new fire station, and pursue development of the most appropriate facility.
- Replace Rescue Water Craft.
- Replace Junior Lifeguard Program trailer.
- Obtain a grant to replace aging handheld radios with an industry standard communication system that will be interoperable with other Emergency Agencies.
- Implement Vegetation Management Projects for:
    - Long Canyon
    - Price Park Recreation Area
    - Cave Landing
    - Pismo Preserve
- Implement enhanced EMT scope of practice and replace outdated Automated External Defibrillators (AEDs).

Police Department

Police Operations– *General Fund*

- Records Management System upgrade
- Peer support program
- Community Camera (Com Cam) Program expansion
- CALEA re-accreditation
- Communication Center accreditation
- Youth Services Officer program
- Technology replacement
- Police Station security surveillance system
- Assembly Bill 748 compliance software

Parking Division- *Parking Enterprise Fund*

- Complete single-space meter expansion
- Complete the Parking Management Plan
- Establish a static dynamic sign plan
- Implement electronic citation capabilities
- Improve citation records system and fine collection solution
- Research and develop smart parking availability locator
- Continue to identify opportunities for additional parking

Budget Process

The two-year budget process began in September 2018 with a formal public outreach effort to engage the community and solicit feedback from City residents about how the Council should shape the next two-year budget. This outreach effort, branded *Pismo Voice*, included a tri-fold flyer in all utility bills advertising community workshops and directly asked for ideas about priorities, with prepaid postage for return mail to the City. In addition, the City received feedback about priorities from social media outreach efforts, push notifications through the City's website, outreach booths at community events, and several community meetings.

Following the community outreach efforts, this information was summarized into themes for the Council at its February 2019 City Council goal-setting and strategic planning session, where the public was invited to submit comments and attend. In February 2019, the Council set the City's goals based on the fiscal outlook and public input. These goals and direction set a broad framework for the budget that has been developed. This year, the City Council set five Major City Goals, three Other Important Objectives, and seven Priorities as Resources Permit. These Major City Goals are long-term goals that may be accomplished over several years. Key steps in moving forward with these Major City Goals are either already budgeted or are included in this two-year budget.

Also in January, the City Manager issued budget instructions to all departments based on the revenue projections and anticipated Council Goals. The Administrative Services Director sent out budget guideline instructions and forms on how to create a baseline budget. A baseline budget includes funding for the same level of staffing, supplies, materials and services previously budgeted as base, increased only to account for known price increases and known salary and benefit improvements. The base budget also allows for replacement, in-kind, of capital equipment.

Once the Council's goals were set, department staff began to prepare their work plan budget requests (above base budget requests) to take steps to implement the Council's goals and develop work plan budget requests for other priorities and initiatives. Any requests over the prior year's base budget must include justification for the increase.

By the end of February, departments submitted the baseline budget and work plan budget requests to the Administrative Services Department.

In March, Department Heads met with the City Manager and Administrative Services Director to review the baseline budget and all budget requests. The City Manager prioritized the work plan budget request items and capital projects and determined their funding level for inclusion in the adopted budget.

In March and April, the Administrative Services Department prepared and updated revenue projections for the budget years and reviewed these projections with the City Manager. Most revenues are not subject to direct City control. Sales tax and TOT are subject to economic cycles of businesses within the community, and are also affected by weather. Property tax revenue varies with real estate sales and building activity within

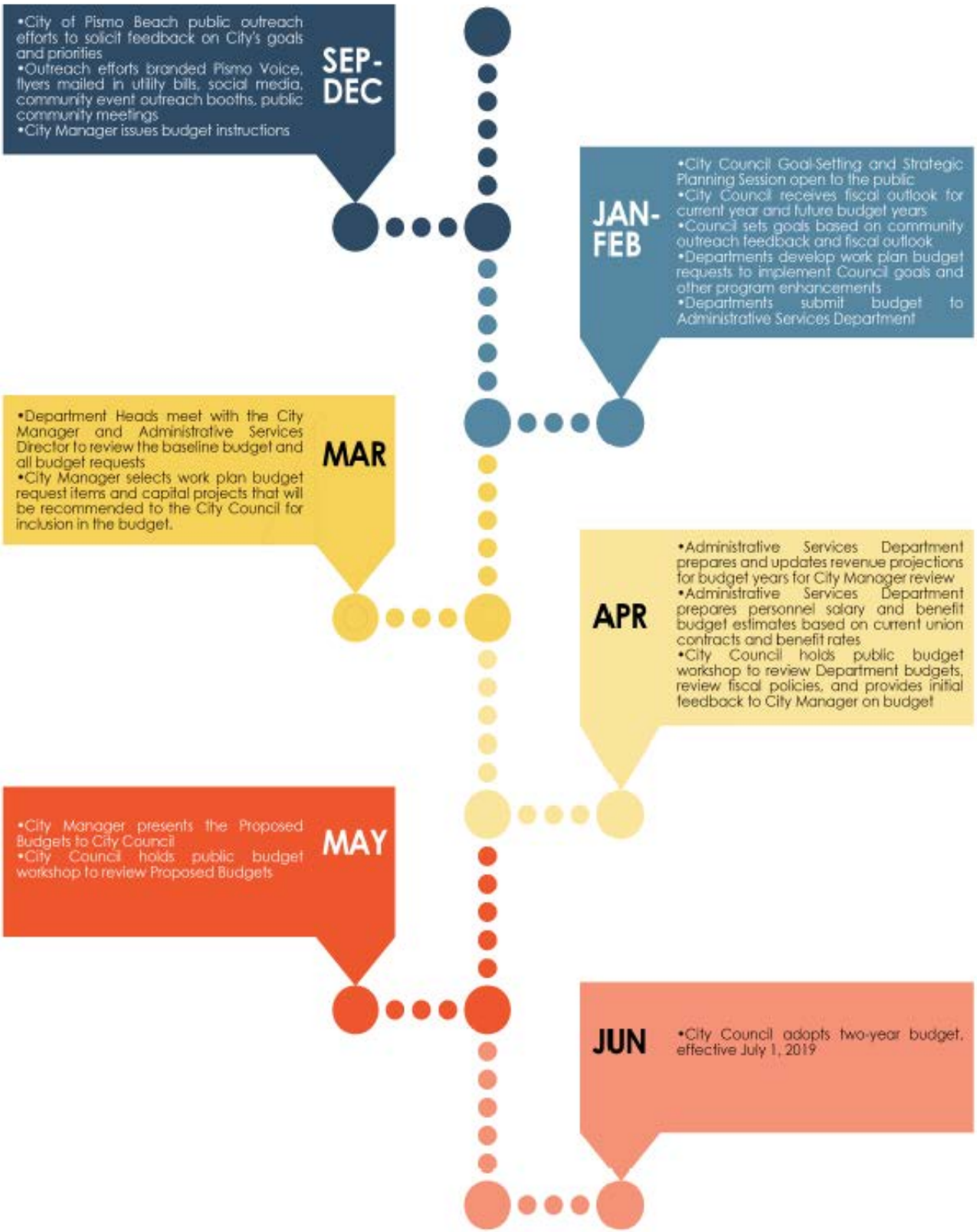
the community, as do charges for services in the Public Works and Community Development Departments.

In April, the Administrative Services Department prepared the personnel salary and benefit budget estimates as determined by current bargaining units and Council-adopted resolutions which identify the current staffing levels approved for all City departments. The personnel budgets were reviewed with each Department Head to make sure the number of positions were budgeted accordingly and accounted for correctly. Also in April, the City Council held a public budget workshop to review work plan items to implement Council goals and departments' budget year work plans. At this meeting, the Council reaffirmed the City's fiscal policies and provided initial comments to City staff.

During May, the Administrative Services Department prepared a summary budget document which was reviewed by all Department Heads and the City Manager, and then submitted to the City Council. In mid-May, the Council held a public budget workshop to review the budget status and review and consider approval of the above base items. Council adopted the budget prior to July 1, the first day of the new fiscal year.



Budget Calendar



Level of Budgetary Control

After the Council approves the budget, it has been general practice that during the year, Department Heads may transfer appropriations between maintenance and operations line items within their departments. However, the number of authorized personnel cannot be increased, and appropriations for employee services and capital outlay cannot be transferred to operations except with City Council approval. The City Manager may transfer appropriations between departments so long as total appropriations within a fund are not increased. Total appropriations within a fund may be increased only with Council approval. After proper approval, any such changes would be recorded as revisions to the budget.

Budget Format

The City Council of Pismo Beach is presented with its ninth two-year budget. The primary reason the City adopts a two-year budget is that it forces the City to look beyond the current year and attempt to alleviate any shortfalls that may be present in the future. In addition, a two-year budget allows the City to account for uncertainties in the statewide economic forecast. The two-year budget also saves time and energy for staff, as well as money. The two-year budget, as it stands, is in reality two distinct "one-year" budgets: one for July 1, 2019 through June 30, 2020 and one for July 1, 2020 through June 30, 2021. Periodically, a mid-cycle budget review will be held to determine if any significant changes in circumstances have occurred that would warrant deviation from the budget for the next year. During the mid-cycle budget review, of particular interest will be any deviations in budget projections such as changes in the economy, new state or federal mandates, a possible change in key revenue sources, or possible increases in base expenses.

As in prior years, narrative descriptions of each budget activity are presented along with highlights of the past two fiscal years' (FY 2018 and FY 2019) work program accomplishments and highlights of work programs included within the base budgets for the coming two years. For each budget activity, line item information is presented in summary form by object-of-expense category, followed by work program details for the current year and for each of the next two years combined which is all preceded by a description of the activity. Council-adopted additions above the base budget are included in the expenditure line items.

Workload information for each department is provided to the City Council in monthly activity reports throughout the year. Reference to the most recent activity reports is recommended should there be workload questions.

Basis of Budgeting

The City's governmental funds are maintained on the modified accrual basis of accounting in which revenues are recognized in the accounting period they become measurable and available. Expenditures are recognized in the period in which the liability is incurred, if measurable, except non-matured principal and interest in general obligation debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and become measurable; expenses are recognized when they are incurred if measurable.

The budget document is presented on the same basis, with the exception of long-term assets and debts, which are shown on a cash basis.

Budget Goals

The budget goals are to maintain a balanced budget with revenues exceeding or equal to expenditures for all ongoing operations. This goal is met as the Adopted Budget is structurally balanced for all ongoing items for both years. Unassigned fund balances are to be used only for capital outlay or other non-recurring items. The Adopted Budget includes a 25% General Fund Reserve in FY 2020 and FY 2021. The Council has also adopted a policy of appropriating 1% as a contingency reserve. This year, the Council appropriated a 3% contingency reserve to support the various large capital projects currently underway. This budget maintains the $250 thousand Risk Management Reserve and maintains the $500 thousand City Facility Reserve. The adopted budgets include setting aside $2.0 million in FY 2020 and FY 2021 of the General Fund unassigned fund balance for a Budget Stabilization set-aside. This set-aside allows the City to manage a potential economic downturn by drawing down from the set-aside. The FY 2020 adopted budget also includes a $1.00 million for the CalPERS Prepayment set-aside to pay down the City's CalPERS unfunded pension liability.

Budget Approach and Options

Balanced budgets are adopted for every fund for both years. For the major operating funds, the General Fund, Water and Wastewater Enterprise Funds, and the Motor Vehicle Operations Fund, the adopted base budgets continue current operations at the same levels as in FY 2019.

The City Council is presented with several recommended additions to the base operating budgets and a number of capital improvement projects. Sufficient revenues and/or uncommitted fund balances are available in each fund to cover the costs of the recommended additions to the base budget and the adopted capital improvement projects.

Because of ongoing funding limitations, the limited availability of staff time to manage and administer new programs and projects, and a concern for financial stability in future years, not all proposed additions to the base budget, and not all projects identified in the Capital Improvement Plan, could be included in the FY 2020 and FY 2021 budgets.

Fiscal Policies

In preparing this budget, staff took its primary direction from the guidelines established in the City of Pismo Beach Fiscal Policies that were adopted in Resolutions R-1998-49, R-2007-038, R-2013-034, R-2017-021, and Ordinance O-2015-003, and are included on this Fiscal Policies section in the following pages. These policies and the other fiscal policies provided in this document were reviewed in detail and reaffirmed by the City Council on April 16, 2019. These fiscal policies help to ensure that the City achieves a balanced budget, where operating revenues meet or exceed operating expenditures.

The only change to the fiscal policies is that the contingency reserve of 1% of budgeted General Fund expenditures to be used for emergencies and other unanticipated expenditures at the direction of City Council is increased to 3% in FY 2020 and FY 2021 to support unanticipated expenditures for several large capital projects currently underway.

Fiscal Policies **(Resolutions R-1998-49, R-2007-038, R-2013-034, R-2017-021, and Ordinance O-2015-003)**

A Fiscal Policy is an adopted guideline that establishes goals for the allocation of public resources in the manner best suited to the efficient provision of services to residents and visitors within the City. While not all of the goals may be achievable in the current year, the existence of such goals will serve to guide the City Council in its decision-making.

The City of Pismo Beach has forged its fiscal policy out of the experiences of the early 1990s, when expenditures grew considerably beyond the City's revenue capability. This resulted in extensive lay-offs and service reductions throughout the municipal government. It is recognized that maintaining adequate cash reserves and providing ongoing maintenance of infrastructure and buildings are vital to sound fiscal management. The philosophy of this fiscal policy incorporates these goals.

RESERVE POLICIES

- Establish and maintain a General Fund Reserve of 25% of budgeted expenditures in the General Fund. *Municipal Code Section 3.14.010 through 3.14.040*
- Establish and maintain a City Facility Reserve of $500,000 for improvements to City buildings and facilities, particularly if funds are not available in a given fiscal year. *Municipal Code Section 3.14.05 through 3.14.080*
- Establish and maintain a Risk Management Reserve to be used for unanticipated risk management costs, funded with $50 thousand per year, up to $250,000. *Municipal Code Section 3.14.090 through 3.14.120*
- Maintain a contingency reserve of 1% of budgeted General Fund expenditures to be used for emergencies and other unanticipated expenditures at the direction of City Council, provided that up to $50,000 of this reserve may be used at the direction of the City Manager. This $50,000 level is consistent with the City Manager's authority to approve expenditures up to $50,000 in the City's Purchasing Policy.
- Establish realistic levels of contribution to the Motor Vehicle Replacement Fund.

REVENUE POLICIES

- Maintain safety and liquidity while maximizing investment revenue. Refer to the City's Investment Policy for a comprehensive management of the City's financial resources.
- Annually consider reduction of long-term debt as a use of revenues.
- Establish the level of cost recovery desired from various fees for services.
- Review fees annually, establish actual costs and adjust and establish new fees as needed.

EXPENDITURE POLICIES

Infrastructure

- Contribute from the General Fund annually for the improvement of infrastructure.

New Services

- Add new services only when a need has been identified and when adequate resources for staffing and funding are demonstrably available in multi-year financial plans.

Public Safety

- Provide funding to maintain adequate levels of safety for residents of and visitors to Pismo Beach.

Water and Wastewater Funds

- Maintain adequate reserve funds for the construction and replacement of major capital facilities of the Water and Wastewater Funds by setting rates at levels sufficient to provide the necessary funding.

Facilities

- Plan for new facilities only if operating and maintenance costs for those facilities are fully recognized and taken into account in multi-year financial plans.
- Provide adequate routine maintenance each year to avoid the higher cost of deferred maintenance.

Operational Efficiencies

- Provide City services in the most cost-effective manner.
- Provide staffing levels that allow employees to respond promptly to service requests from the public.
- Utilize consultants and temporary help for special projects or peak workload periods.
- Utilize community expertise on a voluntary basis as appropriate.
- Ensure that fee-supported services are staffed appropriately to render the services for which customers have paid.
- Work through regional agencies to share costs for local programs whenever possible.

Employee Development

- Attract and retain competent employees for the City workforce by compensating employees fairly, providing adequate training opportunities, ensuring safe working conditions, and maintaining a professional work environment.

Economic Development

- Achieve organized, sustainable community development for the residents of Pismo Beach by providing a diverse economic base while preserving scenic beauty, small town charm, and historical assets.

Capital/Fixed Assets

- Capital Assets as defined by GASB include land, improvements to land, easements, building, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. This definition and the City's Capital Assets Policy and Procedures are included in the City's Purchasing Policy.

DEBT MANAGEMENT POLICY

- Debt Management Policy sets parameters for issuing debt and managing the City's debt portfolio, and provides guidance to decision makers.

Financial Structure and Funds

The funds listed in this document and included in this section in the following pages are subject to appropriation. A description of the General Fund is provided in the General Fund Overview section. All other fund descriptions are provided on the detail fund pages starting with Enterprise Funds section.

Fund Types Definitions

Governmental Fund Types: The City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Governmental fund types include the General Fund, Special Revenue Funds, Capital Project Funds, and Debt Services Funds.

General Fund

The City's General Fund is the operating fund for general revenues and expenditures that are not assigned to a special purpose fund. Some of the General Fund expenditures are allocated to specific multi-year capital projects or purchase order contracts. The net of revenues less expenditures (excluding the portion for multi-year costs) is the year's operating surplus or deficit. This surplus or deficit contributes to the fund's ending unallocated fund balance, which can be used to support various one-time costs.

Special Revenue Funds

Special Revenue Funds are funds established by the City to collect certain revenues that must be used for special purposes. These funds provide an extra level of accountability and transparency to taxpayers that their tax dollars will go toward an intended purpose. The ending fund balances are not available for purposes other than those specified for that fund.

Capital Projects Funds

Capital Project Funds are established to account for the acquisition or construction of major capital facilities and other general capital outlays. The Capital Projects Fund (3001) includes all capital projects except for water and wastewater enterprise projects supported by various funding sources, including: General Fund, grants, federal and state highway funding, enterprise funds, and development fees. The other Capital Project Funds (3002-3201) include specific revenues to fund specific capital projects. The ending fund balances in this fund type are for specific capital projects and typically are not available for purposes other than those specified for that fund.

Debt Service Funds

Debt Service Funds are established to service principal and interest payments on short- and long-term debt. Sources of revenue for this fund type include loan proceeds and interest earnings. The ending fund balances are not available for other purposes except for debt service.

Corporate Entities: As part of the Debt Service Funds, the City of Pismo Beach has a Public Financing Authority (Authority), Public Financing Agency (PFA2), and the Public Facilities Corporation (Corporation). These are legally separate corporate entities for which the City is financially accountable and they are governed by the elected City Council, acting as the Board of Directors in each case. The Authority and Corporation were formed to provide a method of financial public improvements. The City has identified the Authority in Fund 4001, Public Financing Authority Debt Service Fund with appropriations. The Corporation's budget is reflected in Fund 6401, the Pier Enterprise Fund.

Governmental Funds



General Fund

- General Fund
- Half-Cent Sales Tax Fund

Special Revenue Fund

- Gas Tax Fund
- Local Transportation (Streets)
- PEG Access Fee Fund
- Police Grant Fund
- Housing In Lieu Fund
- Lodging Business Improvement District (LBID) Fund

Capital Project Funds

- Capital Project Fund
- Park Development Fund
- Circulation Improvement Fund
- Impact Fees
- Developer Impact Fees

Debt Service Funds

- Public Financing Authority
- Public Financing Agency

Proprietary Fund Types: The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions reported as business-type activities. Internal service funds accumulate and allocate costs internally among the City's various functions.

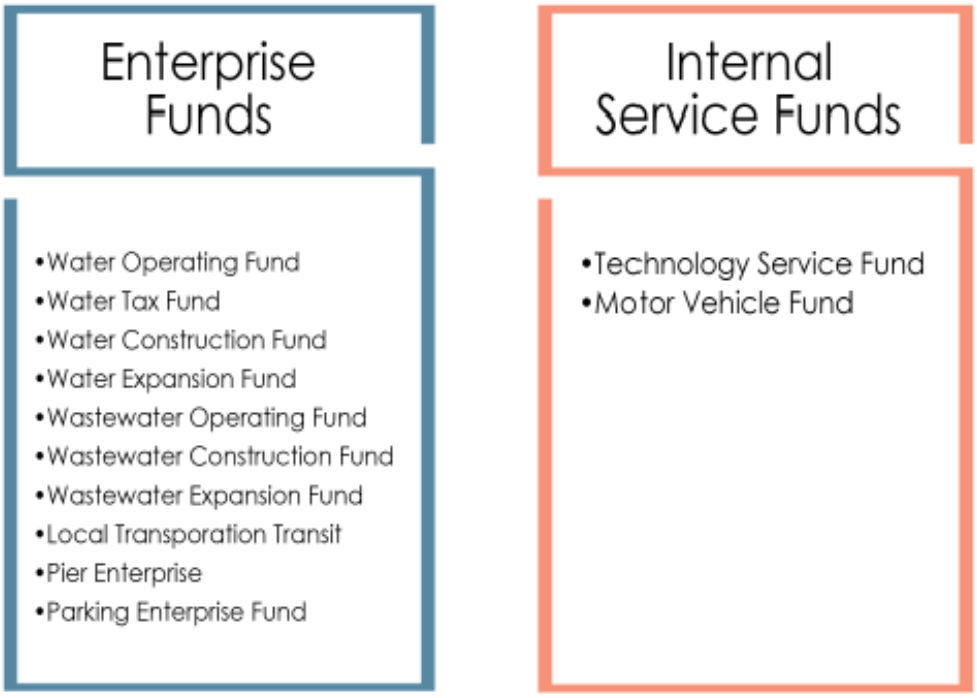
Enterprise Funds

Enterprise funds are used to account for operations similar to private business enterprises. Revenues are collected and used for a specific purpose and are self-sufficient. The ending fund balances are not available for purposes other than those specified for that fund.

Internal Service Funds

Internal service funds are used to account for the financing of goods and services supplied by one City department to other City departments. The Motor Vehicle Fund (7201) collects funds from various City Departments to fund the replacement costs of various vehicles. Once a vehicle needs to be replaced, the balance is used to purchase that vehicle. The ending fund balances are not available for other purposes except for those specified for that fund. The Technology Service Fund (7101) collects funds from various City departments to fund various ongoing and one-time technology services and projects.

Proprietary Funds



Budgeted Funds vs. Audited Financial Statements

The audited financial statements include a fiduciary fund that is a private-purpose trust fund to account for assets held in trust for retired employees' health care. This fund is not subject to appropriation and is not included in this budget document.

Use of Cost Accounting

Cost accounting is the process of tracking, recording, analyzing, and allocating costs associated with activity provided by the City, which benefits multiple funds and departments within the City. The City incurs direct and indirect costs in the provision of City services and programs. The City recovers the costs of central administrative and support activities through the development and application of indirect cost rates. The City also uses internal service funds to allocate costs for fleet and IT services through rental rates.

A central services cost allocation plan identifies indirect costs incurred by the City to support and administer identified programs. Identifying the indirect cost of various programs is integral to determining the full cost of supporting these programs and is valuable when seeking reimbursement.

Direct and Indirect Costs

The City defines direct costs as those costs that can be specifically or readily identified with a specific cost objective or program. Indirect costs are defined as those costs necessary for the effective and efficient operation of City programs, which cannot be readily identified to a specific cost objective or program without effort disproportionate to results achieved.

For some "personal choice" services (rather than "community/tax-supported" services), the City calculates and charges a fee to the public requesting the service. This is accomplished by identifying the cost of services provided to its customer and matching revenues to those costs. The City Council adopted a comprehensive set of new Service Fees that are effective as of July 5, 2015. Most of these fees remain current as they are updated each year by the consumer price index. Additional fees have been added since that time to recover additional services.

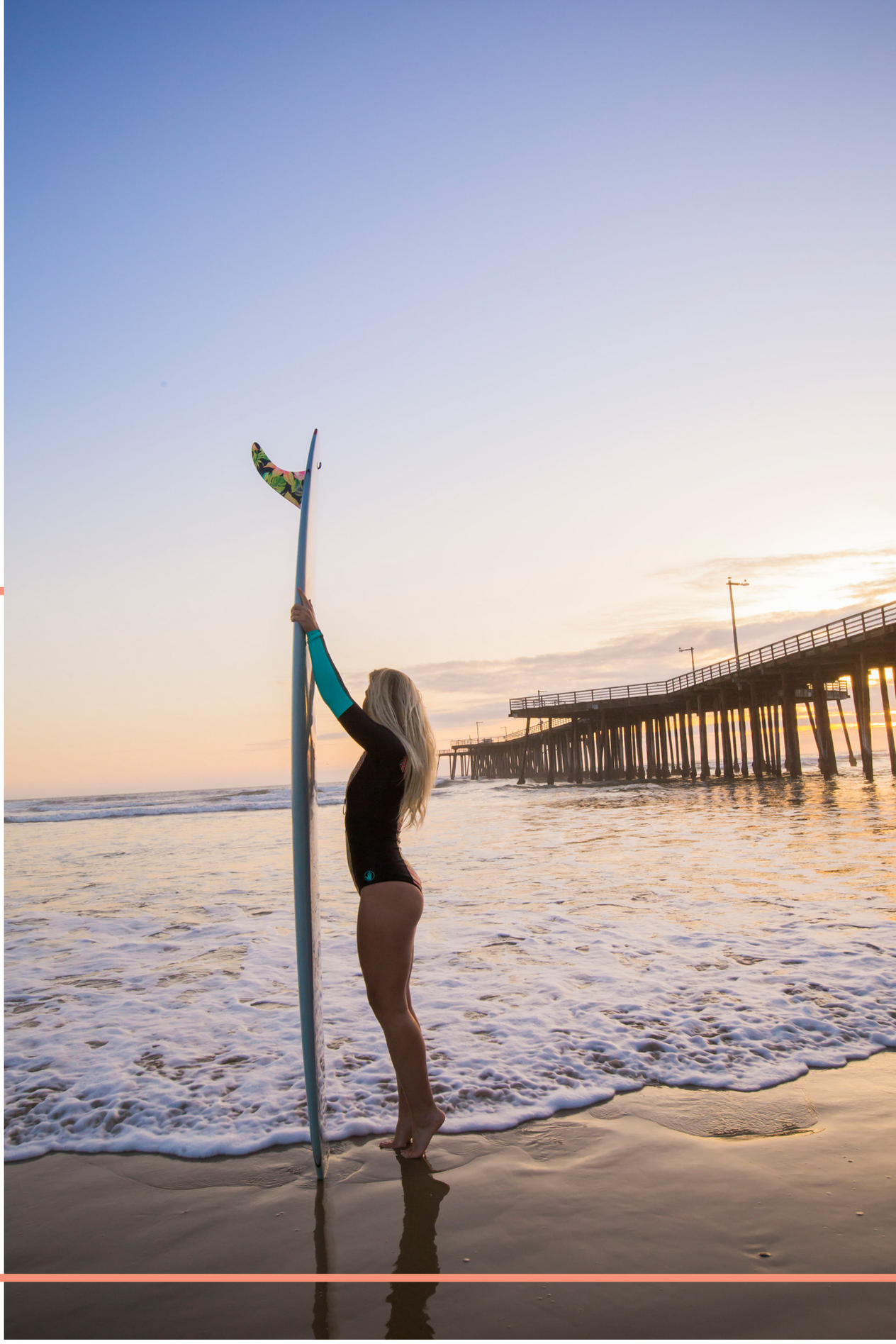
Internal Service Funds

Internal service funds are specifically designed to function as cost-reimbursement devices. Internal service funds are simply a mechanism to accumulate costs related to a particular activity on an accrual basis so that the costs can be subsequently allocated to the benefitting funds in the form of a fee. Accordingly, the City utilizes an internal service fund to collect costs associated with maintenance and replacement of the City's fleet and determines rental rates to be charged to the benefitting funds. In addition, the City has an internal service fund to allocate technology service operations and projects based on various factors to each fund and department benefitting from the service.

City and Community Information







Pismo Beach at a Glance

The City of Pismo Beach was incorporated in 1946 and is a full-service, general-law city operating under the Council-Manager form of government. The City is located on the Central Coast along six miles of the Pacific Ocean in San Luis Obispo County, midway between Los Angeles and San Francisco. The City is visited annually by a substantial number of tourists seeking to enjoy the area's moderate climate, ocean views and sunsets, fine restaurants, and the relaxing atmosphere unique to coastal communities. The City's downtown core area and hotel areas are anchored by the City-owned Pier extending into the Pacific Ocean. The City is home to about 8,239 individuals, as estimated by the California Department of Finance for January 1, 2019. Most of the City is residential with a continuing trend of new homes being built with spectacular ocean views.



At a Glance

Incorporation
1946

Government
Full-service, general-law city

County
San Luis Obispo County
http://www.slocounty.ca.gov/

School Districts
San Luis Coastal Unified School District
www.slcusd.org

Lucia Mar Unified School District
www.luciamarschools.org

Location
Located on the Central Coast along six miles of the Pacific Ocean in San Luis Obispo County, midway between Los Angeles and San Francisco

Climate
Moderate

Population
8,239

State legislature
17th Senate District
Democrat Bill Monning

35th Assembly District
Republican Jordan Cunningham

U.S. Congress
Representative:
California's 24th Congressional District
Democrat Salud Carbajal

U.S. Congress
Senators:
Democrats Dianne Feinstein & Kamala Harris

Who lives in Pismo Beach?

Population

The City's population declined by 12 people, or 0.15%, from 8,251 on January 1, 2018 to 8,239 on January 1, 2019, according to the California Department of Finance. This relatively unchanged population is consistent with the 0.12% population growth for San Luis Obispo County and the 0.47% population growth for all California cities for the same time period. During the summer season, the population can grow to 15,000 to 70,000 depending on the week. Of this population, here are some key demographics as provided by the U.S. Census Bureau from 2013–2017.

Age and Gender

The largest age group is between 18 years and 65 years

Persons	Percent of Persons in Pismo Beach	Percent of Persons in California
Under 5 years	3.4%	6.2%
Under 18 years	10.9%	22.7%
18 years to under 65 years	56.3%	56.8%
65 years and over	29.4%	14.3%
Male	46.0%	49.7%
Female	54.0%	50.3%

Race

Persons	Percent of Persons in Pismo Beach	Percent of Persons in California
White	89.8%	72.1%
Black	1.6%	6.5%
American Indian or Alaskan Native	0.2%	1.6%
Asian	2.2%	15.3%
Native Hawaiian or Other Pacific Islander	0.0%	0.5%
Two or more races	4.1%	3.9%
Other	2.1%	0.1%
Total	**100%**	**100%**
Hispanic or Latino	8.0%	39.3%

Income

Persons	Amount in Pismo Beach	Amount in California
Median Household Income	$77,316	$67,169
Per capita income in past 12 months	$50,762	$33,128
Persons in poverty, %	8.4%	13.3%

Education

Persons	Percent of Persons in Pismo Beach	Percent of Persons in California
High School Graduate or Higher over age 25+ years	96.3%	82.5%
Bachelor's Degree or Higher over age 25+ years	45.2%	32.6%

Health

Persons	Amount in Pismo Beach	Amount in California
With a disability under age 65 years	7.7%	6.9%
Without health insurance under age 65 years	10.0%	8.1%

Comparison of Financial Status to Other Jurisdictions

City	Number of Full Time Employees	Population	Total Operating Budget (All Funds)	Total Portion of Operating Budget Related to Personnel Services	% of Budget Related To Personnel Services	Total Capital Projects
Arroyo Grande	74.00	17,876	$34,129,621	$12,925,900	37.9%	$5,893,600
Atascadero	129.00	30,405	$28,142,430	$18,686,030	66.4%	$15,880,950
Grover Beach	74.83	13,533	$18,303,358	$8,966,894	49.0%	$10,259,439
Morro Bay	97.1	10,439	$30,107,986	$15,566,036	51.7%	$36,987,526
Paso Robles	207.00	31,244	$68,768,185	$31,364,300	45.6%	$39,865,700
Pismo Beach*	**88.00**	**8,239**	**$32,589,676**	**$17,633,878**	**54.1%**	**$9,653,393**
San Luis Obispo	399.00	46,802	$104,872,000	$63,756,000	60.8%	$86,575,000
Santa Maria	570.00	107,356	$222,142,196	$90,475,187	40.7%	$56,725,326

The information in this table is provided by Finance Department staff or from the City's Adopted Budget Document from each jurisdiction listed for FY 2020.
*Pismo Beach Total Portion of Operating Budget Related to Personnel Services includes Cal Fire contract in personnel costs. Number of FTEs does not include FTEs from Cal Fire.

San Luis Obispo County City Growth Comparison
San Luis Obispo County cities have seen increases in FY 2019 compared to FY 2018 in net taxable assessed value ranging from 5.57% to 7.29%. Net taxable assessed value is the value of real property that is assessed by the County Assessor. This growth demonstrates the growth in property taxes from FY 2018 to FY 2019.

FY 2018 to FY 2019 Net Taxable Assessed Value Change

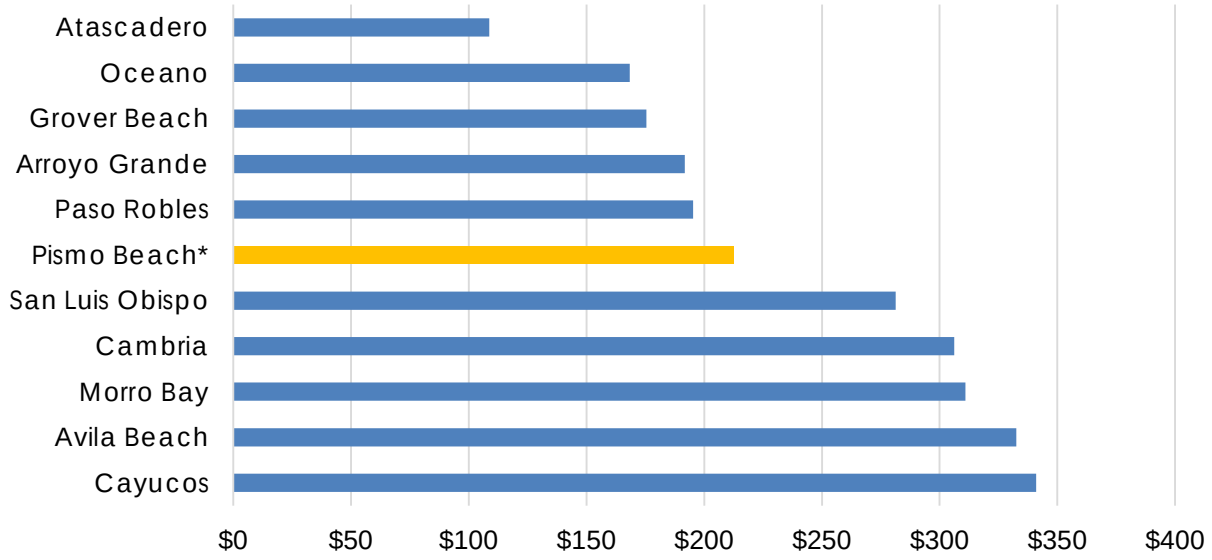
City	FY 2019 Net Value	Value Change	% Change
Arroyo Grande	$3,059,037,606	171,992,900	5.96%
Atascadero	$3,991,431,585	215,771,081	5.72%
Grover Beach	$1,730,958,641	103,588,081	6.13%
Morro Bay	$2,544,615,688	140,599,450	5.85%
Paso Robles	$4,959,914,891	286,378,897	6.13%
Pismo Beach	**$3,347,998,928**	**176,602,176**	**5.57%**
San Luis Obispo	$8,775,647,237	595,963,783	7.29%

Central Coast Area Comparable Cost of Water and Wastewater Bi-Monthly Bill

The following table compares the cost of water and wastewater for single-family residential properties in central coast communities around Pismo Beach. Pismo Beach average water and wastewater bills are in the middle of the range compared to the selected cities and communities.

The table is based on the single-family residential average water usage of 10,473 gallons/bi-month, or 1,400 cubic feet of water consumption every other month. Data was collected in October 2018.

Comparison of Average Single-Family Residential Total Utility Bill (Water & Wastewater) Bi-Monthly Bill 14 HCF Every Two Months (Bi-Month) Usage



* Pismo Beach – Includes the special tax on property tax bill

City of Pismo Beach
Principal Sales Tax Generators By Industry - Revenue Base Concentration Data
Last Ten Calendar Years
(Dollar Amounts in Thousands)

2017

Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Restaurants	$ 77,017	1	26.70%
Apparel Stores	73,310	2	25.41%
Other Retail Stores	57,987	3	20.10%
All Other Outlets	53,314	4	18.48%
Service Stations	26,830	5	9.30%
Food Stores	-	6	0.00%
Total	$ 288,458		100.00%

2016

Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Restaurants	$ 75,757	1	26.06%
Apparel Stores	74,594	2	25.66%
Other Retail Stores	61,200	3	21.05%
All Other Outlets	52,976	4	18.23%
Service Stations	26,150	5	9.00%
Food Stores	-	6	0.00%
Total	$ 290,677		100.00%

2015

Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Restaurants	$ 72,750	1	25.71%
Apparel Stores	71,817	2	25.38%
All Other Outlets	49,201	3	17.39%
Other Retail Stores	48,925	4	17.29%
Service Stations	30,285	5	10.70%
Food Stores	9,968	6	3.52%
Total	$ 282,946		100.00%

2014

Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Apparel Stores	$ 71,978	1	26.63%
Restaurants	69,669	2	25.78%
All Other Outlets	43,395	3	16.05%
Other Retail Stores	43,576	4	16.12%
Service Stations	33,236	5	12.30%
Food Stores	8,441	6	3.12%
Total	$ 270,295		100.00%

2013

Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Apparel Stores	$ 71,206	1	27.16%
Restaurants	64,935	2	24.77%
All Other Outlets	42,265	3	16.12%
Other Retail Stores	41,472	4	15.82%
Service Stations	35,189	5	13.42%
Food Stores	7,079	6	2.70%
Total	$ 262,146		100.00%

2012

Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Apparel Stores	$ 67,849	1	27.81%
Restaurants	62,097	2	25.45%
All Other Outlets	37,449	3	15.35%
Service Stations	36,562	4	14.99%
Other Retail Stores	35,322	5	14.48%
Food Stores	4,702	6	1.93%
Total	$ 243,981		100.00%

City of Pismo Beach
Principal Sales Tax Generators By Industry - Revenue Base Concentration Data
Last Ten Calendar Years
(Dollar Amounts in Thousands)

2011				2010			
Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars	Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Apparel Stores	$ 61,565	1	26.28%	Apparel Stores	$ 55,754	1	26.10%
Restaurants	57,679	2	24.62%	Restaurants	54,620	2	25.57%
All Other Outlets	37,975	3	16.21%	Other Retail Stores	33,954	3	15.89%
Other Retail Stores	35,564	4	15.18%	All Other Outlets	33,419	4	15.64%
Service Stations	35,324	5	15.08%	Service Stations	29,592	5	13.85%
Food Stores	6,141	6	2.62%	Food Stores	6,290	6	2.94%
Total	$ 234,248		100.00%	Total	$ 213,629		100.00%

2009				2008			
Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars	Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Apparel Stores	$ 53,872	1	25.60%	Restaurants	$ 53,925	1	23.26%
Restaurants	52,780	2	25.08%	Apparel Stores	49,684	2	21.43%
Other Retail Stores	36,424	3	17.31%	Other Retail Stores	47,795	3	20.61%
All Other Outlets	34,497	4	16.39%	All Other Outlets	40,151	4	17.32%
Service Stations	26,254	5	12.47%	Service Stations	33,186	5	14.31%
Food Stores	6,642	6	3.16%	Food Stores	7,115	6	3.07%
							0.00%
Total	$ 210,469		100.00%	Total	$ 231,856		100.00%

City of Pismo Beach
Principal Transient Occupancy Tax Payers - Top Ten
Last Ten Fiscal Years
(In Alphabetical Order)

Fiscal Year Ended June 30			
2018	**2017**	**2016**	**2015**
Cliffs of Shell Beach	Cliffs of Shell Beach	Cliffs of Shell Beach	Cliffs of Shell Beach
Cottage Inn	Cottage Inn	Cottage Inn	Dolphin Bay Hotel
Dolphin Bay Hotel	Dolphin Bay Hotel	Dolphin Bay Hotel	Island Hospitality
Island Hospitality	Island Hospitality	Island Hospitality	Kon Tiki Motel
Kon Tiki Motel	Kon Tiki Motel	Kon Tiki Motel	Oxford Suites
Oxford Suites	Oxford Suites	Pismo Coast Village	Pismo Coast Village
Pismo Coast Village	Pismo Coast Village	Pismo Lighthouse Suites	Pismo Lighthouse Suites
Pismo Lighthouse Suites	Pismo Lighthouse Suites	Sandcastle Inn	Sandcastle Inn
Seacrest Motel	Seacrest Motel	Seacrest Motel	Seacrest Motel
Shorecliff Inn	Shorecliff Inn	Shorecliff Inn	Shorecliff Inn

Fiscal Year Ended June 30			
2014	**2013**	**2012**	**2011**
Cliffs of Shell Beach	Cliffs of Shell Beach	Cliffs of Shell Beach	Cliffs of Shell Beach
Cottage Inn	Cottage Inn	Cottage Inn	Cottage Inn
Dolphin Bay Hotel	Dolphin Bay Hotel	Dolphin Bay Hotel	Dolphin Bay Hotel
Hilton Garden Inn	Hilton Garden Inn	Hilton Garden Inn	Kon Tiki Motel
Kon Tiki Motel	Kon Tiki Motel	Kon Tiki Motel	Oxford Suites Resort
Pismo Coast Village	Pismo Coast Village	Pismo Coast Village	Pismo Coast Village
Pismo Lighthouse Suites	Pismo Lighthouse Suites	Pismo Lighthouse Suites	Pismo Lighthouse Suites
Sandcastle Inn	Sandcastle Inn	Sandcastle Inn	Sandcastle Inn
Seacrest Motel	Seacrest Motel	Seacrest Motel	Seacrest Motel
Shorecliff Inn	Shorecliff Inn	Shorecliff Inn	Shorecliff Inn

Fiscal Year Ended June 30	
2010	**2009**
Cliffs of Shell Beach	Cliffs of Shell Beach
Cottage Inn	Cottage Inn
Dolphin Bay Hotel	Dolphin Bay Hotel
Kon Tiki Motel	Kon Tiki Motel
Oxford Suites Resort	Oxford Suites Resort
Pismo Coast Village	Pismo Coast Village
Pismo Lighthouse Suites	Pismo Lighthouse Suites
Sandcastle Inn	Sandcastle Inn
Seacrest Motel	Seaventure Motel
Shorecliff Inn	Shorecliff Inn

History of Pismo Beach

The history of people at Pismo Beach starts at least 9,000 years ago with the Chumash people, Native Americans who referred to the area as a place to find *pismu*, or tar. The Pismo Beach region has an interesting history going back in time to 1769, when Don Gaspar de Portola and parties camped in the area. According to the diary of Costanso, a member of the Portola party, "The party continued over the sand dunes and then descended to the beach, along which they walked for several miles before camping for the night. Near their camping place was an Indian village of some forty people." Undoubtedly, the beach walked upon by the Portola party was that known today as Pismo Beach. We invite you to take a look at some of our rich history.

The First Pismo Beach



KlamDigger Billie - 1904/Bennett-Loomis Archives

The City is part of the original 8,838-acre Rancho Pismo. Rancho Pismo was granted to Jose Ortega by Manuel Rinemo Goriod on November 18, 1840. Ortega is thought to have built a small adobe that later became part of the Price Adobe. The rancho was later acquired by Isaac Sparks. Some folktales relate that Sparks won the land from Ortega in a game of monte, but it appears from records kept by John M. Price that the ranch was purchased for 477 head of cattle. Sparks, in 1850, appears to have given John Price El Pizmo Rancho instead of paying him wages in gold, as the deed shows a cost of $1 for the property. Upon Sparks' death, John Michael Price and Captain David Mallagh received a share of the land. Price lived and worked on the rancho until his death in 1902. Price built up sizeable horse and cattle herds, which he moved onto the rancho. Mallagh owned a section of Rancho Pismo around the cave landing area (now Pirate's Cove), where he established a wharf business. Price purchased some of the property in 1854. A portion of the southern part, which is now Grover Beach and Arroyo Grande, was sold to Francisco Branch. This left him with Shell Beach, the Pismo Beach area, and a large section running back into Price Canyon. In 1875, Price took the first step toward funding the community of Pismo Beach when he built a hotel on the road from Arroyo Grande to the People's Wharf in Avila Beach. The hotel was not a success and Price had the hotel moved to the beach in 1884. In 1881, Price leased oceanfront land to the Meherin brothers to build a wharf and a warehouse. This wharf at the end of Main Street was successful and the hotel's new location was next to this operation. The school district was founded in 1888, and the Post Office was also established then.

Parceling Pismo Beach

In February 1886, Price hired R. R. Harris to survey and design a map of the subdivisions of part of the Ranchos El Pismo and San Miguelito, and to also map out and draw a plan for a town to be called "El Pizmo." This was initiated in April 1886. A year later, the Pismo Beach Company again subdivided part of the community and recorded a map of the "Town El Pizmo." It is interesting to note that the Pismo Beach Company is given credit by some for the founding of the present City of Pismo Beach.

Pismo's Pier



Back in 1881, Pismo's original wharf opened for business. Taking off from a point below the present Main Street, remnants of the pilings may still be seen at very low tides. It was not planned for recreation as such—it was a commercial venture designed in part to save freight fees for South County products. Lumber was received, as well as other commodities. Stock was issued to farmers and landowners for $20 a share and the wharf was built for $14,613. The Meherin brothers, Arroyo Grande merchants, started the venture. Most credit is given to D. J. Meherin for its inception, construction and maintenance. In 1882, a year after its completion, Meherin figured the wharf had saved the people of the county $35,000 in decreased freight rates compared with those of the steamer line



they would have patronized. Thirty-eight vessels were loaded at the wharf in 1882. Two warehouses were built near the entrance where teams could move cargo in and out. A small hand car track led out to the end of the Pier. The wharf was still active in 1890, but a few years later it gave way during a heavy storm. Probably contributing to the disaster was a load of heavy "bituminous rock" that had been dug in Edna and was waiting in sacks for shipment to San Francisco to be used as paving material. The new Pier that replaced the original was built in 1924 and was much longer than it is today. Some can remember driving cars along its length, then backing out, or using the tight turn around at the end. It is said that it extended out far enough that Navy ships could tie up and the men could come ashore. The Pier had sustained damage several times, but a major storm tore up the south side of the seawall and about 500 feet off the end of the Pier early in its existence. It was never put back. After a 1983 storm washed out most of the wharf, it was rebuilt in its present configuration in 1985-86. The state, county and city all have an interest in the Pier. The Pier at Pismo Beach continues to be one of the community's major attractions.

Tourism

John Price realized the potential Pismo had for tourism when he built the Pismo Beach Hotel. The Pismo Beach Hotel was sold to A. E. Pomeroy and Charles Stimson in 1887. They enlarged the hotel and renamed it the El Pizmo Inn. The hotel was sold and resold many times. In early times, the area was thought of as a place to spend several months, relaxing and enjoying the surroundings. Early advertisements for the El Pizmo Inn encouraged visitors to come and enjoy the "fine duck hunting and the pleasant surroundings." The 1900s were wild times in Pismo Beach. Pismo was noted for having many saloons, along with several notorious brothels. Other amusement-type businesses at the time, besides the hotels, offered a variety of entertainment, including a skating rink, a bowling alley, and a dance hall. The property directly south of Shell Beach now known as Dinosaur Caves was the site of an amusement park, with a giant cement dinosaur to gather attention. H. Douglas Brown started building the dinosaur in 1948 and was stopped by local opposition. The headless dinosaur remained a local landmark until it was torn down in the late 1950s. Pismo Beach was also known to be a place to find booze during the Prohibition Era. The second El Pizmo Inn was built about the turn of the century and became so popular that a "Tent City" was erected for the overflow of tourists. They were clean, well-organized 18' x 14' tents resting on wooden planks, which could be rented for $8 a week. Eventually, the Tent City was expanded to where the pool hall Hot Shots now stands. "Tent City" lasted into the late 1920s. The Southern Pacific Railroad also helped tourism in Pismo Beach. It brought people from the San Francisco Bay area to Pismo Beach in one of the first "timeshare" operations. The people paid $30 for a ride down to Pismo Beach and then stayed in the Tent



City. If the tourists liked the tents, the railroad would use their fare as a down payment on a tent for the people. If the people didn't like the tent, their money was refunded and they returned to San Francisco free of charge. It was rumored that more people stayed than asked for refunds. In 1912, Highway 2, today's Highway 101, was routed through Pismo Beach, giving automobile travelers an easy route to the beach. Highway 101 was not expanded to four lanes until the late 1950s.

Shell Beach and Sunset Palisades

Shell Beach was quite different years ago, when it was nothing but pea fields. The area was the site of a Chumash village. Floyd Calvert bought and developed much of the land in 1926. He paid $45,000 for 41 acres between the ocean and the highways. When Calvert first visited Shell Beach, there were approximately 50 residents in the area. Calvert sold lots in the area for as little as $195. A resident of Hollywood, Calvert was told about the area by a friend in 1925. When he first visited Shell Beach, there was only one street, Boeker Avenue, with a few cottages on it. Calvert was struck by the beauty of Shell Beach and bought a portion of it. In January 1926, he opened offices in the area, hired seven salesmen and began selling land to people seeking summer

retreats from the hot valley. When the summer selling season was over that first year, Calvert had to close his offices. The depression, which was to hit hard in 1929, was beginning to be felt. Then Calvert had to devise a new way to sell his land. He offered it for $5 a month. Even then it was hard to sell. During the Depression, Calvert, who had been a builder in Hollywood, lost all his property except for Shell Beach. He had such faith in this area he thought if he could hold onto this land, someday people would realize its worth. It took Calvert 20 years to sell the first 456 lots on the Shell Beach land he owned. But shortly before and after World War II, Calvert began to have more success selling lots. During World War II, many soldiers had trained in California. They liked the climate and wanted to live in the area. It was then that Shell Beach changed from a resort area for residents of the San Joaquin Valley to a residential community. When Calvert began to break ground for building houses, he found skeletons of Chumash who were buried in the area. He also found copper bracelets, arrowheads, spearheads, and stone bowls, which had been used for grinding meal. Most of the Indian artifacts were found near the ocean between Placentia and Palomar Avenues. Major archaeological sites have been noted in this area and that of Sunset Palisades. It was known as Oilport and was opened in August of 1907, quite different from today's residential Sunset Palisades area. Built with investor funds, it operated for only one month. The plant, built by California Petroleum Refineries Ltd., was to be the most modern on the West Coast. Nearly 2.25 million bricks went into the construction of the facilities. Financed primarily by investors, it cost over $2 million to build. It was to be the most complete refinery on the coast. It was set up to produce kerosene, gasoline, lubricating oil, and oil byproducts. The refinery existed until just after World War II, when it was finally torn down. The land was sold, subdivided and replaced with housing.

Incorporation

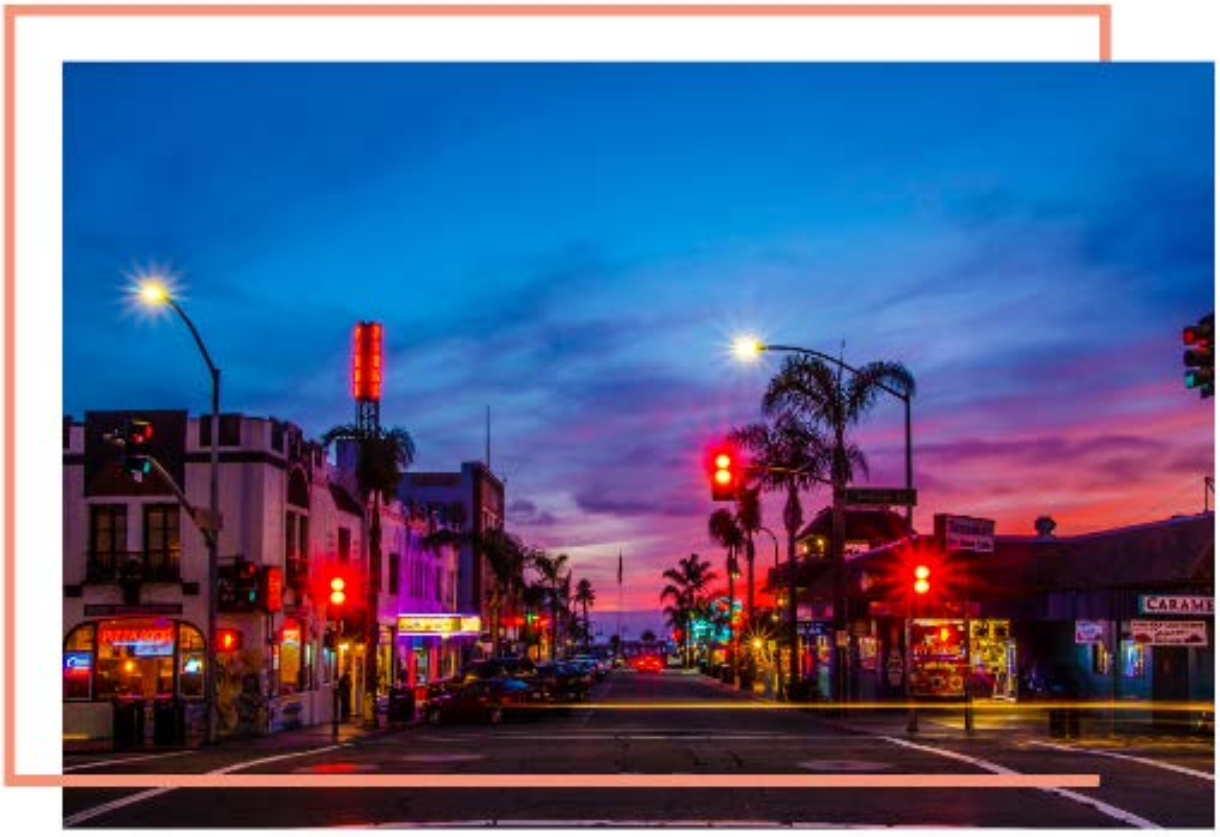
1926 saw the first incorporation attempt in Pismo Beach. Though it failed, attempts to incorporate the city were finally successful in 1939, when Pismo Beach became a sixth-class city by a majority of seven votes. In 1940, worries over increased taxes led the citizens to vote to disincorporate the city. The majority was eight votes in the election. The present city government dates from April 25, 1946. Pismo Beach celebrated its 70th anniversary in 2016.

Pismo Beach Today

Pismo Beach is a thriving beach city in southern San Luis Obispo County, in the Central Coast area of California. It is the last true classic California beach town. Pismo Beach offers seaside activities and a variety of accommodations for the young and the young-at-heart in a safe, relaxing environment, away from the crowds and the hustle of the big city. The city has numerous lodging options, including luxurious five-star hotels, deluxe vacation rentals, or cozy campsites on the beach. The beach is located next to downtown and has a boardwalk and a 1,200-foot pier. The city also has multiple locally-owned restaurants, a Wednesday farmer's market for fresh fare, and renowned wineries. The city has a plentitude of shopping options throughout the city and a Pismo Beach Premium Outlets center. Residents and visitors alike enjoy the plethora of activities available year-round with the mild temperatures, including biking, hiking, surfing, kayaking, fishing, swimming, golfing, shopping, and wine tasting.

For more information, please visit us at:

www.PismoBeach.org
www.ClassicCalifornia.com



Municipal Government

The City operates under a council-manager form of government. Policymaking and legislative authority are vested in the City Council consisting of the elected Mayor and four other elected Council members. The Mayor is elected to two-year terms, and the Council is elected to four-year staggered terms, with two members elected every two years. The Council's primary responsibilities are adopting City laws and policies, adopting the City budget, appointing Advisory Body Members, and hiring the City Manager and City Attorney.

The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the daily operations of the City, and for appointing other employees and otherwise managing daily operations of the City. The City Manager is assisted by an administrative team, which includes the City Attorney (who is a contract Attorney) and department heads for Administrative Services, Management Services, Public Works, Tourism and Events, Community Development, Police, and Fire.

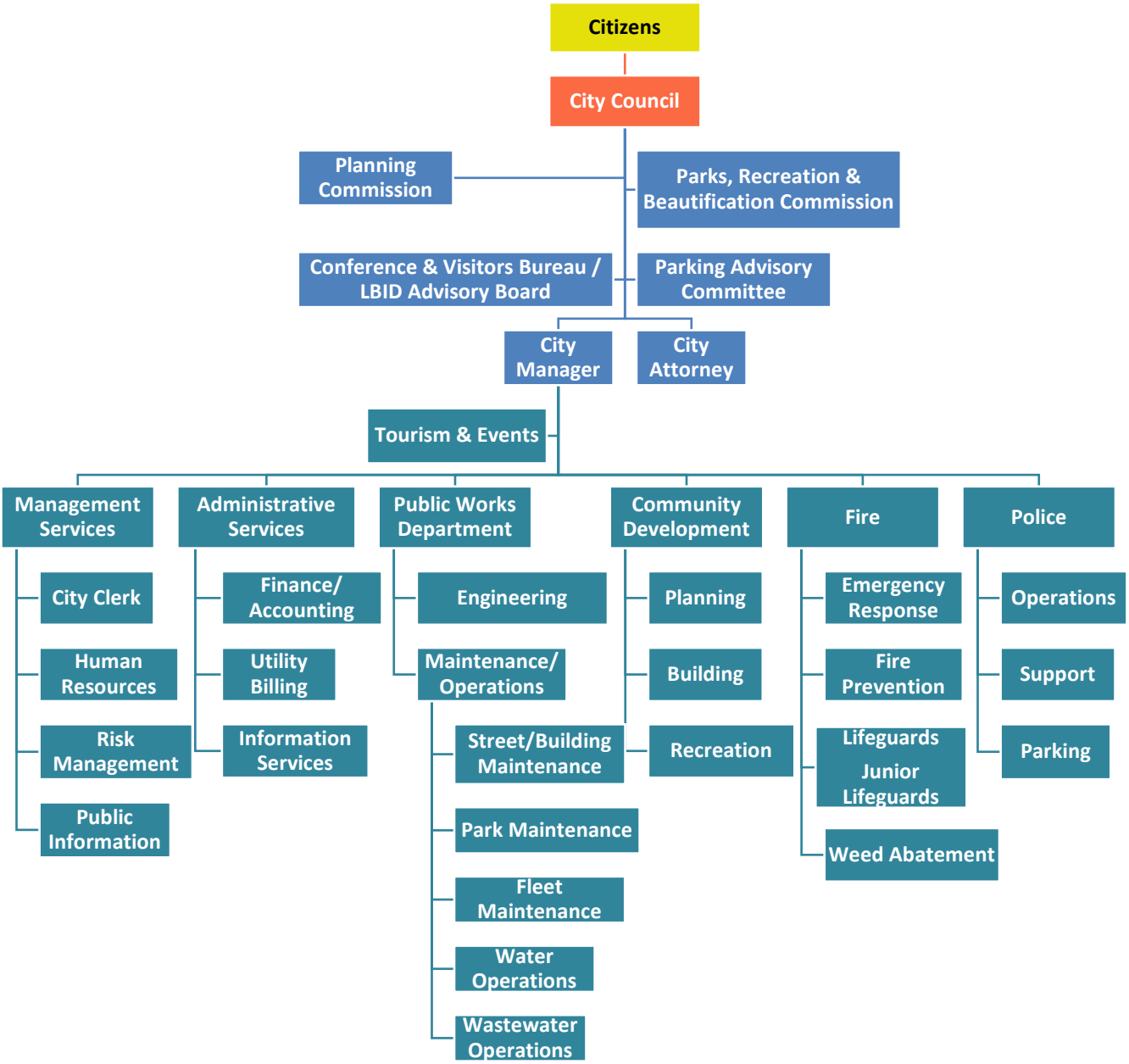
The City provides a full range of municipal services including fire and police protection, construction and maintenance of city streets, storm drains, bridges and similar infrastructure-type assets; park maintenance; community recreation activities and public facilities. In terms of business-type activities, the City provides water, wastewater, parking, pier, and transit services through the operation of its enterprises. The City's public facilities corporation and public financing authority are blended component units and are reported in this report as part of the City's operations.

Contact us:

www.pismobeach.org

City Hall is located at:
760 Mattie Road
Pismo Beach, CA 93449
Main Phone Number is:
805-773-4657

General Organization



City Council Goals and Priorities

Beginning in September 2018, the City Council began efforts to solicit the community's input and ideas to help shape the Council's goals for the upcoming FY 2020 and FY 2021 budgets. The Council received input from the public through a variety of means, including an advisory body workshop, two community workshops, flyers in all utility bills, booths set up at community events, and feedback through the City's website. After receiving the community's ideas, the Council held a goal-setting informational meeting on January 15, 2019 to discuss the status of the current goals and the fiscal outlook. On February 1, 2019, the Council took the consolidated results collected from the community outreach efforts and established five Major City Goals and three Other Important Objectives. The City Council prioritized the suggested goals in order to help guide staff in the development of the upcoming two-year work program and budget. The adopted goals are presented below and in the department sections of this budget document.

MAJOR CITY GOALS

- Water Supply, Conservation and Central Coast Blue. Continue to improve the City's water supply, including conservation, with special focus on implementation of Central Coast Blue including commitments from partner agencies and public outreach and education.
- Downtown Parking. Continue work on downtown parking solutions, including a parking structure.
- Local Coastal Plan/General Plan/Zoning. Update the Local Coastal Plan, General Plan and Zoning, emphasizing issues important to the community, such as managed growth, appropriate design and neighborhood preservation.
- Downtown Improvements and Pier Plaza. Continue efforts to keep the downtown attractive and prosperous, with special focus on completing the Pier Plaza and related improvements, and façade enhancements.
- Bello Street and Old City Hall. Complete plans and begin implementation of police/fire station improvements, preservation of the old school house and the disposition of the public tennis courts at the Old City Hall.

OTHER IMPORTANT OBJECTIVES

- Bluff Protection and Beach Access. Continue work on implementing bluff protection and improved beach access, with high priority to replacing the stairway at Morro and completing Ocean Boulevard bluff protection, and infrastructure along Cypress.
- Traffic Circulation. Continue to implement the Circulation Element with special focus on solutions to downtown traffic.
- Community Choice Energy. Explore the possibility of instituting a community choice energy option in Pismo Beach and initiate an implementation strategy if deemed feasible and desirable.

The following tables provide a list of budgeted items to implement all or a portion of the Council's Goals.

Water

Description	Fund Title	One-time/ Ongoing	FY 2020	FY 2021
Central Coast Blue	Water Enterprise Fund	One-time	$ 430,400	$ 31,100
Central Coast Blue	Wastewater Treatment Fund	One-time	874,000	63,000
Central Coast Blue Subtotal			*1,304,400*	*94,100*
Shell Beach Reservoir	Water Enterprise Fund	One-time	Budgeted	
Charles Street Reservoir replacement	Water Enterprise Fund	One-time	-	1,803,500
Install Variable Frequency Drives in booster stations	Water Enterprise Fund	One-time	56,100	-
Mandatory update of Urban Water Master Plan	Water Enterprise Fund	One-time	82,400	-
Perform maintenance and structural repairs to Reservoirs	Water Enterprise Fund	Ongoing	51,500	53,000
Replace existing 8" waterline with 12" from 4th Street to Outlet Center ramp	Water Construction Fund	One-time	154,500	-
			$ 1,648,900	**$ 1,950,600**

Enhance Downtown Parking/ Parking Structure

Description	Fund Title	One-time/ Ongoing	FY 2020
Two or Three dynamic signs to improve circulation and parking in downtown	Circulation Fees	One-time	$ 90,000
			$ 90,000

General Plan / Local Coastal Plan

Description	Fund Title	One-time/ Ongoing	FY 2020
LCP - Urban Planning Concepts contract, supported by State Coastal Commission Grant	General Fund	One-time	$ 150,000
Planning Manager Savings (2 months). Start Sept. 2019	General Fund	One-time	(24,625)
			$ 125,375

Downtown Improvements & Pier Plaza

Description	Fund Title	One-time/ Ongoing	FY 2020	FY 2021
Advance for Pier Plaza/Pier Pking Lot, repayment by LBID Fund in FY 21 - FY 23	Motor Vehicle Replacement Fund	One-time	$ 2,301,791	$ (1,044,666)
Purchase additional trash cans in the downtown core to replace degrading cans	General Fund	One-time	30,000	-
Purchase additional banners for Pier	General Fund	Ongoing	5,000	5,000
Purchase replacement beach wheelchairs.	General Fund	One-time	4,000	4,000
Quarterly polish and detail of Pier Airstreams.	General Fund	Ongoing	5,000	5,000
			$ 2,345,791	**$(1,030,666)**

Bello Street and Old City Hall

Description	Fund Title	One-time/ Ongoing	FY 2020	FY 2021
Implement façade support/building preservation as needed	General Fund	One-time	$ 75,000	
Public Safety Facility conceptual drawings complete construction plans, specifications, and estimates. create bid materials for the construction of the facility	General Fund	One-time	700,000	500,000
Pursue a ballot initiative to create revenue source for construction	General Fund	One-time	25,000	-
			$ 800,000	**$ 500,000**

Bluff Protection and Beach Access

Description	Fund Title	One-time/ Ongoing	FY 2020	FY 2021
Bluff stabilization, pedestrian path and replacement of Morro stairs and outfall, FHWA ER Funding - includes $1.89 M FHWA funding, $500K Insurance Funds, $85K WW Funds	Capital Projects	One-time	$ 2,470,173	$ -
Bluff stabilization for Harloe lift structure infrastructure - includes $135K from WW Fund, $865K Grant Funds	Wastewater Capital Projects	One-time	-	1,000,000
			$ 2,470,173	**$ 1,000,000**

Traffic Circulation

Description	Fund Title	One-time/ Ongoing	FY 2020	FY 2021
Slope repair near City limits on Price Canyon Road, includes $841K FHWA Grant	Capital Projects	One-time	$ 950,000	$ -
Update Speed Survey as required by California Vehicle Code (every 10 years)	General Fund	One-time	-	20,000
Update the Pavement Management Plan	Half Cent Sales Tax F	One-time	-	50,000
			$ 950,000	**$ 70,000**

Financial Summaries





Changes in Available Fund Balances

FY 2020

RECAP OF FUNDS - FY 2020		Beginning Fund Balance	Projected Revenues & Other Sources	Transfers In	Operating Expenditures	Debt Service	Capital Outlay	Capital Projects	Transfers Out	Estimated Ending Fund Balance
Governmental Fund Types										
General Fund (1001)										
Primary Operating Funds:										
1001	General Fund	6,718,006	23,858,209	220,000	21,759,482	0	4,000	895,000	1,504,786	6,632,948
1002	Half Cent Sales Tax Fund	1,541,813	1,560,300	0	0	0	0	0	1,700,000	1,402,113
Total General Fund		**8,259,819**	**25,418,509**	**220,000**	**21,759,482**	**0**	**4,000**	**895,000**	**3,204,786**	**8,035,061**
Special Revenue Funds										
2001	Gas Tax Fund	43,542	369,793	0	0	0	0	0	140,000	273,335
2002	Local Transportation (Streets)	12,843	172,886	0	5,082	0	0	0	0	180,647
2003	PEG Access Fund	106,307	35,000	0	15,000	0	0	0	0	126,307
2004	Police Grant Fund	150,103	132,000	0	0	0	0	0	80,000	202,103
2005	Housing In Lieu Fund	3,521,072	99,000	0	10,976	0	0	0	0	3,609,096
2006	LBID	291,653	2,219,158	0	1,233,248	0	0	0	987,079	290,484
2007	Chapman Estate Fund	40,527	17,000	240,000	75,491	0	0	200,000	0	22,036
Total Special Revenue Funds		**4,166,047**	**3,044,837**	**240,000**	**1,339,797**	**0**	**0**	**200,000**	**1,207,079**	**4,704,008**
Capital Projects Funds										
3001	Capital Projects	0	3,226,724	5,182,319	0	0	0	8,409,043	0	0
3002	Public Facilities Fund	829	0	0	0	0	0	0	0	829
3003	Park Development Fund	45,388	48,000	0	4,270	0	0	0	0	89,118
3101	Circulation Fees	91,597	7,000	0	0	0	0	90,000	0	8,597
3102	Impact Fees	390,273	10,000	0	1,225	0	0	0	0	399,048
3103	Developer Impact Fee	58,433	0	0	0	0	0	0	0	58,433
3201	Underground Utility	15,606	0	0	0	0	0	0	0	15,606
Total Capital Projects Funds		**602,126**	**3,291,724**	**5,182,319**	**5,495**	**0**	**0**	**8,499,043**	**0**	**571,631**
Debt Service Funds										
4001	Public Finance Authority	0	394,063	0	0	394,063	0	0	0	0
4002	Public Financing Agency	0	0	709,040	0	709,040	0	0	0	0
4101	Freeway Foothills	722	0	0	0	0	0	0	0	722
4102	Spyglass/Price St.	12,021	0	0	0	0	0	0	0	12,021
4113	Visalia Street Assessment Dist	85,000	0	0	0	0	0	0	0	85,000
Total Debt Service Funds		**97,743**	**394,063**	**709,040**	**0**	**1,103,103**	**0**	**0**	**0**	**97,743**
Total Governmental Fund Types		**13,125,735**	**32,149,133**	**6,351,359**	**23,104,774**	**1,103,103**	**4,000**	**9,594,043**	**4,411,865**	**13,408,442**
Proprietary Fund Types										
Enterprise Funds										
6101	Water Operating Fund	1,868,459	4,324,000	0	3,007,858	0	83,000	486,500	461,019	2,154,082
6102	Water Tax Fund	756,726	1,600,000	212,000	1,811,347	0	0	0	0	757,379
6103	Water Construction Fund	830,886	17,000	204,500	50,000	0	0	154,500	0	847,886
6104	Water Expansion Fund	167,533	8,000	0	0	0	0	0	0	175,533
6201	Wastewater Operating Fund	3,979,611	4,875,000	92,938	2,571,868	1,137,706	92,800	874,000	923,921	3,347,254
6202	Wastewater Construction Fund	72,474	25,000	586,000	131,000	0	0	455,000	0	97,474
6203	Wastewater Expansion Fund	996,966	36,000	0	429	0	0	0	0	1,032,537
6301	Local Transportation Transit	0	11,000	0	10,778	0	0	0	0	222
6401	Pier Enterprise Fund	0	17,920	70,000	84,000	0	0	0	0	3,920
6501	Parking Enterprise Fund	2,624,368	946,000	0	560,318	0	0	25,000	3,111	2,981,939
Total Enterprise Funds		**11,297,023**	**11,859,920**	**1,165,438**	**8,227,599**	**1,137,706**	**175,800**	**1,995,000**	**1,388,051**	**11,398,226**
Internal Service Fund										
7101	Technology Service Fund	45,819	683,898	94,000	756,898	0	21,000	0	0	45,819
7201	Motor Vehicle Fund	3,490,068	567,415	491,532	500,405	0	162,950	0	2,302,413	1,583,247
Total Internal Service Fund		**3,535,887**	**1,251,313**	**585,532**	**1,257,304**	**0**	**183,950**	**0**	**2,302,413**	**1,629,066**
Total Proprietary Fund Types		**14,832,910**	**13,111,233**	**1,750,970**	**9,484,902**	**1,137,706**	**359,750**	**1,995,000**	**3,690,464**	**13,027,291**
Total City Funds		**27,958,645**	**45,260,366**	**8,102,329**	**32,589,676**	**2,240,809**	**363,750**	**11,589,043**	**8,102,329**	**26,435,734**

FY 2021

RECAP OF FUNDS - FY 2021			Beginning Fund Balance	Projected Revenues & Other Sources	Transfers In	Operating Expenditures	Debt Service	Capital Outlay	Capital Projects	Transfers Out	Estimated Ending Fund Balance
Governmental Fund Types											
General Fund (1001)											
	Primary Operating Funds:										
	1001	General Fund*	6,418,782	24,358,107	270,000	21,872,226	0	4,000	542,850	1,029,086	7,598,727
	1002	Half Cent Sales Tax Fund	1,402,113	1,575,000	0	50,000	0	0	0	15,000	2,912,113
	Total General Fund		**7,820,895**	**25,933,107**	**270,000**	**21,922,226**	**0**	**4,000**	**542,850**	**1,044,086**	**10,510,840**
Special Revenue Funds											
	2001	Gas Tax Fund	273,335	369,793	0	0	0	0	0	140,000	503,128
	2002	Local Transportation (Streets)	180,647	172,886	0	5,111	0	0	0	0	348,422
	2003	PEG Access Fund	126,307	35,000	0	10,000	0	0	0	0	151,307
	2004	Police Grant Fund	202,103	132,000	0	0	0	0	0	320,000	14,103
	2005	Housing In Lieu Fund	3,609,096	99,000	0	1,340	0	0	0	0	3,706,756
	2006	LBID	290,484	2,334,332	0	1,198,827	0	0	0	1,044,666	381,323
	2007	Chapman Estate Fund	22,036	17,000	10,000	37,491	0	0	0	0	11,545
	Total Special Revenue Funds		**4,704,008**	**3,160,011**	**10,000**	**1,252,769**	**0**	**0**	**0**	**1,504,666**	**5,116,584**
Capital Projects Funds											
	3001	Capital Projects	0	0	15,000	0	0	0	15,000	0	0
	3002	Public Facilities Fund	829	0	0	0	0	0	0	0	829
	3003	Park Development Fund	89,118	48,000	0	4,483	0	0	0	0	132,635
	3101	Circulation Fees	8,597	7,000	0	0	0	0	0	0	15,597
	3102	Impact Fees	399,048	10,000	0	1,286	0	0	0	0	407,762
	3103	Developer Impact Fee	58,433	0	0	0	0	0	0	0	58,433
	3201	Underground Utility	15,606	0	0	0	0	0	0	0	15,606
	Total Capital Projects Funds		**571,631**	**65,000**	**15,000**	**5,769**	**0**	**0**	**15,000**	**0**	**630,862**
Debt Service Funds											
	4001	Public Finance Authority	0	388,363	0	0	388,363	0	0	0	0
	4002	Public Financing Agency	0	0	713,509	0	713,509	0	0	0	0
	4101	Freeway Foothills	722	0	0	0	0	0	0	0	722
	4102	Spyglass/Price St.	12,021	0	0	0	0	0	0	0	12,021
	4113	Visalia Street Assessment Dist	85,000	0	0	0	0	0	0	0	85,000
	Total Debt Service Funds		**97,743**	**388,363**	**713,509**	**0**	**1,101,871**	**0**	**0**	**0**	**97,743**
Total Governmental Fund Types			**13,194,278**	**29,546,481**	**1,008,509**	**23,180,764**	**1,101,871**	**4,000**	**557,850**	**2,548,752**	**16,356,030**
Proprietary Fund Types											
Enterprise Funds											
	6101	Water Operating Fund	2,154,082	4,811,000	0	2,971,489	0	83,000	1,834,600	305,167	1,770,826
	6102	Water Tax Fund	757,379	1,600,000	212,000	1,811,347	0	0	0	0	758,032
	6103	Water Construction Fund	847,886	17,000	50,000	50,000	0	0	0	0	864,886
	6104	Water Expansion Fund	175,533	8,000	0	0	0	0	0	0	183,533
	6201	Wastewater Operating Fund	3,347,254	5,029,000	142,569	2,616,353	1,134,315	93,800	63,000	973,892	3,637,463
	6202	Wastewater Construction Fund	97,474	890,000	637,000	131,000	0	0	1,424,000	53,000	16,474
	6203	Wastewater Expansion Fund	1,032,537	36,000	0	451	0	0	0	0	1,068,086
	6301	Local Transportation Transit	222	11,000	0	10,817	0	0	0	0	405
	6401	Pier Enterprise Fund	3,920	17,920	70,000	84,000	0	0	0	0	7,840
	6501	Parking Enterprise Fund	2,981,939	966,000	0	562,951	0	0	25,000	1,037	3,358,951
	Total Enterprise Funds		**11,398,226**	**13,385,920**	**1,111,569**	**8,238,408**	**1,134,315**	**176,800**	**3,346,600**	**1,333,096**	**11,666,496**
Internal Service Fund											
	7101	Technology Service Fund	45,819	682,763	28,000	661,764	0	21,000	28,000	0	45,818
	7201	Motor Vehicle Fund	1,583,247	560,042	1,733,977	802,916	0	76,750	0	207	2,997,393
	Total Internal Service Fund		**1,629,066**	**1,242,805**	**1,761,977**	**1,464,680**	**0**	**97,750**	**28,000**	**207**	**3,043,211**
Total Proprietary Fund Types			**13,027,291**	**14,628,725**	**2,873,546**	**9,703,087**	**1,134,315**	**274,550**	**3,374,600**	**1,333,303**	**14,709,707**
Total City Funds			**26,221,569**	**44,175,206**	**3,882,055**	**32,883,852**	**2,236,187**	**278,550**	**3,932,450**	**3,882,055**	**31,065,737**

* General Fund beginning fund balance is reduced by $214,165 to reflect FY 2020 contributions to reserves.

Fund Budget Summaries—Revenues

FUND SUMMARY
Comparative Annual Revenues By Fund

FUND DESCRIPTION	FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2020 ADOPTED	FY 2021 ADOPTED
REVENUES						
GENERAL FUND	23,098,319	31,967,081	24,232,331	25,172,328	25,623,509	26,188,107
HALF CENT SALES TAX FUND	1,483,480	1,491,464	1,555,535	-	15,000	15,000
GAS TAX FUND	182,037	183,660	231,360	332,222	369,793	369,793
LOCAL TRANSPORTATION FUND	184,728	158,569	118,563	171,000	172,886	172,886
PEG ACCESS FEE FUND	3,301	34,529	35,707	25,260	35,000	35,000
POLICE GRANTS FUND	160,617	100,118	137,434	100,520	132,000	132,000
HOUSING IN LIEU FUND	1,380,080	558,409	132,895	57,800	99,000	99,000
LBID FUND	922,195	951,002	1,000,519	1,497,318	2,219,158	2,334,332
CHAPMAN HOUSE FUND	2,315	23,821	246,756	16,125	257,000	27,000
CAPITAL PROJECTS FUND	1,873,371	2,579,530	1,807,732	17,549,913	8,409,043	15,000
PUBLIC FACILITIES FUND	5	0	3	-	-	-
PARK DEVELOPMENT FEE FUND	585,984	184,821	3,938	30,000	48,000	48,000
CIRCULATION FEE FUND	594	464,385	175,442	-	7,000	7,000
IMPACT FEE FUND	438,279	301,558	25,747	9,000	10,000	10,000
DEVELOPER IMPACT FEE FUND	897	7	(1,134)	-	-	-
UNDERGROUND UTILITY FUND	15,023	29	(58)	-	-	-
PUBLIC FINANCING AUTHORITY FUND	440,881	3,199,777	391,843	388,163	394,063	388,363
PUBLIC FINANCING AGENCY	-	-	5,314,571	1,804,901	709,040	713,509
1992-1 REASSESSMENT FUND	531	(50)	(3)	-	-	-
1992-4 REASSESSMENT FUND	68	1	44	-	-	-
WATER FUND	4,699,434	4,119,576	5,781,259	3,680,039	4,324,000	4,811,000
WATER TAX FUND	2,363,677	2,481,481	1,452,492	1,540,000	1,812,000	1,812,000
WATER CONSTRUCTION FUND	18,612	134,972	101,073	4,450,277	221,500	67,000
WATER EXPANSION FUND	203,114	820,588	171,543	-	8,000	8,000
WASTEWATER FUND	4,138,309	4,890,108	8,235,728	4,873,901	4,967,938	5,171,569
WASTEWATER CONSTRUCTION FUND	709,574	936,644	1,561,508	10,025,811	611,000	1,527,000
WASTEWATER EXPANSION FUND	489,054	355,136	39,115	20,000	36,000	36,000
LOCAL TRANSIT FUND	10,540	15,003	9,917	10,500	11,000	11,000
PIER FUND	187,574	7,763,230	91,022	828,459	87,920	87,920
PARKING ENTERPRISE FUND	644,921	816,689	759,758	675,000	946,000	966,000
TECHNOLOGY SERVICE FUND	677,398	756,996	800,002	992,611	777,898	710,763
MOTOR VEHICLE FUND	960,653	1,243,525	1,018,478	1,267,988	1,058,947	2,294,019
INDIO/PORTAL AD FUND	4	98	(2)	-	-	-
VISALIA STREET AD FUND	542	4	(353)	-	-	-
Less transfers between funds	(4,500,188)	(15,923,950)	(9,516,271)	(23,412,892)	(8,102,329)	(3,882,055)
TOTAL REVENUES	$ 41,375,921	$ 50,608,813	$ 45,914,494	$ 52,106,243	$ 45,260,366	$ 44,175,206

Fund Budget Summaries—Expenditures

FUND SUMMARY
Comparative Annual Expenses By Fund

FUND DESCRIPTION	FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019* BUDGET	FY 2020 ADOPTED	FY 2021 ADOPTED
EXPENSES						
GENERAL FUND	19,556,801	29,565,155	24,446,137	31,078,071	24,163,268	23,448,163
HALF CENT SALES TAX FUND	1,555,062	1,523,185	393,294	3,559,544	1,700,000	65,000
GAS TAX FUND	149,714	356,483	150,052	637,425	140,000	140,000
LOCAL TRANSPORTATION FUND	1,443	606,466	205,169	491,093	5,082	5,111
PEG ACCESS FEE FUND	3,528	3,198	1,204	43,966	15,000	10,000
POLICE GRANTS FUND	37,147	43,747	116,792	304,042	80,000	320,000
HOUSING IN LIEU FUND	5,172	9,780	14,352	14,415	10,976	1,340
LBID FUND	892,499	935,793	1,000,554	1,600,498	2,220,327	2,243,493
CHAPMAN HOUSE FUND	97,966	104,606	283,643	73,204	275,491	37,491
CAPITAL PROJECTS FUND	1,865,807	2,650,754	1,820,314	17,423,028	8,409,043	15,000
PUBLIC FACILITIES FUND	-	-	-	-	-	-
PARK DEVELOPMENT FEE FUND	352,171	49,794	16,058	1,766,531	4,270	4,483
CIRCULATION FEE FUND	-	-	140,511	523,847	90,000	-
IMPACT FEE FUND	59,095	775,661	243,079	480,286	1,225	1,286
DEVELOPER IMPACT FEE FUND	-	-	1853.73	-	-	-
UNDERGROUND UTILITY FUND	-	-	-	-	-	-
PUBLIC FINANCING AUTHORITY FUN	440,881	3,199,777	391,843	388,163	394,063	388,363
PUBLIC FINANCING AGENCY FUND			1,496,892	3,886,645	709,040	713,509
1992-1 REASSESSMENT FUND	-	91,829	-	-	-	-
1992-4 REASSESSMENT FUND	-	-	-	-	-	-
WATER FUND	3,699,264	3,592,589	3,873,695	8,923,368	4,038,377	5,194,256
WATER TAX FUND	2,792,001	1,769,125	1,910,758	1,911,345	1,811,347	1,811,347
WATER CONSTRUCTION FUND	283,380	279,426	55,473	4,462,376	204,500	50,000
WATER EXPANSION FUND	-	376,870	883,136	-	-	-
WASTEWATER FUND	4,006,907	4,543,303	3,970,828	5,197,944	5,600,295	4,881,360
WASTEWATER CONSTRUCTION FUND	7,785	76,696	2,194,737	10,500,637	586,000	1,608,000
WASTEWATER EXPANSION FUND	327	404,040	1,004,302	409	429	451
LOCAL TRANSIT FUND	8,915	10,321	7,741	10,741	10,778	10,817
PIER FUND	74,525	106,954	94,835	1,898,100	84,000	84,000
PARKING ENTERPRISE FUND	592,125	413,741	571,967	989,088	588,429	588,988
TECHNOLOGY FUND	664,519	762,752	721,441	1,045,188	777,898	710,764
MOTOR VEHICLE FUND	718,572	831,767	851,570	1,669,297	2,965,768	879,873
INDIO/PORTAL AD FUND	-	-	-	-	-	-
VISALIA STREET AD FUND	-	-	-	85,000	-	-
Less transfers between funds	(4,500,188)	(15,923,950)	(9,516,271)	(23,412,892)	(8,102,329)	(3,882,055)
TOTAL EXPENSES	$ 33,365,420	$ 37,159,862	$ 37,345,960	$ 75,551,358	$ 46,783,278	$ 39,331,038

Note: *Budget for FY 2019 includes carryover purchase orders and capital projects.

Expenditures by Fund and Division

Fund	Division	FY 2016 Actuals	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Revised Budget	FY 2020 Adopted Budget	FY 2021 Adopted Budget
1001 General Fund							
	101 General Government	-	-	96	20,000	-	-
	102 Non-Department	3,501,624	4,884,605	5,296,970	2,045,050	2,521,370	2,568,126
	111 City Council	273,758	306,959	204,118	236,516	239,164	256,131
	121 City Manager	408,501	442,297	471,537	598,589	471,743	474,490
	122 Conference & Visitors Bureau	573,586	565,603	700,467	825,339	823,957	836,094
	131 Legal	261,543	174,501	211,473	286,900	278,900	278,900
	142 City Clerk	283,873	314,415	290,900	349,313	320,286	334,758
	143 Human Resources	319,943	259,139	286,045	354,268	468,470	451,735
	152 Finance	751,995	822,042	872,327	962,264	985,807	1,001,562
	153 Information Technology	81,063	107,729	134,301	284,226	133,223	24,474
	211 Police	5,032,393	5,804,243	6,207,518	6,742,551	6,541,509	6,710,458
	221 Fire	2,219,583	2,375,815	2,436,301	3,078,363	3,211,330	3,331,945
	222 Weed Abatement	20,920	16,813	17,103	17,140	14,500	14,500
	223 Lifeguards	246,887	200,812	235,981	210,721	228,184	222,341
	224 Junior Lifeguards	37,680	39,250	44,589	53,455	53,546	53,546
	301 Public Works	149,742	125,480	957,211	6,313,413	-	-
	302 Engineering	722,191	749,831	731,021	828,815	1,114,558	903,405
	303 Facilities Division	2,637,403	2,571,240	2,598,335	3,360,299	3,691,842	3,162,631
	402 Planning	809,245	720,244	763,599	1,636,325	1,025,235	877,008
	403 Building	760,703	708,262	705,209	897,581	929,303	830,831
	404 Recreation	464,168	505,449	572,408	593,691	584,193	587,861
	507 2017 Pier Bond Financing	-	7,870,427	538,368	403,913	402,563	407,163
	508 2017B CREBs Financing	-	-	150,575	979,338	123,585	120,204
General Fund Total		**$ 19,556,801**	**$ 29,565,155**	**$ 24,426,453**	**$ 31,078,071**	**$ 24,163,268**	**$ 23,448,163**
1002 Half Cent Sales Tax Fund							
	101 General Government	-	1,000,000	-	-	-	-
	301 Public Works	1,555,062	523,185	293,200	3,559,544	1,700,000	15,000
	302 Engineering	-	-	-	-	-	50,000
	402 Planning	-	-	100,094	-	-	-
Half Cent Sales Tax Fund Total		**$ 1,555,062**	**$ 1,523,185**	**$ 393,294**	**$ 3,559,544**	**$ 1,700,000**	**$ 65,000**
2001 Gas Tax Fund							
	301 Public Works	933	16,483	-	-	-	-
	303 Facilities Division	148,781	340,000	150,052	637,425	140,000	140,000
Gas Tax Fund Total		**$ 149,714**	**$ 356,483**	**$ 150,052**	**$ 637,425**	**$ 140,000**	**$ 140,000**
2002 Local Transportation							
	302 Engineering	-	-	-	-	-	-
	303 Facilities Division	1,443	606,466	205,169	491,093	5,082	5,111
Local Transportation Total		**$ 1,443**	**$ 606,466**	**$ 205,169**	**$ 491,093**	**$ 5,082**	**$ 5,111**

Fund	Division	FY 2016 Actuals	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Revised Budget	FY 2020 Adopted Budget	FY 2021 Adopted Budget
2003 Public Education Government Fund							
	101 General Government	-	-	-	-	-	-
	121 City Manager	3,528	3,198	385	-	15,000	10,000
	142 City Clerk	-	-	819	43,966	-	-
	303 Facilities Division	-	-	-	-	-	-
Public Education Government Fund Total		**$ 3,528**	**$ 3,198**	**$ 1,204**	**$ 43,966**	**$ 15,000**	**$ 10,000**
2004 Grants - Non-Capital							
	211 Police	37,147	43,747	116,792	304,042	80,000	320,000
Grants - Non-Capital Total		**$ 37,147**	**$ 43,747**	**$ 116,792**	**$ 304,042**	**$ 80,000**	**$ 320,000**
2005 Housing In Lieu Fee							
	402 Planning	5,172	9,780	14,352	14,415	10,976	1,340
Housing In Lieu Fee Total		**$ 5,172**	**$ 9,780**	**$ 14,352**	**$ 14,415**	**$ 10,976**	**$ 1,340**
2006 Lodging Business Improvement							
	122 Conference & Visitors Bureau	892,499	935,793	1,000,554	1,600,498	2,220,327	2,243,493
Lodging Business Improvement Total		**$ 892,499**	**$ 935,793**	**$ 1,000,554**	**$ 1,600,498**	**$ 2,220,327**	**$ 2,243,493**
2007 Chapman Estate Fund							
	122 Conference & Visitors Bureau	-	260	1,379	6,520	6,662	6,662
	153 Information Technology	-	-	-	-	50,000	-
	303 Facilities Division	-	-	-	-	150,000	-
	402 Planning	97,966	104,346	282,264	66,684	68,829	30,829
Chapman Estate Fund Total		**$ 97,966**	**$ 104,606**	**$ 283,643**	**$ 73,204**	**$ 275,491**	**$ 37,491**
3001 Capital Projects							
	211 Police	-	-	-	200,000	-	-
	301 Public Works	-	-	1,089,616	3,809,739	5,759,043	-
	302 Engineering	46,148	140	738	703,719	1,900,000	-
	303 Facilities Division	1,807,582	2,481,592	665,190	12,304,936	750,000	15,000
	402 Planning	7,077	169,022	64,770	405,532	-	-
	403 Building	5,000	-	-	-	-	-
	503 Assessment Districts	-	-	-	-	-	-
Capital Projects Total		**$ 1,865,807**	**$ 2,650,754**	**$ 1,820,314**	**$ 17,423,926**	**$ 8,409,043**	**$ 15,000**
3002 Public Facilities Fund							
	301 Public Works	-	-	-	-	-	-
	302 Engineering	-	-	-	-	-	-
Public Facilities Fund Total		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
3003 Park Development Fund							
	301 Public Works	-	-	-	1,731,067	-	-
	303 Facilities Division	352,171	49,794	16,058	35,464	4,270	4,483
Park Development Fund Total		**$ 352,171**	**$ 49,794**	**$ 16,058**	**$ 1,766,531**	**$ 4,270**	**$ 4,483**

Fund	Division	FY 2016 Actuals	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Revised Budget	FY 2020 Adopted Budget	FY 2021 Adopted Budget
3101 Circulation Fees							
	301 Public Works	-	-	13,305	148,695	-	-
	302 Engineering	-	-	-	375,000	90,000	-
	303 Facilities Division	-	-	-	-	-	-
	402 Planning	-	-	127,207	151	-	-
Circulation Fees Total		**$ -**	**$ -**	**$ 140,511**	**$ 523,847**	**$ 90,000**	**$ -**
3102 Impact Fees							
	101 General Government	59,095	775,661	243,079	336,166	1,225	1,286
	152 Finance	-	-	19,684	19,120	-	-
	221 Fire	-	-	-	125,000	-	-
	301 Public Works	-	-	-	-	-	-
	302 Engineering	-	-	-	-	-	-
	303 Facilities Division	-	-	-	-	-	-
Impact Fees Total		**$ 59,095**	**$ 775,661**	**$ 262,763**	**$ 480,286**	**$ 1,225**	**$ 1,286**
3103 DIF Sunset Palisades Stairs							
	101 General Government	-	-	1,854	-	-	-
DIF Sunset Palisades Stairs Total		**$ -**	**$ -**	**$ 1,854**	**$ -**	**$ -**	**$ -**
3201 Underground Utility Fund							
	303 Facilities Division	-	-	-	-	-	-
Underground Utility Fund Total		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
4001 Public Financing Authority Debt Service							
	101 General Government	-	-	-	-	-	-
	505 2007 Bond Refund 1999	440,881	3,199,777	-	-	-	-
	506 2012 WW Bond Refunding	-	-	391,843	388,163	394,063	388,363
Public Financing Authority Debt Service Tota		**$ 440,881**	**$ 3,199,777**	**$ 391,843**	**$ 388,163**	**$ 394,063**	**$ 388,363**
4002 Public Financing Agency							
	507 2017 Pier Bond Financing	-	-	538,368	403,913	402,563	407,163
	508 2017B CREBs Financing	-	-	958,524	3,482,732	306,478	306,346
Public Financing Agency Total		**$ -**	**$ -**	**$ 1,496,892**	**$ 3,886,645**	**$ 709,040**	**$ 713,509**
4101 Assessment District Fwy Fthlls 92-1							
	504 1992-1 Fwy Foothills AD	-	91,829	-	-	-	-
Assessment District Fwy Fthlls 92-1 Total		**$ -**	**$ 91,829**	**$ -**	**$ -**	**$ -**	**$ -**
4112 Assessment District Indio Portal							
	503 Assessment Districts	-	-	-	-	-	-
Assessment District Indio Portal Total		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
4113 Visalia Street							
	303 Facilities Division	-	-	-	85,000	-	-
Visalia Street Total		**$ -**	**$ -**	**$ -**	**$ 85,000**	**$ -**	**$ -**

Fund	Division	FY 2016 Actuals	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Revised Budget	FY 2020 Adopted Budget	FY 2021 Adopted Budget
6101 Water Enterprise Fund							
	101 General Government	-	-	-	-	-	-
	152 Finance	108,691	123,274	124,113	160,191	96,824	98,106
	312 Water Division	3,590,574	3,469,315	3,749,582	11,597,443	3,941,552	5,096,150
Water Enterprise Fund Total		**$ 3,699,264**	**$ 3,592,589**	**$ 3,873,695**	**$ 11,757,634**	**$ 4,038,377**	**$ 5,194,256**
6102 Water Tax Lopez State							
	312 Water Division	2,792,001	1,769,125	1,910,758	1,911,345	1,811,347	1,811,347
Water Tax Lopez State Total		**$ 2,792,001**	**$ 1,769,125**	**$ 1,910,758**	**$ 1,911,345**	**$ 1,811,347**	**$ 1,811,347**
6103 Water Construction Fund							
	101 General Government	-	-	-	-	-	-
	312 Water Division	283,380	279,426	55,473	4,462,376	204,500	50,000
Water Construction Fund Total		**$ 283,380**	**$ 279,426**	**$ 55,473**	**$ 4,462,376**	**$ 204,500**	**$ 50,000**
6104 Water Expansion Fund							
	101 General Government	-	376,870	883,136	-	-	-
Water Expansion Fund Total		**$ -**	**$ 376,870**	**$ 883,136**	**$ -**	**$ -**	**$ -**
6201 Wastewater Treatment Fund							
	152 Finance	75,330	78,363	82,863	115,576	96,949	98,106
	302 Engineering	-	-	816	-	-	-
	313 Wastewater Division	2,921,306	3,452,518	2,805,842	3,709,779	4,087,060	3,359,477
	506 2012 WW Bond Refunding	1,010,271	1,012,422	1,013,412	1,105,369	1,140,456	1,137,065
	508 2017B CREBs Financing	-	-	67,896	267,221	275,830	275,712
Wastewater Treatment Fund Total		**$ 4,006,907**	**$ 4,543,303**	**$ 3,970,828**	**$ 5,197,944**	**$ 5,600,295**	**$ 4,870,360**
6202 Wastewater Capital Projects							
	101 General Government	-	-	-	-	-	-
	312 Water Division	-	-	-	-	-	-
	313 Wastewater Division	17,766	86,925	2,205,059	10,559,837	586,000	1,608,000
	506 2012 WW Bond Refunding	(9,981)	(10,229)	(10,322)	-	-	-
Wastewater Capital Projects Total		**$ 7,785**	**$ 76,696**	**$ 2,194,737**	**$ 10,559,837**	**$ 586,000**	**$ 1,608,000**
6203 Wastewater Expansion							
	101 General Government	-	403,668	1,003,918	-	-	-
	313 Wastewater Division	327	372	384	409	429	451
Wastewater Expansion Total		**$ 327**	**$ 404,040**	**$ 1,004,302**	**$ 409**	**$ 429**	**$ 451**

Fund	Division	FY 2016 Actuals	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Revised Budget	FY 2020 Adopted Budget	FY 2021 Adopted Budget
6301	Local Transportation Transit Fund						
	101 General Government	8,915	10,321	7,741	10,741	10,778	10,817
	Local Transportation Transit Fund Total	**$ 8,915**	**$ 10,321**	**$ 7,741**	**$ 10,741**	**$ 10,778**	**$ 10,817**
6401	Pier Enterprise Fund						
	302 Engineering	74,525	106,954	94,085	1,877,350	84,000	84,000
	303 Facilities Division	-	-	-	20,000	-	-
	313 Wastewater Division	-	-	-	-	-	-
	507 2017 Pier Bond Financing	-	-	750	750	-	-
	Pier Enterprise Fund Total	**$ 74,525**	**$ 106,954**	**$ 94,835**	**$ 1,898,100**	**$ 84,000**	**$ 84,000**
6501	Parking Enterprise Fund						
	101 General Government	-	-	-	-	-	-
	211 Police	-	-	-	75,000	-	-
	213 Operations	592,125	413,741	570,418	644,428	588,429	588,988
	301 Public Works	-	-	1,550	19,660	-	-
	402 Planning	-	-	-	250,000	-	-
	Parking Enterprise Fund Total	**$ 592,125**	**$ 413,741**	**$ 571,967**	**$ 989,088**	**$ 588,429**	**$ 588,988**
7101	Technology Service Fund						
	153 Information Technology	664,519	762,752	721,441	1,045,188	777,898	710,764
	Technology Service Fund Total	**$ 664,519**	**$ 762,752**	**$ 721,441**	**$ 1,045,188**	**$ 777,898**	**$ 710,764**
7201	Motor Vehicle Fund						
	301 Public Works	-	-	-	-	2,301,791	-
	303 Facilities Division	718,572	831,767	851,570	1,699,247	663,977	879,873
	Motor Vehicle Fund Total	**$ 718,572**	**$ 831,767**	**$ 851,570**	**$ 1,699,247**	**$ 2,965,768**	**$ 879,873**
8101	CalPERS OPEB Trust-Retirees						
	502 Cal Pers Trust	1,362	1,678	2,113	-	-	-
	CalPERS OPEB Trust-Retirees Total	**$ 1,362**	**$ 1,678**	**$ 2,113**	**$ -**	**$ -**	**$ -**
Total		**$ 37,866,970**	**$ 53,085,490**	**$ 46,864,344**	**$ 101,888,564**	**$ 54,885,607**	**$ 43,202,093**
Less Transfers		(4,500,188)	(15,923,950)	(9,516,271)	(23,412,892)	(8,102,329)	(3,882,055)
Total Net Expenditures		**$ 33,366,782**	**$ 37,161,540**	**$ 37,348,074**	**$ 78,475,672**	**$ 46,783,278**	**$ 39,320,038**

General Fund Budget Summary FY 2020 and FY 2021

(Excludes Half-Cent Transaction Sales Tax)

	FY 2019 Projected Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	$ Change (FY 2020 - FY 2019)	% Change (FY 2020 - FY 2019)	$ Change (FY 2021 - FY 2020)	% Change (FY 2021 - FY 2020)
Beginning Fund Balance	**$ 12,829,214**	**$ 6,718,006**	**$ 6,418,782**	**$ (6,111,208)**	**-48%**	**$ (299,224)**	**-4%**
Base Operating Budget							
Revenues							
Transient Occupancy Tax	10,382,020	11,070,793	11,646,665	688,773	6.6%	575,872	5.2%
Property Related Taxes	5,620,837	5,504,240	5,614,348	(116,597)	-2.1%	110,108	2.0%
Sales and Use Tax	3,150,000	3,153,575	3,184,151	3,575	0.1%	30,576	1.0%
Other revenues	1,476,465	1,696,052	1,752,312	219,587	14.9%	56,260	3.3%
Permits	1,041,690	1,060,250	939,250	18,560	1.8%	(121,000)	-11.4%
Franchise Taxes	546,119	561,500	561,500	15,381	2.8%	-	0.0%
Business Tax	224,116	230,750	230,750	6,634	3.0%	-	0.0%
Departmental Revenues	252,419	192,000	192,000	(60,419)	-23.9%	-	0.0%
Transfers In	144,432	140,000	140,000	(4,432)	-3.1%	-	0.0%
Other Taxes	133,183	77,405	79,230	(55,778)	-41.9%	1,825	2.4%
Intergovernmental Revenue	33,093	53,380	53,380	20,287	61.3%	-	0.0%
Grants	6,199	5,000	5,000	(1,199)	-19.3%	-	0.0%
Total Revenues	**$ 23,010,573**	**$ 23,744,945**	**$ 24,398,586**	**$ 734,372**	**3.2%**	**$ 653,641**	**2.8%**
Operating Expenditures							
Salaries & Wages	6,748,052	7,313,971	7,390,917	565,919	8.4%	76,947	1.1%
Benefits	4,281,732	4,315,648	4,471,166	33,916	0.8%	155,518	3.6%
Professional Services	3,683,270	3,923,229	4,058,473	239,959	6.5%	135,244	3.4%
Contract Services	2,245,012	2,566,183	2,678,091	321,171	14.3%	111,908	4.4%
Operations & Maintenance	977,544	1,093,863	1,099,266	116,319	11.9%	5,403	0.5%
Transfers Out	862,238	874,529	879,409	12,291	1.4%	4,880	0.6%
Other Financing Uses	49,557	697,000	697,000	647,443	1306.5%	-	0.0%
Other Expenses	585,854	688,405	685,510	102,551	17.5%	(2,895)	-0.4%
Retiree Medical Insurance	489,978	546,335	554,335	56,357	11.5%	8,000	1.5%
Capital Projects	1,529	4,000	4,000	2,471	161.6%	-	0.0%
Total Operating Expenditures	**$ 19,924,765**	**$ 22,023,162**	**$ 22,518,167**	**$ 2,098,397**	**10.5%**	**$ 495,005**	**2.2%**
Net Base Operating Budget	**$ 3,085,807**	**$ 1,721,783**	**$ 1,880,419**	**$ (1,364,025)**	**-44.2%**	**$ 158,636**	**9.2%**
One-Time/Work Plan/Capital							
Sources: One-time Revenues	$ 376,203	$ 333,264	$ 229,521	$ (42,939)	-11.4%	(103,743)	-31.1%
Uses							
One-time Costs	2,084,757	1,273,158	750,028	(811,598)	-38.9%	(523,131)	-41.1%
Outside Agency Funding	62,900	72,900		10,000	15.9%	(72,900)	-100.0%
Ongoing Work Plan items		400,598	179,968	400,598		(220,630)	-55.1%
Captial Projects	656,353	393,449	-	(262,904)	-40.1%	(393,449)	-100.0%
Contributions to Reserves	264,165	214,165	50,369	(50,000)	-18.9%	(163,796)	-76.5%
Total Uses	$ 3,068,174	$ 2,354,270	$ 980,364	$ (713,904)	-23.3%	$ (1,373,906)	-58.4%
Net Adopted Budget	393,836	(299,224)	1,129,576	(693,060)	-176.0%	1,428,800	-477.5%
Ending Fund Balance	**$ 13,223,051**	**$ 6,418,782**	**$ 7,548,359**	**$ (6,804,268)**	**-51.5%**	**$ 1,129,576**	**17.6%**
Carryforward Projects	$ 6,505,045						
Budget Stabilization Set-Aside	*$ 2,000,000*	*$ 2,000,000*	*$ 2,000,000*				
CalPERS Pre-payment Set-Aside	*1,000,000*	*1,000,000*					
Final Ending Fund Balance	**$ 3,718,006**	**$ 3,418,782**	**$ 5,548,359**				

Comparative General Fund Revenues and Expenditures

(Includes Half-Cent Transaction Sales Tax)

FY 2016 ACTUALS TO FY 2021 BUDGET

ACCOUNT DESCRIPTION	FY 2016 ACTUALS	FY 2017 ACTUALS	FY 2018 ACTUALS	FY 2019 BUDGET	FY 2020 ADOPTED	FY 2021 ADOPTED	% OF TOTAL FY 21
REVENUES							
Transient Occupancy Tax	$ 9,199,947	$ 9,330,651	$ 10,039,921	$ 10,272,880	$ 11,070,793	$ 11,646,665	44.47%
Property Related Taxes	4,662,304	5,054,866	5,334,500	5,571,750	5,504,240	5,614,348	21.44%
Sales and Use Tax	4,485,779	4,433,756	4,689,005	4,652,360	4,698,875	4,744,151	18.12%
Other Revenues	959,346	823,252	965,849	1,136,270	1,143,500	1,196,000	4.57%
Building Permits	1,514,464	1,160,612	651,928	814,950	764,150	643,150	2.46%
Franchise Taxes	542,046	570,198	562,911	541,680	561,500	561,500	2.14%
Use of Money & Property	154,035	252,782	318,317	542,000	315,000	315,000	1.20%
Business Tax	209,780	218,289	230,008	219,030	230,750	230,750	0.88%
Transfers In	211,623	243,884	320,521	305,011	220,000	270,000	1.03%
Planning Fees	239,332	352,050	155,763	203,500	203,500	203,500	0.78%
Rents & Leases	206,188	201,215	200,845	173,513	172,852	176,612	0.67%
State Government Grants	27,213	18,498	1,339	85,000	150,000	-	0.00%
Recreation Programs	160,835	182,488	205,131	197,500	147,500	147,500	0.56%
Other Financing Sources	-	7,875,763	46,050	106,724	103,264	99,521	0.38%
Other Taxes	160,906	155,081	159,943	79,230	77,405	79,230	0.30%
Engineering Permits	141,271	884,727	43,608	68,700	70,000	70,000	0.27%
Intergovernmental Revenue	57,613	32,808	87,169	47,680	53,380	53,380	0.20%
Fines & Forfeitures	56,439	43,357	54,580	65,000	51,000	51,000	0.19%
Police Dept Services	34,724	78,272	87,010	33,200	34,200	34,200	0.13%
Special Event Permits	22,739	25,313	43,419	22,600	22,600	22,600	0.09%
Other Services	6,317	9,435	11,484	5,700	13,700	13,700	0.05%
Fire Dept Services	9,422	9,613	12,953	9,800	10,300	10,300	0.04%
Transportation Funds	21,229	10,171	-	5,000	5,000	5,000	0.02%
Federal Government Grants	14,537	-	5,354	13,250	-	-	0.00%
Public Works Services	-	-	4,723	-	-	-	0.00%
TOTAL REVENUES	$ 23,098,089	31,967,081	24,232,331	25,172,328	25,623,509	$ 26,188,107	100.00%
EXPENDITURES							
Police	$ 5,032,393	$ 5,804,167	$ 6,207,518	$ 6,742,551	$ 6,541,509	$ 6,710,458	28.62%
Facilities Division	2,637,403	2,568,156	2,504,823	3,312,714	3,691,842	3,162,631	13.49%
Fire	2,219,583	2,375,815	2,436,301	3,078,363	3,211,330	3,331,945	14.21%
Non-Department	3,501,624	4,884,605	5,297,066	2,065,050	2,521,370	2,568,126	10.95%
Planning	809,245	720,244	763,599	1,636,325	1,025,235	877,008	3.74%
Finance	751,995	822,119	872,327	962,264	985,807	1,001,562	4.27%
Building	760,703	708,262	705,209	897,581	929,303	830,831	3.54%
Engineering	722,191	749,831	731,021	815,051	871,109	903,405	3.85%
Conference & Visitors Bureau	573,586	565,603	700,467	825,339	823,957	836,094	3.57%
Recreation	464,168	505,449	572,408	593,691	584,193	587,861	2.51%
Debt Service	-	7,870,427	688,943	1,383,251	526,148	527,366	2.25%
City Manager	408,501	442,297	471,537	598,589	471,743	474,490	2.02%
Human Resources	319,943	259,139	286,045	354,268	468,470	451,735	1.93%
City Clerk	283,873	314,415	290,900	349,313	320,286	334,758	1.43%
Legal	261,543	174,501	211,473	286,900	278,900	278,900	1.19%
Capital Project	-	-	779,592	604,717	243,449	-	0.00%
City Council	273,758	306,959	204,118	236,516	239,164	256,131	1.09%
Lifeguards	246,887	200,812	235,981	210,721	228,184	222,341	0.95%
Information Technology	81,063	107,729	134,301	284,226	133,223	24,474	0.10%
Junior Lifeguards	37,680	39,250	44,589	53,455	53,546	53,546	0.23%
Weed Abatement	20,920	16,813	17,103	17,140	14,500	14,500	0.06%
Public Works	149,742	128,563	271,132	5,770,045	-	-	0.00%
TOTAL EXPENDITURES	$ 19,556,801	29,565,155	24,426,453	31,078,071	24,163,268	$ 23,448,163	100.00%

Adopted Work Plan Budget Requests for FY 2020 & FY 2021

Council Goals

Water

Description	Fund Title	One-time/ Ongoing	FY 2020	FY 2021
Central Coast Blue	Water Enterprise Fund	One-time	$ 430,400	$ 31,100
Central Coast Blue	Wastewater Treatment Fund	One-time	874,000	63,000
Central Coast Blue Subtotal			*1,304,400*	*94,100*
Shell Beach Reservoir	Water Enterprise Fund	One-time	Budgeted	
Charles Street Reservoir replacement	Water Enterprise Fund	One-time	-	1,803,500
Install Variable Frequency Drives in booster stations	Water Enterprise Fund	One-time	56,100	-
Mandatory update of Urban Water Master Plan	Water Enterprise Fund	One-time	82,400	-
Perform maintenance and structural repairs to Reservoirs	Water Enterprise Fund	Ongoing	51,500	53,000
Replace existing 8" waterline with 12" from 4th Street to Outlet Center ramp	Water Construction Fund	One-time	154,500	-
			$ 1,648,900	**$ 1,950,600**

Enhance Downtown Parking/ Parking Structure

Description	Fund Title	One-time/ Ongoing	FY 2020
Two or Three dynamic signs to improve circulation and parking in downtown	Circulation Fees	One-time	$ 90,000
			$ 90,000

General Plan / Local Coastal Plan

Description	Fund Title	One-time/ Ongoing	FY 2020
LCP - Urban Planning Concepts contract, supported by State Coastal Commission Grant	General Fund	One-time	$ 150,000
Planning Manager Savings (2 months). Start Sept. 2019	General Fund	One-time	(24,625)
			$ 125,375

Downtown Improvements & Pier Plaza

Description	Fund Title	One-time/ Ongoing	FY 2020	FY 2021
Advance for Pier Plaza/Pier Pking Lot, repayment by LBID Fund in FY 21 - FY 23	Motor Vehicle Replacement Fund	One-time	$ 2,301,791	$ (1,044,666)
Purchase additional trash cans in the downtown core to replace degrading cans	General Fund	One-time	30,000	-
Purchase additional banners for Pier	General Fund	Ongoing	5,000	5,000
Purchase replacement beach wheelchairs.	General Fund	One-time	4,000	4,000
Quarterly polish and detail of Pier Airstreams.	General Fund	Ongoing	5,000	5,000
			$ 2,345,791	**$(1,030,666)**

Bello Street and Old City Hall

Description	Fund Title	One-time/ Ongoing	FY 2020	FY 2021
Implement façade support/building preservation as needed	General Fund	One-time	$ 75,000	
Public Safety Facility conceptual drawings complete construction plans, specifications, and estimates. create bid materials for the construction of the facility	General Fund	One-time	700,000	500,000
Pursue a ballot initiative to create revenue source for construction	General Fund	One-time	25,000	-
			$ 800,000	**$ 500,000**

Bluff Protection and Beach Access

Description	Fund Title	One-time/ Ongoing	FY 2020	FY 2021
Bluff stabilization, pedestrian path and replacement of Morro stairs and outfall, FHWA ER Funding - includes $1.89 M FHWA funding, $500K Insurance Funds, $85K WW Funds	Capital Projects	One-time	$ 2,470,173	$ -
Bluff stabilization for Harloe lift structure infrastructure - includes $135K from WW Fund, $865K Grant Funds	Wastewater Capital Projects	One-time	-	1,000,000
			$ 2,470,173	**$ 1,000,000**

Traffic Circulation

Description	Fund Title	One-time/ Ongoing	FY 2020	FY 2021
Slope repair near City limits on Price Canyon Road, includes $841K FHWA Grant	Capital Projects	One-time	$ 950,000	$ -
Update Speed Survey as required by California Vehicle Code (every 10 years)	General Fund	One-time	-	20,000
Update the Pavement Management Plan	Half Cent Sales Tax F	One-time	-	50,000
			$ 950,000	**$ 70,000**

Other Initiatives

Chapman Estate

Description	Fund Title	One-time / Ongoing	FY 2020
Chapman Estate inventory and appraisal of assets	General Fund	One-time	$ 30,000
Chapman Security Plan - surveillance, blocking access, security system, upgrade fire panel	General Fund	One-time	50,000
Various Capital Improvements at Chapman, windows, Upgraded exterior port-o-lets	General Fund	One-time	150,000
Total			**$ 230,000**

Community Development

Description	Fund Title	One-time / Ongoing	FY 2020	FY 2021
On-Going Inspection/Plan Check - Retain staffing at current levels to support current workload. Continue contract with California Code Check for Plan Check and Inspection Services	General Fund	One-time	$ 223,200	$ 120,000
Total			**$ 223,200**	**$ 120,000**

Facilities & Equipment

Description	Fund Title	One-time / Ongoing	FY 2020	FY 2021
Hire contractor for weed abatement at Price House and right of ways	General Fund	Ongoing	$ 10,000	$ -
Rehab the Shell Beach Tennis courts	Capital Projects	One-time		15,000
Repair Parking Annex cable box	Parking Enterprise Fund	One-time	5,000	
Purchase replacement paint trailer	Motor Vehicle Fund	One-time	-	5,000
Purchase replacement tandem axle trailer for special events	Motor Vehicle Fund	One-time	5,000	-
Total			**$ 20,000**	**$ 20,000**

Fire

Description	Fund Title	One-time / Ongoing	FY 2020	FY 2021
Replace Junior Lifeguard Trailer	Motor Vehicle Fund	One-time	$ 4,250	
Replace Automated External Defibrillator (AED)'s. Replacing 2 in 2019 and 2 in 2020.	General Fund	One-time	7,800	7,800
Total			**$ 12,050**	**$ 7,800**

Government Buildings

Description	Fund Title	One-time / Ongoing	FY 2020
Paint exterior of Shell Beach Vets Hall	General Fund	One-time	$ 15,000
Refinish wood floors at Bello Vets Hall	General Fund	One-time	10,000
Repairs due to termites and water damage & replace windows at PB Vets Hall	General Fund	One-time	50,000
Replace stage curtains at PB Vets Hall	General Fund	One-time	30,000
Replace tables SB Vets Hall	General Fund	One-time	4,000
Replace the roof on Police and Fire buildings	General Fund	One-time	45,000
Total			**$ 154,000**

Personnel Changes

Description	Fund Title	One-time / Ongoing	FY 2020	FY 2021
CVB Executive Director to Tourism &	General Fund	Ongoing	$ 17,200	$ 25,039
Total			**$ 17,200**	**$ 25,039**

Police

Description	Fund Title	One-time / Ongoing	FY 2020	FY 2021
Mobile Command Vehicle: Serve as a Command Post during City Events, Disaster Response, Extended Crime Scene Investigation, and an Alternate Emergency Operations Center	Motor Vehicle Fund: $110K COPS Grant: $190K	One-time		$300,000
Community Camera Program	Parking Enterprise Fund	Ongoing	25,000	25,000
Patrol Cell Phones-Upgrading from 7 patrol vehicle flip phones to smart phones	General Fund	One-time	3,800	
Patrol Cell Phones-Upgrading from 7 patrol vehicle flip phones to smart phones	General Fund	Ongoing	3,600	3,600
Research and procure redaction software to maintain compliance with AB748	General Fund	Ongoing	6,245	2,250
Total			**$ 38,645**	**$330,850**

Security and Accessibility

Description	Fund Title	One-time/ Ongoing	FY 2020	FY 2021
City Hall Security Plan and Customer Service Entry	General Fund	One-time	$ 50,000	$ -
City Website Annual Audio Eye & Landing Page	Technology Service Fund	Ongoing	3,518	3,694
Total			**$ 53,518**	**$ 3,694**

Storm Water

Description	Fund Title	One-time/ Ongoing	FY 2020
Deappropriate Storm Water Program FY 19 savings	General Fund	One-time	$ (54,000)
Extend storm drain to eliminate algae growth in the gutter at Windward and Ocean Blvd	Half-Cent Sales Tax Fund	One-time	600,000
Reef Court Storm Drain. Intersect the runoff at an earlier point to keep runoff within the street and gutter	Half-Cent Sales Tax Fund	One-time	100,000
Repair damage to the Encanto storm drain. Sections of existing corrugated metal pipe has been lost due to corrosion	Half-Cent Sales Tax Fund	One-time	250,000
Total			**$ 896,000**

Street Paving

Description	Fund Title	One-time/ Ongoing	FY 2020
FY 20 Paving Project	Half-Cent Sales Tax Fund	One-time	$ 750,000
Total			**$ 750,000**

Technology

Description	Fund Title	One-time/ Ongoing	FY 2020	FY 2021
IT Assessment and 5-year Strategic Plan	Technology Service Fund	One-time	$ 60,000	
Microsoft Office 365 Deployment & Onsite training	Technology Service Fund	One-time	22,000	
Additional Internet speed	Technology Service Fund	Ongoing	8,000	8,000
Network switches replacement	Technology Service Fund	One-time		28,000
Annual maintenance for network switches	Technology Service Fund	Ongoing	-	2,000
Password Management Annual user licenses	Technology Service Fund	Ongoing	2,880	2,880
PCI Compliance Anti-virus and remote support annual licenses	Technology Service Fund	Ongoing	540	540
Laserfiche and DocuSign DocuSign Integration	Technology Service Fund	Ongoing	1,400	1,400
Laserfiche and DocuSign Integration software costs	Technology Service Fund	One-time	2,000	
Keyless physical access control Access control system, door hardware, Card printer and cards	Technology Service Fund	One-time	10,000	-
Keyless physical access control Annual system license	Technology Service Fund	Ongoing	100	100
Ongoing Above Base IT Allocation	Technology Service Fund	Ongoing	16,317	18,477
Total			**$123,237**	**$ 61,397**

Wastewater

Description	Fund Title	One-time/ Ongoing	FY 2020	FY 2021
Grit removal between parshall flume and headworks	Wastewater Capital Projects	One-time	$ 52,000	$ 53,000
Identify and repair sewer line areas affected by Inflow and Infiltration	Wastewater Capital Projects	One-time	103,000	106,000
Install a new backup generator at Vista Del Mar lift station and replace the motor control center	Wastewater Capital Projects	One-time	-	265,000
Rehabilitate Toucan Terrace sewer trestle and gravity lines	Wastewater Capital Projects	One-time	300,000	
Wastewater System Pump Replacement	Wastewater Treatment Fund	Ongoing	52,000	53,000
Total			**$ 507,000**	**$ 477,000**

Vehicles—Replacement Vehicles

FY 2020

Vehicle No.	Vehicle Description	Year	Make	Model	Color	Fiscal Year Purchased	Replacement Cost
PD161	Marked	2016	DODGE	CHARGER	Blk/Wht	2016	$ 50,000
FDBOAT64	Water Craft	2008	YAMAHA	WAVE RIDER	Black	2010	27,900
ST051	Light Truck	2005	FORD	F350 4X4 UTILITY	White	2005	75,800
							$ 153,700

FY 2021

Vehicle No.	Vehicle Description	Year	Make	Model	Color	Fiscal Year Purchased	Replacement Cost
PDHM1	Motorcycle	2015	HONDA	ST1300	White	2017	$ 35,875
PDHM2	Motorcycle	2015	HONDA	ST1300	White	2017	35,875
							$ 71,750

Description	Fund Title	FY 2020	FY 2021
Total All Work Plans	**All Funds**	**$ 8,061,927**	**$ 2,652,100**

Adopted Work Plan Capital Projects for FY 2020 & FY 2021

The Capital Projects listed in this table represent the new Capital Projects budgeted for FY 2020 and FY 2021 and do not include existing baseline budget capital projects. These projects are included in the previous Adopted Work Plan Budget Requests for FY 2020 & FY 2021 table.

Category	Project	FY 2020	FY 2021
Drainage	Encanto Storm Drain	$ 250,000	
	Reef Court Storm Drain	100,000	
	Storm Drain Windward Ocean Blvd	600,000	
Drainage Total		**950,000**	**-**
Promenades/Beach Access	Morro Ave Stair Replacement	2,470,173	
	Pier Plaza/Pier Pking Lot Upgr	2,301,791	
Promenades/Beach Access Total		**4,771,964**	**-**
Public Facilities	Rehab Shell Beach Tennis Court		15,000
	City Hall Downstairs Improvements	50,000	
	Chapman Estate Security Plan	50,000	
Public Facilities Total		**100,000**	**15,000**
Public Safety	Community Camera Program	25,000	25,000
Public Safety Total		**25,000**	**25,000**
Streets & Transportation	FY 20 Paving Project	750,000	
	Price Canyon Road	950,000	
	Dynamic Signs	90,000	
Streets & Transportation Total		**1,790,000**	**-**
Technology	Network Switch Replacement		28,000
Technology Total		**-**	**28,000**
Vehicles	Mobile Command Vehicle	-	300,000
Vehicles Total		**-**	**300,000**
Water System	Booster Station VFD's	56,100	
	Outlet Center Ramp Waterlines	154,500	-
	Charles Street Reservoir		1,803,500
Water System Total		**210,600**	**1,803,500**
Wastewater System	Trestle Rehab	300,000	
	Inflow/Infiltration	103,000	106,000
	WW Grit Removal	52,000	53,000
	Harloe Bluff Stabilize Lift St		1,000,000
	Vista Del Mar Backup Generator		265,000
Wastewater System Total		**455,000**	**1,424,000**
Total Capital Projects		**$ 8,302,564**	**$ 3,595,500**

Adopted Base Budget Capital Projects for FY 2020 & FY 2021

The following table includes capital projects included in the FY 2020 and FY 2021 base budgets. These projects represent items already part of the City's baseline operating budget.

Category	Project	FY 2020	FY 2021
Technology	Server Replacements	18,000	18,000
Technology Total		**18,000**	**18,000**
Vehicles	FDBOAT64 Water Craft	27,900	
	PD161 Marked	50,000	
	PDHM1 Motorcycle		35,875
	PDHM2 Motorcycle		35,875
	ST051 Light Truck	75,800	
Vehicles Total		**153,700**	**71,750**
Water System	Water Meter Replacements	50,000	50,000
	Water Valve Replacement	33,000	33,000
Water System Total		**83,000**	**83,000**
Wastewater System	Pump Replacement	40,800	40,800
Wastewater System Total		**40,800**	**40,800**
Total Capital Projects		**$ 295,500**	**$ 213,550**

Comparative Budgeted Staffing

COMPARATIVE BUDGETED STAFFING FY 2016 THROUGH 2021 - ALL FUNDS

POSITIONS	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
City Manager	1.00	1.00	1.00	1.00	1.00	1.00
Executive Assistant	1.00	1.00	1.00	0.00	0.00	0.00
Management Analyst	0.00	0.00	0.00	1.00	0.33	0.33
City Manager Department Total	2.00	2.00	2.00	2.00	1.33	1.33
Management Services	1.00	1.00	1.00	1.00	1.00	1.00
Management Analyst	0.00	0.00	0.00	0.00	0.67	0.67
City Clerk	1.00	1.00	1.00	1.00	1.00	1.00
Deputy City Clerk	0.00	0.00	0.00	0.00	0.00	0.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00	1.00
Management Services Department Total	3.00	3.00	3.00	3.00	3.67	3.67
Tourism & Events Director	0.00	0.00	0.00	0.00	1.00	1.00
CVB Director	1.00	1.00	1.00	1.00	0.00	0.00
CVB Tourism Coordinator	1.00	1.00	1.00	1.00	1.00	1.00
Tourism & Events Department Total	2.00	2.00	2.00	2.00	2.00	2.00
Administrative Services Director	1.00	1.00	1.00	1.00	1.00	1.00
Finance Manager	1.00	1.00	1.00	1.00	1.00	1.00
IT Manager	1.00	1.00	1.00	1.00	1.00	1.00
Accountant/Accounting Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
Account Technician	2.00	1.00	1.00	1.00	1.00	1.00
Accounting Clerk	1.00	2.00	2.00	2.00	2.00	2.00
Office Assistant II	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Services Department Total	8.00	8.00	8.00	8.00	8.00	8.00
ADMINISTRATION TOTAL:	15.00	15.00	15.00	15.00	15.00	15.00
Police Chief	1.00	1.00	1.00	1.00	1.00	1.00
Police Commander	2.00	2.00	2.00	2.00	2.00	2.00
Parking Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Secretary	1.00	1.00	1.00	1.00	1.00	1.00
Police Corporal	4.00	4.00	3.00	3.00	4.00	4.00
Police Sergeant	5.00	5.00	5.00	5.00	5.00	5.00
Police Officer	10.00	10.00	11.00	11.00	11.00	11.00
Police Officer - Grant	1.00	1.00	1.00	1.00	0.00	0.00
CSO	1.00	1.00	1.00	1.00	1.00	1.00
Support Services Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
Crime Analyst	0.00	0.00	0.00	0.00	1.00	1.00
Dispatcher/Records Technician	8.00	8.00	8.00	8.00	7.00	7.00
POLICE TOTAL:	35.00	35.00	35.00	35.00	35.00	35.00

COMPARATIVE BUDGETED STAFFING FY 2016 THROUGH 2021 - ALL FUNDS

POSITIONS	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Community Development Director	1.00	1.00	1.00	1.00	1.00	1.00
Building Official	1.00	1.00	1.00	1.00	1.00	1.00
Building Inspector I	1.00	1.00	0.00	0.00	0.00	0.00
Building Inspector II	1.00	1.00	1.00	1.00	1.00	1.00
Building Permit Technician	1.00	1.00	1.00	1.00	1.00	1.00
Planning Manager	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Secretary	1.00	1.00	1.00	1.00	1.00	1.00
Associate Planner	2.00	2.00	2.00	2.00	2.00	2.00
Recreation Manager	1.00	1.00	1.00	1.00	1.00	1.00
COMMUNITY DEV TOTAL:	10.00	10.00	9.00	9.00	9.00	9.00
Public Works Director/City Engineer	1.00	1.00	1.00	1.00	1.00	1.00
Senior Engineer	1.00	1.00	1.00	1.00	1.00	1.00
Engineer	1.00	1.00	1.00	1.00	1.00	1.00
Management Analyst	0.00	0.00	0.00	0.00	1.00	1.00
Administrative Secretary	2.00	2.00	2.00	2.00	1.00	1.00
Engineering Technician	1.00	1.00	1.00	1.00	1.00	1.00
Utilities Manager	1.00	1.00	1.00	1.00	1.00	1.00
Facilities Manager	1.00	1.00	1.00	1.00	1.00	1.00
Lead Worker Streets/Govt Build.	1.00	1.00	1.00	1.00	1.00	1.00
Lead Worker Parks	1.00	1.00	1.00	1.00	1.00	1.00
Maintenance Worker II	5.00	5.00	4.00	4.00	4.00	4.00
Maintenance Worker I	2.00	3.00	4.00	4.00	4.00	4.00
Lead Worker Water	1.00	1.00	1.00	1.00	1.00	1.00
Water Operator I	1.00	2.00	2.00	2.00	2.00	2.00
Water Operator II	3.00	1.00	1.00	1.00	1.00	1.00
Lead Worker Wastewater	1.00	1.00	1.00	1.00	1.00	1.00
Treatment Plant Operator II	4.00	4.00	4.00	4.00	4.00	4.00
Regulatory Compliance	1.00	1.00	1.00	1.00	1.00	1.00
Fleet Mechanic	1.00	1.00	1.00	1.00	1.00	1.00
PUBLIC WORKS TOTAL:	29.00	29.00	29.00	29.00	29.00	29.00
TOTAL ALL CITY:	**89.00**	**89.00**	**88.00**	**88.00**	**88.00**	**88.00**

There are no changes to staffing levels in FY 2020 and FY 2021. Keeping staffing levels constant has helped the City manage its CalPERS liability more effectively. The City has invested in technology to keep up with the growing City and major capital projects in order to maintain staffing levels.

Personnel Budget Detail

Personnel Budget Expenditure Detail
FY 2020

Funds	General Fund	LBID Fund	Chapman Estate Fund	Water Fund	Wastewater Fund	Parking Fund	Tech Fund	MVR Fund	Total Costs
Gross Wages									
Salaries-Full Time	$ 6,455,683	$ -	$ -	$ 403,833	$ 553,530	$ 113,195	$ 109,270	$ 70,060	$ 7,705,570
Salaries-Temp Part Time	652,401	31,827	6,000	12,202	12,202	77,658	6,500	-	798,789
Salaries-Overtime	201,133	-	-	27,700	30,000	2,500	-	2,000	263,333
Total Gross Wages	7,309,216	31,827	6,000	443,734	595,732	193,353	115,770	72,060	8,767,692
Retirement									
PERS Retirement	790,567	-	-	37,641	50,533	12,011	8,830	8,009	907,592
Social Security	543,644	2,435	459	34,047	45,624	14,791	8,925	5,563	655,488
Deferred Compensation	75,587	-	-	4,675	3,225	2,900	2,000	-	88,387
PERS UAL	881,540			47,612	70,046	10,118	119	18,235	1,027,670
Total Retirement	2,291,339	2,435	459	123,975	169,428	39,820	19,874	31,807	2,679,137
Insurances									
Health Insurance	1,083,027	-	-	33,887	105,211	6,015	6,015	-	1,234,156
Dental Insurance	78,754	-	-	3,928	6,808	562	562	0	90,615
Vision Insurance	17,734	-	-	667	1,629	145	145	0	20,320
Life Insurance	6,949	-	-	534	720	104	87	87	8,480
Unemployment Insurance	30,400	-	-	1,430	2,108	412	546	350	35,246
Workers' Compensation	458,151	356	203	37,841	61,136	16,971	3,913	9,928	588,498
Flexible Benefit Allowance	285,424	-	-	35,221	19,974	5,168	5,168	11,374	362,330
LT Disability Insurance	2,500	-	-	-	-	-	-	-	2,500
Total Insurances	1,962,940	356	203	113,507	197,586	29,378	16,437	21,739	2,342,146
Other Benefits									
Uniform Allowance	34,600	-	-	-	-	1,200	-	-	35,800
Section 125 Admin Fee	1,378	-	-	50	265	0	-	0	1,693
Expense Allowance	20,520	-	-	0	0	0	-	-	20,520
E.A.P.	2,201	-	-	177	239	35	29	29	2,709
Retiree Medical Insurance	546,335	-	-	-	-	-	-	-	546,335
Sick Leave Payback	63,000	-	-	-	-	-	-	-	63,000
Total Other Benefits	668,034	-	-	227	504	1,235	29	29	670,058
TOTAL CITY COSTS	**$ 12,231,529**	**$ 34,618**	**$ 6,662**	**$ 681,444**	**$ 963,249**	**$ 263,786**	**$ 152,110**	**$ 125,634**	**$ 14,459,033**

Personnel Budget Expenditure Detail
FY 2021

Funds	General Fund	LBID Fund	Chapman Estate Fund	Water Fund	Wastewater Fund	Parking Fund	Tech Fund	MVR Fund	Total Costs
Gross Wages									
Salaries-Full Time	$ 6,556,645	$ -	$ -	$ 408,568	$ 559,553	$ 113,846	$ 109,270	$ 70,060	$ 7,817,941
Salaries-Temp Part Time	652,401	31,827	6,000	12,202	12,202	77,658	6,500	-	798,789
Salaries-Overtime	201,133	-	-	27,700	30,000	2,500	-	2,000	263,333
Total Gross Wages	7,410,179	31,827	6,000	448,470	601,754	194,003	115,770	72,060	8,880,063
Retirement									
PERS Retirement	846,851	-	-	40,645	54,551	12,882	9,506	8,547	972,982
Social Security	550,868	2,435	459	34,409	46,085	14,841	8,925	5,563	663,584
Deferred Compensation	75,920	-	-	4,675	3,225	2,900	2,000	-	88,720
PERS UAL	969,670	-	-	53,012	77,914	11,500	232	20,231	1,132,560
Total Retirement	2,443,309	2,435	459	132,740	181,774	42,123	20,664	34,342	2,857,846
Insurances									
Health Insurance	1,087,235	-	-	33,887	105,211	6,015	6,015	-	1,238,364
Dental Insurance	78,754	-	-	3,928	6,808	562	562	0	90,615
Vision Insurance	17,734	-	-	667	1,629	145	145	0	20,320
Life Insurance	6,962	-	-	534	720	104	87	87	8,494
Unemployment Insurance	30,897	-	-	1,447	2,131	416	546	350	35,788
Workers' Compensation	465,423	356	203	38,258	61,713	16,993	3,913	9,928	596,787
Flexible Benefit Allowance	285,424	-	-	35,221	19,974	5,168	5,168	11,374	362,330
LT Disability Insurance	2,500	-	-	-	-	-	-	-	2,500
Total Insurances	1,974,931	356	203	113,942	198,187	29,403	16,437	21,739	2,355,198
Other Benefits									
Uniform Allowance	34,600	-	-	-	-	1,200	-	-	35,800
Section 125 Admin Fee	1,378	-	-	50	265	0	-	0	1,693
Expense Allowance	20,520	-	-	0	0	0	-	-	20,520
E.A.P.	2,206	-	-	177	239	35	29	29	2,714
Retiree Medical Insurance	554,335	-	-	-	-	-	-	-	554,335
Sick Leave Payback	63,000	-	-	-	-	-	-	-	63,000
Total Other Benefits	676,039	-	-	227	504	1,235	29	29	678,063
TOTAL CITY COSTS	**$ 12,504,458**	**$ 34,618**	**$ 6,662**	**$ 695,379**	**$ 982,220**	**$ 266,765**	**$ 152,900**	**$ 128,169**	**$ 14,771,170**

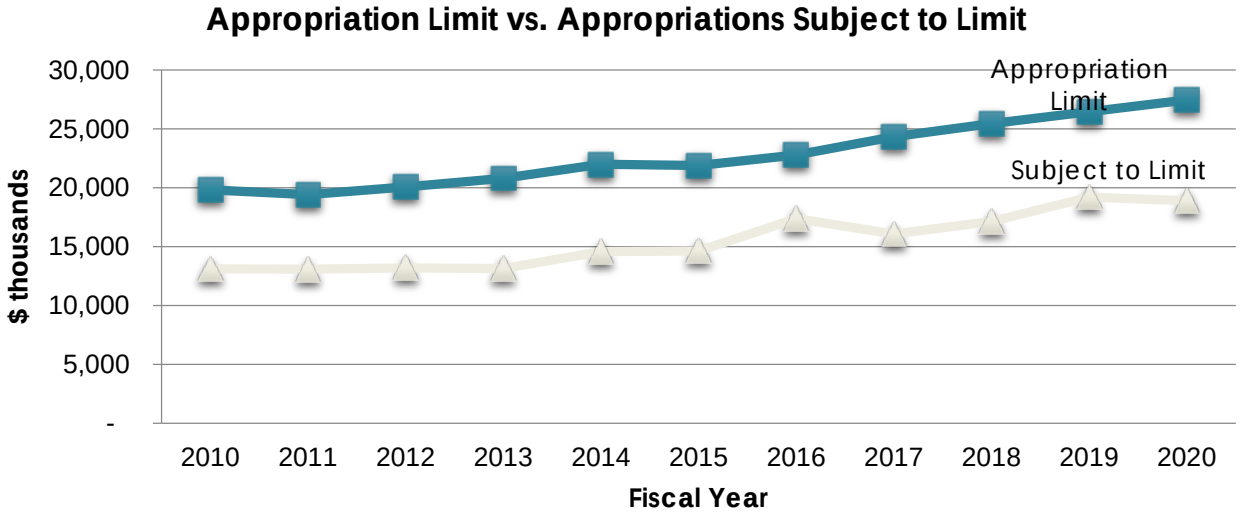
Constitutional Spending Limits (Gann Limit)

Article XIII (B) of the California Constitution**,** adopted by the voters on June 6, 1979, provides that the City's annual appropriations from state and local taxes be subject to certain state limitations. Under its provisions, no local agency can appropriate proceeds of taxes in excess of its "appropriations limit." Excess funds may be carried over into the next year. However, any excess funds remaining after the second year must be returned to taxpayers by reducing tax rates or fees; or a majority of the voters may approve an override to increase the limit. This appropriations limit is often referred to as the Gann Limit, which is calculated each year, and established by a resolution of the City Council.

The purpose of this law is to limit government spending by putting a cap on the total proceeds of taxes that may be appropriated each year. The original Article XIII (B) was modified by Proposition 111 and SB 88, approved by California voters in June of 1990. Proposition 111 allows cities more flexibility in choosing certain inflation and population factors to calculate the limit.

Each year's limit is based on the amount of tax proceeds that were authorized to be spent in FY 1979 in each agency, modified for changes in inflation and population in each subsequent year. Proposition 111 allows cities to choose either the growth in California per capita income or the growth in non-residential assessed valuation due to new construction in the city. To calculate the Gann spending limit, the prior year's limit is adjusted by the growth factor of the California Per Capita Personal Income, and by the change in the population within the City of Pismo Beach. The Gann Limit calculation for FY 2020 determined that $27.4 million was the appropriation limit and the City's budget includes $18.9 million that are subject to the limit. The City Council approved the Gann Limit calculation in Resolution No. R-2019-041 on June 4, 2019.

The following table illustrates the calculated appropriation limit compared to the appropriations subject to the limit over a 10-year period. The City's appropriations subject to the limit are consistently well below the appropriation limit, averaging about 68% under the limit over this period.



Debt Service

The City of Pismo Beach allocates a prudent amount each year for various capital projects for replacement, maintenance, and other capital infrastructure. This type of spending is critical to the City maintaining its vital infrastructure, maintaining safe streets, ensuring clean water quality, and providing wastewater services. The City typically uses built-up unassigned fund balances or net assets to fund these capital projects on a pay-as-you-go basis. However, there are times in which it is appropriate to consider debt financing.

Debt financing is for one-time capital improvement projects, not ongoing operating expenses. The term of the debt issuance should not exceed the useful life expectancy of the asset acquired, constructed, or improved. A funding source for the debt service payments must be identified, including project financing paid for directly by the users of the facility. It is also economical to issue debt if the benefit of the capital improvement will last more than 10 years. The debt service payments would come out of payments by the current residents or visitors benefitting from the project.

The City is subject to California Government Code, of which Section 43605 sets debt limit at 15 percent of the assessed value of all real and personal property of the City. This Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25 percent of market value. Thus, one-fourth of the limit is adjusted and is calculated to be 3.75 percent (15%/4) to show assessed valuation at full cash value. This legal debt margin applies to General Obligation debt.

Based upon the assessed value of $3.17 billion for FY 2018 the City is limited to general obligation indebtedness of $118.93 million. As the City does not have any general obligation debt, the City is within the legal debt limit as described by Government Code.

FY 2018 Legal Debt Margin

Gross Assessed Valuation	$3,171,340,541
Debt Margin Ratio (1)	0.0375
Debt Margin	$118,925,270
Less: Outstanding General Obligations	$ 0.00
Net Debt Margin $118,925,270	

General Obligation Debt: The City presently has no general obligation debt.

Lease Revenue Refunding Bonds: The City has one outstanding debt issue with a principal amount outstanding as of June 30, 2019 of $4,320,000. The issuance is lease revenue refunding bonds that are a special or limited obligation of the Pismo Beach Public Financing Authority.

The 2012 Series Bonds refund a 2004 Series that originally funded the Wastewater Treatment Plant Facility upgrade and State Revolving Fund (SRF) Loan Match. As of June 30, 2019, the outstanding principal balance of the 2012 Series is $4,320,000. These bonds

mature in 2033. The City makes debt service payments from Wastewater Enterprise Fund revenues.

Lease Revenue Bonds: The City issued Lease Revenue Bonds for the Pier Rehabilitation Project in June 2017. The outstanding principal balance of these bonds as of June 30, 2019 is $7,280,000.

The City issued New Clean Renewable Energy Bonds (CREBs) for the Energy Efficiency Project in December 2017. The outstanding principal balance of these bonds as of June 30, 2019 is $3,939,843.

State Revolving Fund Loans: The City has four State Revolving Fund (SRF) loans for various wastewater capital improvement projects. SRF loans are low-interest loans for investments in water and sanitation infrastructure. The City's SRF loans include a principal outstanding loan amount of $3,973,154 for the Wastewater Treatment Plant, $82,337 for the Park and Cypress Interceptor project, $380,340 for the Pismo Oaks lift station project, and $984,070 for the Five Cities Lift Station project as of June 30, 2019. The Five Cities Lift Station current principal balance is $984,070 as of June 30, 2019 since the project is still underway, but could grow to $1,877,304 as approved by the State Water Resources Control Board. Wastewater Funds support the annual payments on these loans.

The City has another SRF loan for a wastewater capital project, the Sludge Dewatering Project, which will have an estimated outstanding balances of approximately $2,886,025 in in the next two fiscal years, depending on the timing of the project construction. City staff are working with the State Water Resources Control Board to finalize the debt service schedule for this project.

The following debt service tables show (a) the annual payment information and maturity dates for the City's outstanding debt obligations without compensated absences, (b) outstanding debt service and liabilities by fund with compensated absences, and (c) total outstanding debt service by debt obligation and liability. These tables reflect balances as of June 30, 2019.

Outstanding Debt Service Table
Annual Payment Information and Maturity Dates
As of June 30, 2019

Fund	Description	Principal Balance June 30, 2019	Annual P&I* Debt Service Payment	Date Matured	No. of Pmts Remaining
Pier	2017 (A) Series Bonds (Pier Rehabiliation Project)	$ 7,280,000	$ 403,913	12/1/2047	29
CREBS	2017 (B) Series Bonds (CREBS)	$ 3,939,843	$ 296,913	12/1/2037	19
Wastewater	2012 Series Bonds (Wastewater Treatment Facilities & Loan Match Refunding)	$ 4,320,000	$ 388,163	1/1/2033	14
	SRF Loan 2004 (New Wastewater Treatment Plant)	$ 3,973,154	$ 609,259	2/26/2026	7
	SRF Loan 2006 (Park/Cypress Interceptor Project)	$ 82,337	$ 14,647	2/26/2026	7
	SRF Loan 2009 (Pismo Oaks Lift Station Project)	$ 380,340	$ 41,907	1/1/2029	10
	SRF Loan 2019 (Five Cities Lift Station Project)	$ 984,070	$ 80,140	6/30/2049	30
	Total Wastewater Fund	$ 9,739,901	$ 1,134,115		
	Total	$ 20,959,744	$ 1,834,940		

*P&I represents Principal and Interest payments for future year

** Excludes Compensated Absences

Outstanding Debt Service By Fund
As of June 30, 2019

Fund	Description	July 1, 2018 Beginning Balance	Additions	Retirements	June 30, 2019 Ending Balance
General	Compensated Absences (Employee Leave Balances)	$ 478,171	$ 13,393	$ -	$ 491,564
	Total General Fund	$ 478,171	$ 13,393	$ -	$ 491,564
Water	Compensated Absences (Employee Leave Balances)	$ 21,504		$ (821)	$ 20,683
	Total Water Fund	$ 21,504	$ -	$ (821)	$ 20,683
Wastewater	2012 Series Bonds (Wastewater Facilities & SRF Loan Match Refunding)	4,540,000		(220,000)	4,320,000
	SRF Loan (New Wastewater Treatment Plant)	4,501,256		(528,102)	3,973,154
	SRF Loan (Park/Cypress Interceptor Project)	95,181		(12,844)	82,337
	SRF Loan (Pismo Oaks Lift Station Project)	414,768		(34,428)	380,340
	SRF Loan (Five Cities Lift Station Project)	-	984,070	-	984,070
	Compensated Absences (Employee Leave Balances)	$ 31,741	-	$ (2,364)	$ 29,377
	Total Wastewater Fund	$ 9,582,946	$ 984,070	(797,738)	$ 9,769,278
Pier	2017 (A) Series Bonds (Pier Rehabiliation Project)	7,415,000	-	(135,000)	7,280,000
	Total Pier Debt	$ 7,415,000	-	(135,000)	$ 7,280,000
CREBS	2017 (B) Series Bonds (CREBS)	4,061,917		(122,074)	3,939,843
	Total CREBS Debt	$ 4,061,917	-	(122,074)	$ 3,939,843
Parking	Compensated Absences (Employee Leave Balances)	$ 7,345	$ 1,643	$ -	$ 8,988
	Total Parking Fund	$ 7,345	$ 1,643	$ -	$ 8,988
MVR	Compensated Absences (Employee Leave Balances)	$ 5,041	$ 31	$ -	$ 5,072
IT	Compensated Absences (Employee Leave Balances)	$ 2,362	$ 184	$ -	$ 2,546
	Total	$ 21,574,286	$ 999,322	$(1,055,633)	$ 21,517,975

Outstanding Debt Service By Fund
As of June 30, 2019

Fund	Description	July 1, 2018 Beginning Balance	Additions	Retirements	June 30, 2019 Ending Balance
Pier	2017 (A) Series Bonds (Pier Rehabiliation Project)	7,415,000	-	(135,000)	7,280,000
CREBS	2017 (B) Series Bonds (CREBS)	4,061,917		(122,074)	3,939,843
Wastewater	2012 Series Bonds (Wastewater Facilities & SRF Loan Match Refunding)	4,540,000		(220,000)	4,320,000
	SRF Loan (New Wastewater Treatment Plant)	4,501,256		(528,102)	3,973,154
	SRF Loan (Park/Cypress Interceptor Project)	95,181		(12,844)	82,337
	SRF Loan (Pismo Oaks Lift Station Project)	414,768		(34,428)	380,340
	SRF Loan (Five Cities Lift Station Project)	-	984,070		984,070
	Total Debt	$ 21,028,122	$ 984,070	$(1,052,448)	$ 19,975,674

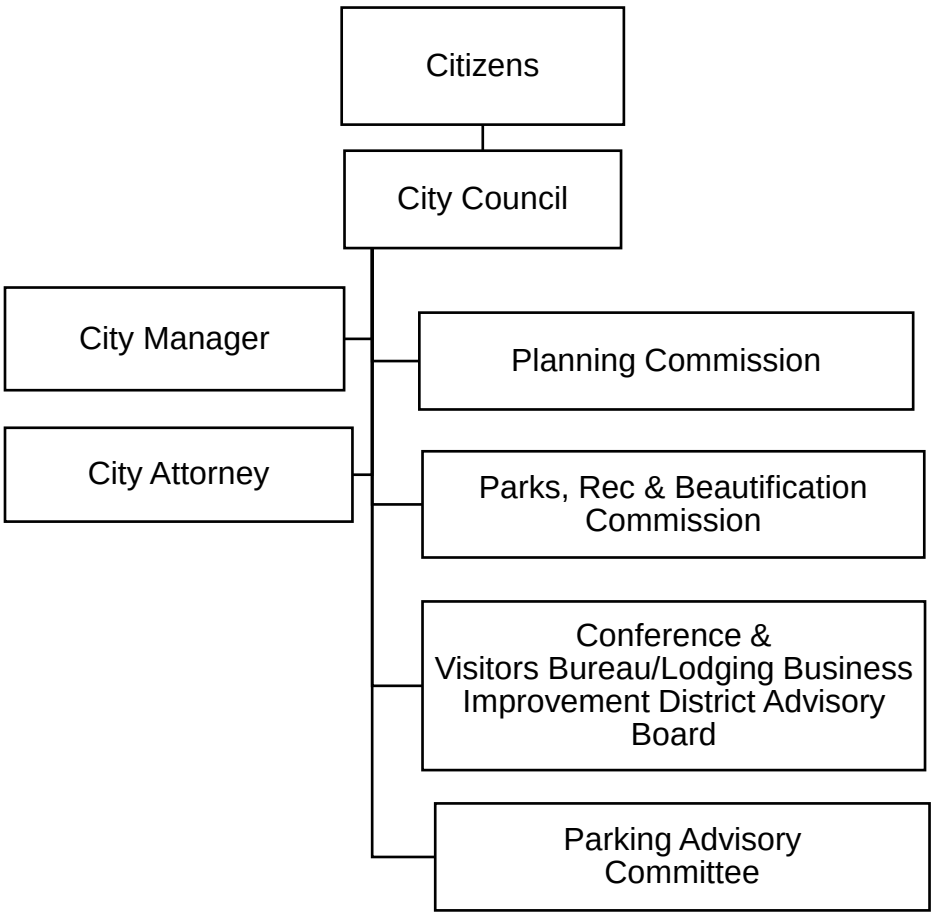
Operating Budget Detail






PISMO
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City Council



CITY COUNCIL

ACTIVITY DESCRIPTION

The City Council is the five-member legislative body of the City of Pismo Beach. Members of the City Council are elected at-large to staggered four-year terms, with the exception of the Mayor who is elected at large to a two-year term. The City Council establishes policies for the City, which are implemented by staff under the direction of the City Manager. Various advisory bodies comprised of citizens appointed by the City Council, also advise the City Council. The City Manager and the City Attorney are directly appointed by the Council.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 18
Salaries & Benefits	101,694	103,003	119,001	133,085	133,085	56%
Operations & Maintenance	203,742	84,986	112,515	101,079	118,046	42%
Other Expenses	1,522	16,129	5,000	5,000	5,000	2%
Totals	**$306,959**	**$204,118**	**$236,516**	**$239,164**	**$256,131**	**100%**

Accomplishments Prior Two-Year Budget:

- ✓ Improved Traffic Circulation
- ✓ Downtown Revitalization
- ✓ Continued Planning for Central Coast Blue
- ✓ Continued League of California Cities involvement
- ✓ Continuous investment in City infrastructure maintenance and improvements
- ✓ Maintained strong financial position
- ✓ Continued to set ambitious goals and vision for the City

Work Program Highlights for Next Two-Year Budget:

- Implement Major City Goals and Priorities
- Continue League of California Cities involvement
- Continuous investment in city infrastructure
- Represent the City effectively on various regional boards and committees
- Enact state and federal legislative platforms

City Attorney

ACTIVITY DESCRIPTION

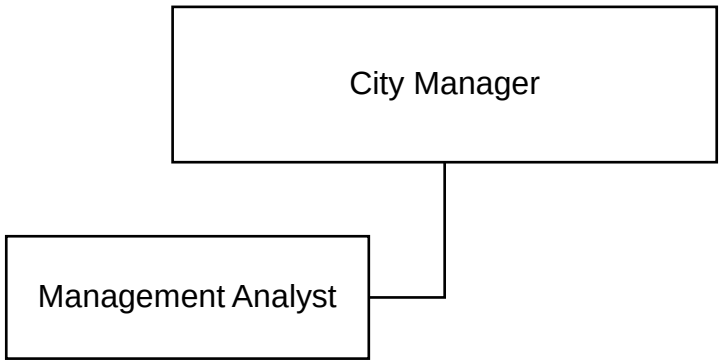
The City Attorney is the chief legal advisor for the City and provides legal services to the City through a contractual arrangement approved by the City Council. The City Attorney's Office manages all aspects of the City's legal affairs; researches, drafts and/or reviews ordinances, resolutions, contracts, bonds and other legal documents supporting the actions of the City Council; advises the Council, City Manager and departments on the legality of various procedural and substantive matters; represents the City in administrative proceedings and court trials; and manages all litigation and oversees outside counsel as appropriate. Actual hours expended per year are dependent on legal service needs of Council, City Manager, and Department Heads.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Council & Administration	49,505	76,493	82,500	82,500	82,500	30%
Finance	5,716	5,175	9,900	9,900	9,900	4%
Community Development	13,045	30,104	16,500	16,500	16,500	6%
Public Works	5,231	4,511	10,000	10,000	10,000	4%
Police	11,870	3,786	30,000	30,000	30,000	11%
Fire	0	34	3,000	3,000	3,000	1%
Civil Litigation	87,326	90,814	133,000	125,000	125,000	45%
Other Legal	1,809	555	2,000	2,000	2,000	1%
Subscriptions	0	0	0	0	0	0%
Totals	**$174,501**	**$211,473**	**$286,900**	**$278,900**	**$278,900**	**100%**

	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Operations & Maintenance	174,501	211,473	286,900	278,900	278,900	100%
Totals	**$174,501**	**$211,473**	**$286,900**	**$278,900**	**$278,900**	**100%**

City Manager's Office



	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21
City Manager	1	1	1	1	1
Management Analyst	0	0	1	0.33	0.33
Executive Assistant	1	1	0	0	0
Total Department Staff	**2**	**2**	**2**	**1.33**	**1.33**

ACTIVITY DESCRIPTION

The City Manager's Office is the executive and administrative arm of the City. With responsibility for implementing the policy direction of the City Council, the City Manager coordinates and directs the work efforts of the various departments of the City; submits for Council review and consideration of the two-year budget and implements the same; interfaces with the public on behalf of the City Council; undertakes special projects of high importance to the City Council; and serves as the City's personnel and purchasing officer, appointing all employees and enforcing purchasing procedures.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Salaries & Benefits	356,974	358,374	396,346	343,495	346,259	73%
Operations & Maintenance	85,323	113,164	219,744	128,248	128,231	27%
Totals	**$442,297**	**$471,537**	**$616,089**	**$471,743**	**$474,490**	**100%**

CITY MANAGER'S OFFICE

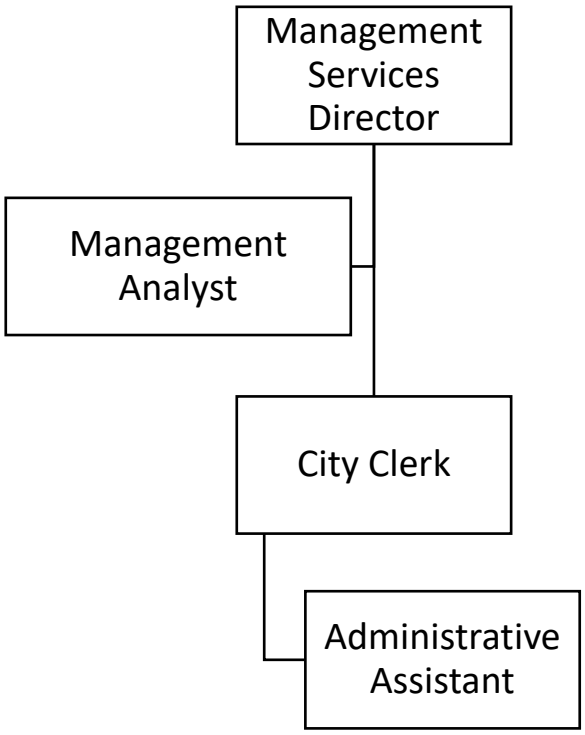
Accomplishments Prior Two-Year Budget:

- ✓ Completed Major City Goals and Priorities
- ✓ Continued League of California Cities involvement to advocate for best interests of City
- ✓ Ensured and protected the City's strong financial position
- ✓ Represented the City effectively on various regional boards and committees
- ✓ Enacted state and federal legislative platforms
- ✓ Maintained a strong, productive, and customer service-oriented workforce

Work Program Highlights for Next Two-Year Budget:

- Downtown Parking Garage
- Continue to focus on cost-effective and efficient operations
- Develop new revenue opportunities
- Work to accomplish progress and completion of City Council priority goals, including the Major City Goals:
  - Water Supply, Conservation and Central Coast Blue
  - Downtown Parking
  - Local Coastal Plan/General Plan/Zoning
  - Downtown Improvements and Pier Plaza
  - Bello Street Corridor/Old City Hall
- Further develop meaningful and beneficial partnerships with other governmental, non-profit, and private entities
- Ambitiously pursue grant opportunities
- Enhance quality of life for residents
- Continue development of an entrepreneurial and service-oriented staff culture
- Protect the City's economy
- Increase citizen engagement and public information

Management Services



	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21
Management Services Director	1	1	1	1	1
Management Analyst	0	0	0	0.67	0.67
City Clerk	1	1	1	1	1
Administrative Assistant	1	1	1	1	1
Total Department Staff	**3**	**3**	**3**	**3.67**	**3.67**

ACTIVITY DESCRIPTION

The Management Services Department provides services to support internal and external resources, information and communications to citizens, City Council, and City staff. Specific services include oversight, consistency, customer service, and support for programs including: Human Resources and Staff Development, Risk Management and City Safety Programs, Public Outreach, Legislative Affairs, and Public Information. The City Clerk Division assures transparency, compliance with the Brown Act, Public Records Act, Maddy Act, Political Reform Act, and other codes (in cooperation with the City Attorney's Office). The City Clerk is the City's Elections Official, FPPC Filing Officer, Records Manager, and Advisory Body membership administrator.

MANAGEMENT SERVICES

GENERAL FUND EXPENDITURES:

	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
City Clerk	314,415	290,900	349,313	320,286	334,758	41%
Human Resources	259,139	286,045	354,268	468,470	451,735	59%
Totals	**$573,554**	**$576,945**	**$703,581**	**$788,756**	**$786,493**	**100%**

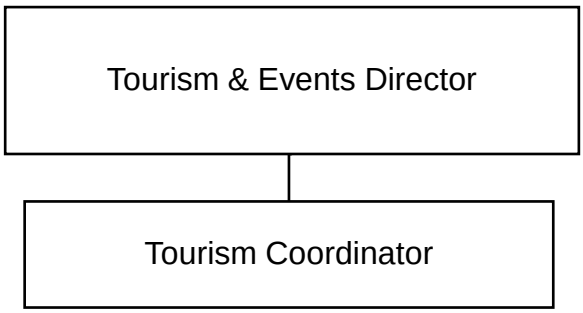
Accomplishments Prior Two-Year Budget:

- ✓ Completed the preliminary design for Old City Hall/future Public Safety Facility
- ✓ Completed the FY 2020 and FY 2021 Public Outreach program through the utilization of *Pismo Voice*, information sessions, and traditional mail-in responses
- ✓ Completed all items in LossCAP report related to Risk Management to further reduce liability and enhance working conditions for City staff
- ✓ Completed Risk Management project to update contract language in the City's templates to transfer risk and ensure compliance with legal requirements
- ✓ Developed Standard Operating Procedures for the human resource functions and training new staff in implementation
- ✓ Conducted 2018 General Municipal Election
- ✓ Updated the Advisory Body Handbook, Bylaws, and training to include new Council-adopted policies on training and attendance standards.
- ✓ Revised the Citywide Records Retention Schedule
- ✓ Completed digital audio upgrade in the Council Chamber

Work Program Highlights for Next Two-Year Budget:

- Negotiate successor Memorandums of Understanding with both employee bargaining units and unrepresented employees
- Update City's Personnel Rules to reflect new laws and policies
- Evaluate and provide recommendations on the utilization of Channel 20 and development strategies for enhancements
- Redesign of the City's website to improve functionality and customer services on the
- Complete aesthetic upgrades to Council Chamber
- Conduct 2020 General Municipal Election
- Preparation of voter ballot measure to include potential funding for the construction of the Public Safety Facility
- Develop supervisor and manager training program
- Continue paperless office strategy for human resource functions

Tourism & Events



CLASSIFICATION	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21
Tourism & Events Director	0	0	0	1	1
CVB Executive Director	1	1	1	0	0
CVB Tourism Coordinator	1	1	1	1	1
Total Department Staff	**2**	**2**	**2**	**1**	**1**

ACTIVITY DESCRIPTION

The Tourism & Events Department (TED) promotes tourism to Pismo Beach, thereby enhancing the City's General Fund Revenue through increased TOT and, to a lesser, but significant extent, sales tax revenues. The TED is the former Conference and Visitors Bureau, or CVB. The mission is to increase overnight visitorship and visitor expenditures, with emphasis on mid-week and off-season tourism. With advice from the five-member Conference & Visitors Bureau Board of Directors and the TED's contract advertising agency, program efforts emphasize social media and digital media advertising with supplemental efforts in periodical media advertising in all core market regions and new market areas; increasing traffic and lodging referrals through the tourism website; participation in consumer and industry trade shows; administration of the contract under which the Visitors Information Center is operated; development and maintenance of ongoing relations with travel writers, tour operators and media representatives; and preparation of print and digital collateral materials (visitor guides, brochures, and flash drives) for distribution through the Visitors Information Centers, at trade shows, during FAM trips, and any other channels.

TOURISM & EVENTS

GENERAL FUND EXPENDITURES:

	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Salaries & Benefits	214,211	292,852	329,467	362,007	374,173	44%
Operations & Maintenance	322,392	385,615	473,872	439,950	439,921	53%
Capital Outlay	0	0	0	0	0	0%
Other Expenses	29,000	22,000	22,000	22,000	22,000	3%
Totals	**$565,603**	**$700,467**	**$825,339**	**$823,957**	**$836,094**	**100%**

Accomplishments Prior Two-Year Budget:

- ✓ Designed and printed updated visitor guides, event calendar rack cards, VIC activity brochures, and new overhead banners for Price Street and Clam Island
- ✓ Hired and approved Clam painters for Clam Island and Highway 1 Clams
- ✓ Began using Simpleview CRM software to manage marketing contacts and leads
- ✓ Managed and successfully executed City events including the 4th of July, Clam Festival / Pier Fest and Band Review
- ✓ Coordinated the Amgen Tour rooms for two nights in Pismo Beach accommodating 750 rooms

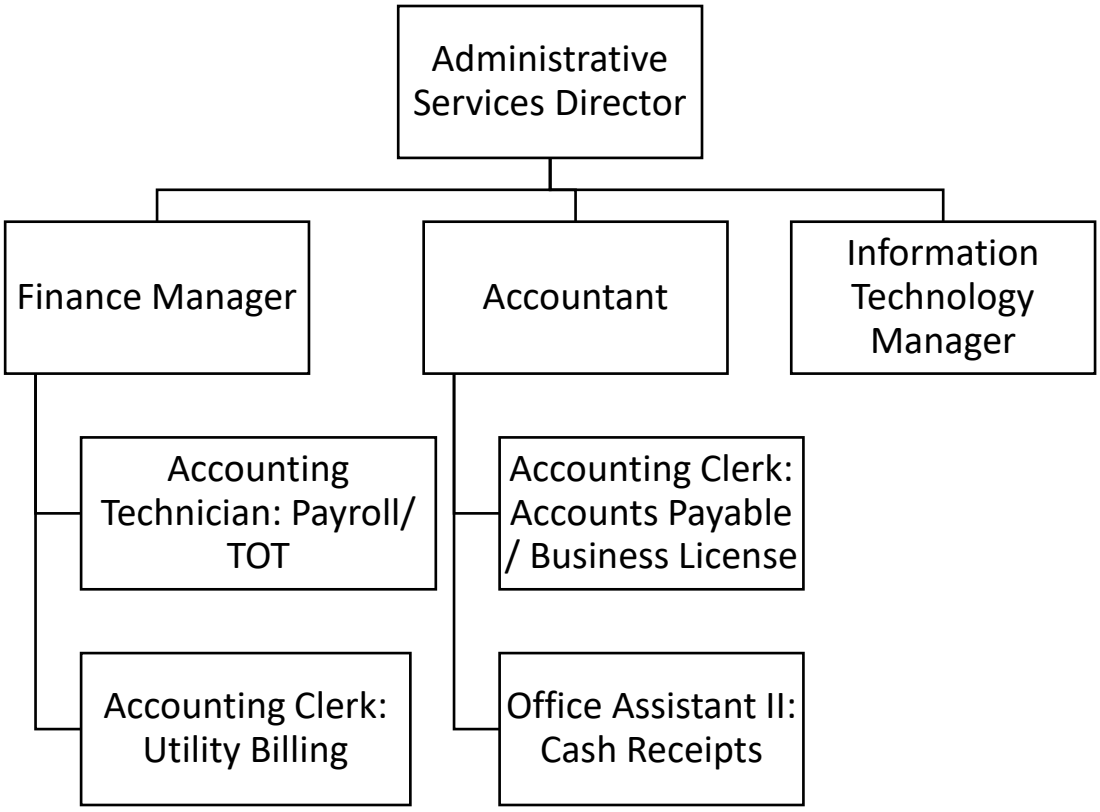
Work Program Highlights for Next Two-Year Budget:

- Follow the Strategic Plan initiatives of smart tourism growth, collaborative partnerships, expanding the brand, and building strong visitor satisfaction
- Continue to participate in tourism trade shows, including International Pow Wow, Go West Summit, Bay Area Travel & Adventure Shows, Visit CA Summit and media events.
- Continue to successfully oversee the Special Events Committee, streamline efforts where possible, annually evaluate the application process and fee schedule, and work with event organizers to see how the TED can partner and promote events that have a potential impact on lodging or sales tax revenues for the City.
- Improve stakeholder satisfaction with the TED by communicating quarterly on upcoming events, Pier Rehabilitation Project progress, partnership opportunities and on any items that may have an impact on local business
- Maintain a presence with local, regional and state organizations and maximize networking benefits with Visit California, California Travel Association, Central Coast Tourism Council and U.S. Travel (ESTO).
- Complete CDME (Certified Destination Management Executive) Program put on by U.S. Travel Destination International.

- Ensure www.ClassicCalifornia.com, www.ExperiencePismoBeach.com, and all microsites are up to date and re-evaluate websites annually to ensure event calendar and business listings remain current
- Conduct marketing RFP for the 2017–2020 TED / LBID Marketing and Public Relations Contract.
- Change out billboard event boards to list upcoming events for visitors traveling Highway 101.

Administrative Services

Finance Division



CLASSIFICATION	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21
Administrative Services Director	1	1	1	1	1
Finance Manager	1	1	1	1	1
Accounting Supervisor	0	1	1	1	1
Accountant	1	0	0	0	0
Accounting Technician	1	1	1	1	1
Accounting Clerk	2	2	2	2	2
Office Assistant II	1	1	1	1	1
Total Department Staff	**7**	**7**	**7**	**7**	**7**

Administrative Services Department

Finance Division

ACTIVITY DESCRIPTION

The Administrative Services Department provides reliable and accurate fiscal information to the citizens, City Council, and management of the City of Pismo Beach in an efficient, cost effective, and courteous manner. Specific services include accounts receivable, accounts payable, payroll, utility billing, business licenses, collection of TOT revenues and other revenues, investment of the City's idle cash, debt management, timely financial management and reporting, administration and preparation of the City's budget, and Information Technology systems planning, implementation, and management.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Salaries & Benefits	697,367	731,424	763,932	866,289	881,039	88%
Operations & Maintenance	124,675	140,904	198,332	119,518	120,523	12%
Totals	**$822,042**	**$872,327**	**$962,264**	**$985,807**	**$1,001,562**	**100%**

Accomplishments Prior Two-Year Budget:

- ✓ City Council and City staff achieved a fiscally sound two-year Budget for FY 2018 and FY 2019. The FY 2018 Adopted Budget marks the second time the City received the "Distinguished Budget Presentation Award" from the Government Finance Officers Association (GFOA) of the United States and Canada. The City also received the "Operating Budget Excellence Award" from the California Society of Municipal Finance Officers for the FY 2018 Adopted Budget.
- ✓ The City Council and City staff maintained the City's General Fund reserves at 25% of General Fund operating budget expenses. In addition, the General Fund contributed $50,000 in FY 2018 to the Risk Management Reserve that has a balance of $250,000. The City maintained the City Facility Reserve of $500,000, and fully funded a 3% General Fund Contingency Budget.
- ✓ The Administrative Services Department received the prestigious "Certificate of Achievement for Excellence in Financial Reporting" by the Government Finance Officers Association (GFOA) of the United States and Canada to government units whose Comprehensive Annual Financial Reports (CAFRs) achieved the highest standards in government accounting and financial reporting for FY 2017 and FY 2018. This marks the 17th year in a row that the City has received this award.

Administrative Services Department

Accomplishments Prior Two-Year Budget (continued):

- ✓ Performed compliance reviews and audits of lodging businesses that contribute to the City's TOT, Lodging Business Improvement District assessment, and San Luis Obispo County Tourism Marketing District assessment revenues
- ✓ Updated Key Fee Studies: (1) Water and Wastewater rates; (2) Development Impact Fees
- ✓ Updated the Governmental Accounting Standards Board (GASB) 74 and 75 measures into the City's Comprehensive Annual Financial Reports, for Accounting and Financial Reporting for OPEB (Other Post Employment Benefit) Plans and the employers that sponsor them
- ✓ Monitored the City's cash flow with large capital project budgets including the Pier Rehabilitation Project, the Shell Beach Streetscape Project, the Central Coast Blue Project, the Five Cities Lift Station project, the Sludge Dewatering Project, and the Price Canyon Project
- ✓ Worked with City Planning Division staff to develop procedures for vacation rental certificates and compliance, included creating an electronic three-step work-flow process
- ✓ Updated Department policies and procedures to reflect new processes as implemented through the new financial system
- ✓ Moved towards a more paperless environment, automated utility billing automatic emails to customers, automated the credit card receipt process, created online workflow forms for purchase orders and personnel action forms, and assisting customers with online applications and payments
- ✓ Maintained compliance with various federal and state agencies for the City's debt portfolio and investment practices
- ✓ Achieved full compliance with Governmental Accounting Standards Board (GASB) 45 for Other Post-Employment Benefits (OPEB), to pre-fund retiree health costs for retirees and their beneficiaries. The City has an actuarial study performed every other year to determine how much to set aside each year to partially or completely fund its future obligations for retiree health costs. The earnings on this investment will reduce the City's employer contributions. This now appears as an asset for the City's future retiree health costs instead of a significant liability on the City's balance sheet.

Administrative Services Department

Work Program Highlights for Next Two-Year Budget – for FY 20 and FY 21:

Finance Division – *General Fund*

- Administer a fiscally-sound Two-Year Budget maintaining the General Fund Reserve at 25% of General Fund operating budget expenses, maintaining the $250,000 Risk Management Reserve, maintaining the City Facility Reserve of $500,000, and fully funding the 3% General Fund Contingency Budget. The FY 2020 and FY 2021 reflect a 3% General Fund Contingency Budget to support unanticipated costs associated with several large General Fund supported projects.
- Develop and provide trainings related to finance for all City staff, including holding training sessions, developing a training manual, and creating screencast how-to videos.
- Work with Planning Division staff to develop procedures for vacation rental and STR certificates and compliance
- Achieve compliance with GASB 45 for OPEB, to pre-fund retiree health costs for retirees and their beneficiaries
- Monitor the City's cash flow with large capital project budgets including the Pier Plaza/Pier Restrooms Upgrade Project, the Shell Beach Streetscape Project, the Central Coast Blue Project, the Five Cities Lift Station project, and the Sludge Dewatering Project.
- Update the City's Purchasing Policy to reflect new processes as implemented through updated workflow and automated procedures
- Move toward electronic timesheets, seeking vendors that will integrate with the City's financial system and meet City departmental needs

Non-Departmental

ACTIVITY DESCRIPTION

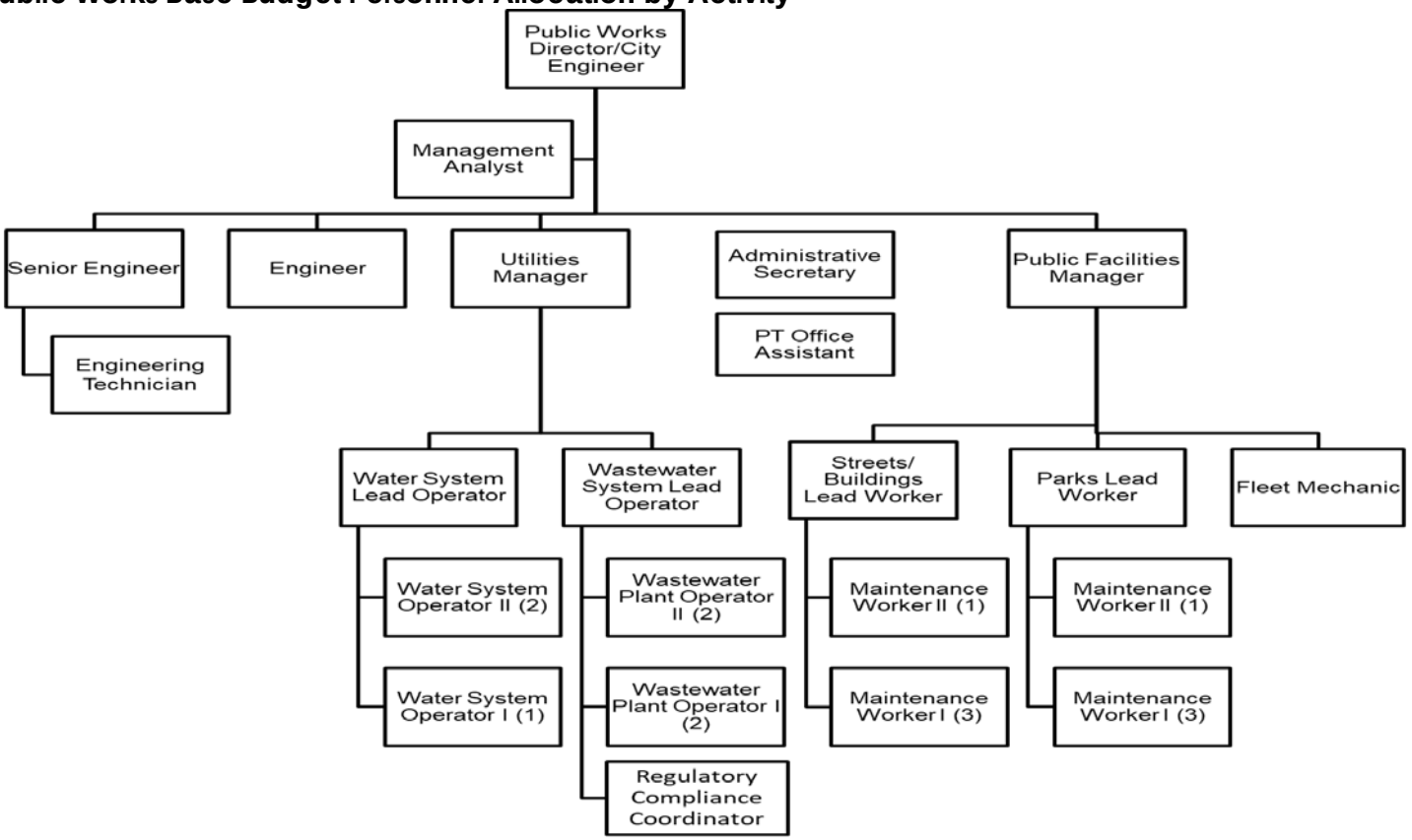
The purpose of the non-departmental budget is to account for those services, supplies, materials and equipment of a general, organization-wide nature, which do not lend themselves to distribution among the operating departments of the City. Bulk items and others that are used by all departments within the General Fund are included in the Non-Departmental activity budget, as are liability and property insurance expenses, debt service payments and other miscellaneous operating transfers. Outside agency contributions, low income subsidies for utility billing customers, and operating transfers to the Pier Enterprise Fund are also included in this Department. Historically, this account has also included the General Fund contingency, which is set at 1% of the current General Fund operating expenditure budget as established in the City's Fiscal Policy.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Salaries & Benefits	434,965	2,454,785	527,335	546,335	554,335	22%
Operations & Maintenance	842,987	1,141,190	1,260,676	1,152,135	1,263,791	46%
Capital Outlay	100	100	0	0	0	0%
Debt Service	181,169	0	0	0	0	0%
Other Exps.& Fin. Use	86,200	90,074	258,381	742,900	670,000	29%
Operating Transfers	1,846,469	37,345	67,500	80,000	80,000	3%
Totals	**$3,391,890**	**$3,723,493**	**$2,113,892**	**$2,521,370**	**$2,568,126**	**100%**

Public Works

Public Works Base Budget Personnel Allocation by Activity



CLASSIFICATION	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21
Public Works Dir/City Engineer	1	1	1	1	1
Senior Engineer	1	1	1	1	1
Associate Civil Engineer	1	1	1	1	1
Utilities Manager	1	1	1	1	1
Facilities Manager	1	1	1	1	1
Management Analyst	0	0	1	1	1
Administrative Secretary	2	2	1	1	1
Engineering Technician	1	1	1	1	1
Street Maintenance Lead	1	1	1	1	1
Parks Maintenance Lead	1	1	1	1	1
Maintenance Worker II	4	4	4	4	4
Maintenance Worker I	4	4	4	4	4
Water System Lead	1	1	1	1	1
Water System Operator I	2	2	2	2	2
Water System Operator II	1	1	1	1	1
Wastewater Ops Lead	1	1	1	1	1
Treatment Plant Operator II	4	4	4	4	4
Treatment Plant Operator I	0	0	0	0	0
Regulatory Compliance	1	1	1	1	1
Fleet Mechanic	1	1	1	1	1
Total Department Staff	**29**	**29**	**29**	**29**	**29**

PUBLIC WORKS DEPARTMENT

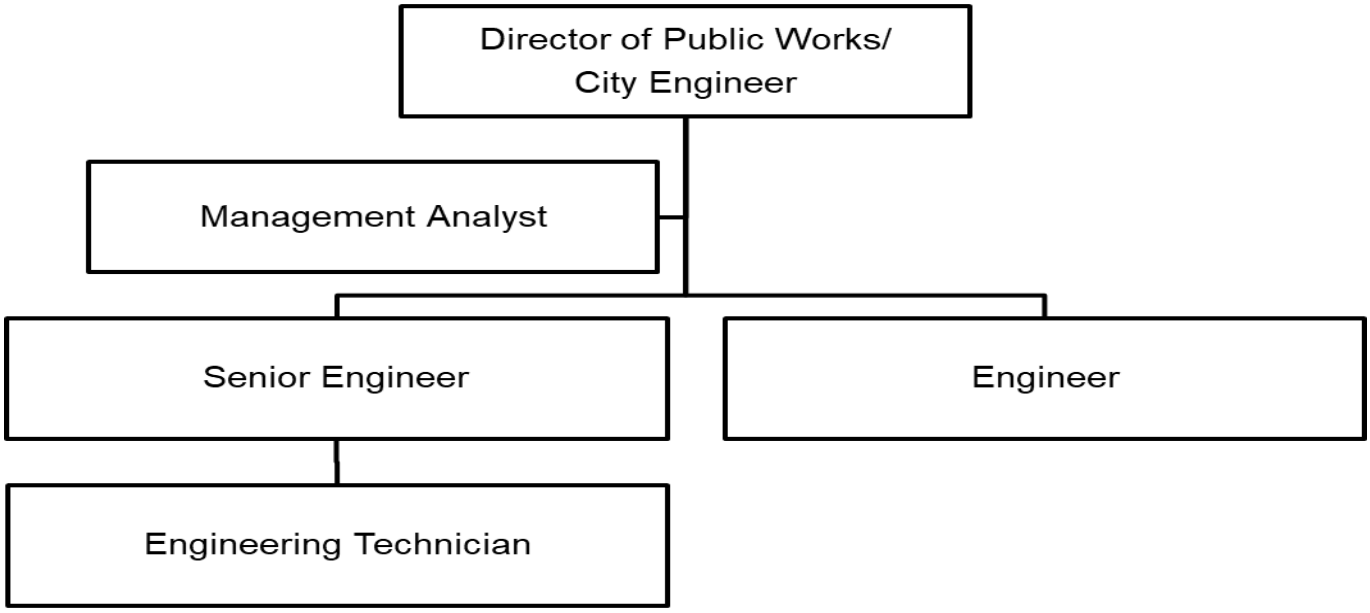
ACTIVITY DESCRIPTION

The Public Works Department is responsible for the design, construction and maintenance of City facilities and infrastructure including streets, public buildings, the pier, promenades, beach access stairways, beach, parks, public parking lots, vehicles, water system and wastewater system. These services are provided through two main operating divisions—engineering and public works. These service areas are funded through the General Fund and a series of enterprise funds.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Public Facilities	861,297	723,291	891,127	1,747,484	1,174,281	38%
Engineering	749,831	731,021	815,051	871,109	903,405	19%
Park Maintenance	1,087,902	1,130,193	1,264,341	985,590	992,169	22%
Street Maintenance	618,958	651,339	1,091,802	958,768	996,182	21%
Totals	**$3,317,987**	**$3,235,844**	**$4,062,321**	**$4,562,951**	**$4,066,036**	**100%**

Engineering Services



CLASSIFICATION	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21
Public Works/City Engineer	1	1	1	1	1
Senior Engineer	1	1	1	1	1
Associate Civil Engineer	1	1	1	1	1
Management Analyst	0	0	1	1	1
Administrative Secretary	1	1	0	0	0
Engineering Technician	1	1	1	1	1
Total Department Staff	**5**	**5**	**5**	**5**	**5**

ACTIVITY DESCRIPTION

The principal responsibility of the Engineering Division is protection of the public. This is accomplished by assuring that properly registered professional engineers design and oversee construction of facilities that are built and maintained for public usage. The primary areas of activity are project management, design and construction of capital improvements by the City, and review and inspection of improvements constructed as conditions of private development by developers. Ancillary services include keeping records of infrastructure improvements for use by the public works division and by the general public, and representing the City on several regional technical advisory committees.

Engineering Services

GENERAL FUND EXPENDITURES:

	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Salaries & Benefits	522,464	537,520	576,925	662,405	674,332	76%
Operations & Maintenance	225,107	190,163	238,126	208,704	229,073	24%
Capital Outlay	2,260	3,338	0	0	0	0.00%
Totals	**$749,831**	**$731,021**	**$815,051**	**$871,109**	**$903,405**	**100%**

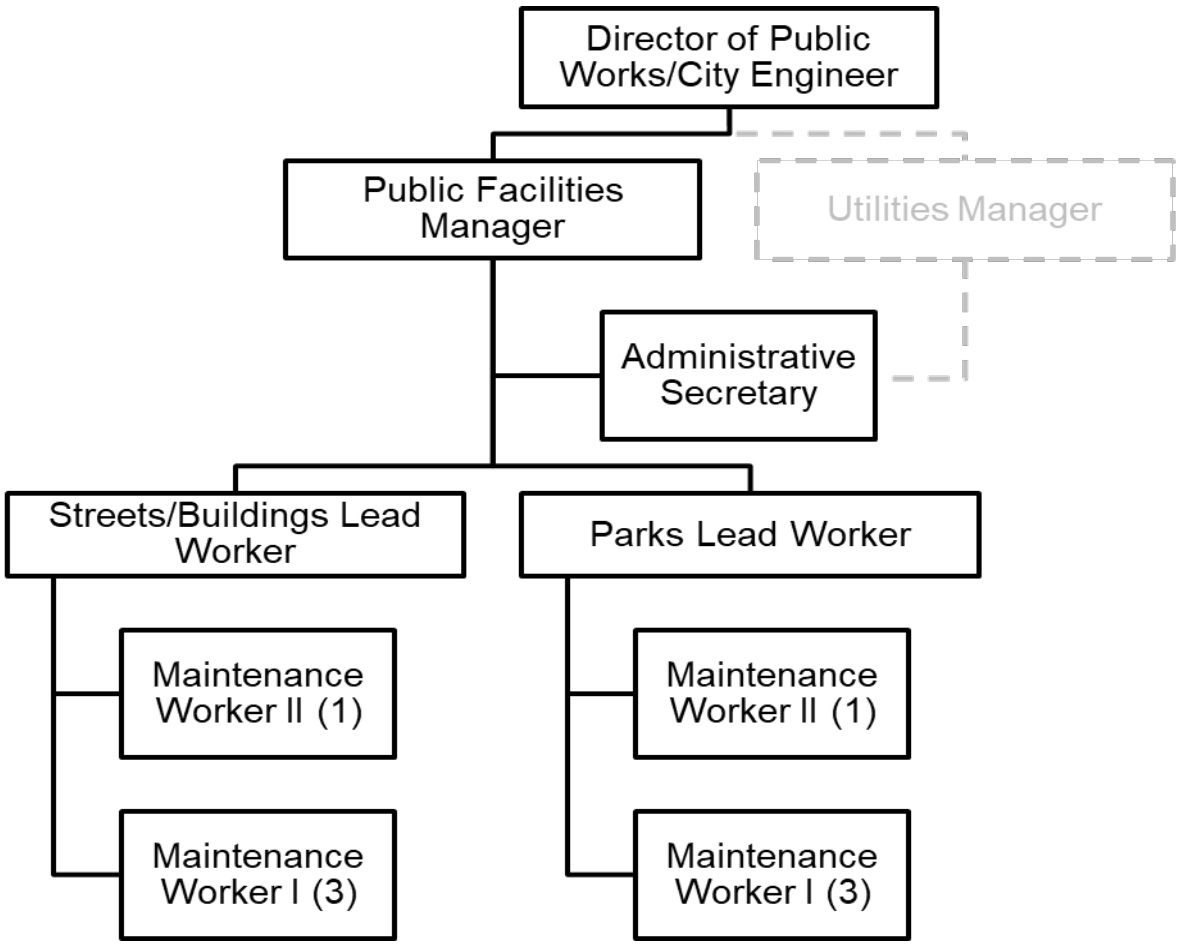
Accomplishments Prior Two-Year Budget:

- ✓ Chapman Estate ADA improvements
- ✓ Pismo Heights generator enclosure
- ✓ Energy Conservation Project

Work Program Highlights for Next Two-Year Budget:

- Five Cities Lift Station replacement
- Solids handling (belt press replacement)
- Bello Bridge replacement
- Shell Beach Reservoir I replacement
- Update the Pavement Management System
- Central Coast Blue Project
- Corporation Yard administration building construction drawings
- Police Department parking lot screen

Public Facilities



CLASSIFICATION	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21
Public Facilities Manager	0	1	1	1	1
Public Facilities Supervisor	1	0	0	0	0
Administrative Secretary	0	1	1	1	1
Street Maintenance Lead	0	1	1	1	1
Park Maintenance Lead	0	1	1	1	1
PW Maintenance Worker II	6	5	5	4	4
PW Maintenance Worker I	3	2	3	4	4
Total Department Staff	**10**	**11**	**12**	**12**	**12**

Public Facilities

ACTIVITY DESCRIPTION

The Public Facilities Division oversees streets, government buildings and parks. The division is responsible for inspecting, repairing and maintaining the City's streets, parking lots, sidewalks and beaches, as well as public buildings and maintaining all City-owned parks, rights-of-way, medians, playground equipment, irrigation and other landscaped areas for public use. Activities include overseeing the street sweeping contract, pothole patching, and installation and maintenance of street signs and markings to ensure safe driving and walking conditions. This division also maintains all City stairways and ramps to the beach, monitors all City trees for disease and public safety, oversees the cleaning and maintenance of City restrooms and portable toilets, and maintains the mutt mitt program throughout the City. Public buildings that the division is responsible for operating and maintaining include City Hall, the Veterans' Halls, the Police Department facility, the Visitor Information Center/Parking Bureau building, two Fire Stations, 10 public restrooms, and the Public Works Maintenance buildings.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Salaries & Benefits	1,111,038	1,169,405	1,316,488	1,198,781	1,227,237	32%
Operations & Maintenance	1,174,625	1,253,503	1,482,792	2,291,092	1,853,646	62%
Capital Outlay	1,388	1,753	100,097	0	0	0%
Debt Service	204,297	0	0	0	0	0%
Operating Transfers	76,809	71,228	222,892	224,869	81,748	6%
Totals	**$2,568,157**	**$2,495,888**	**$3,122,270**	**$3,714,742**	**$3,162,631**	**100%**

Accomplishments Prior Two-Year Budget:

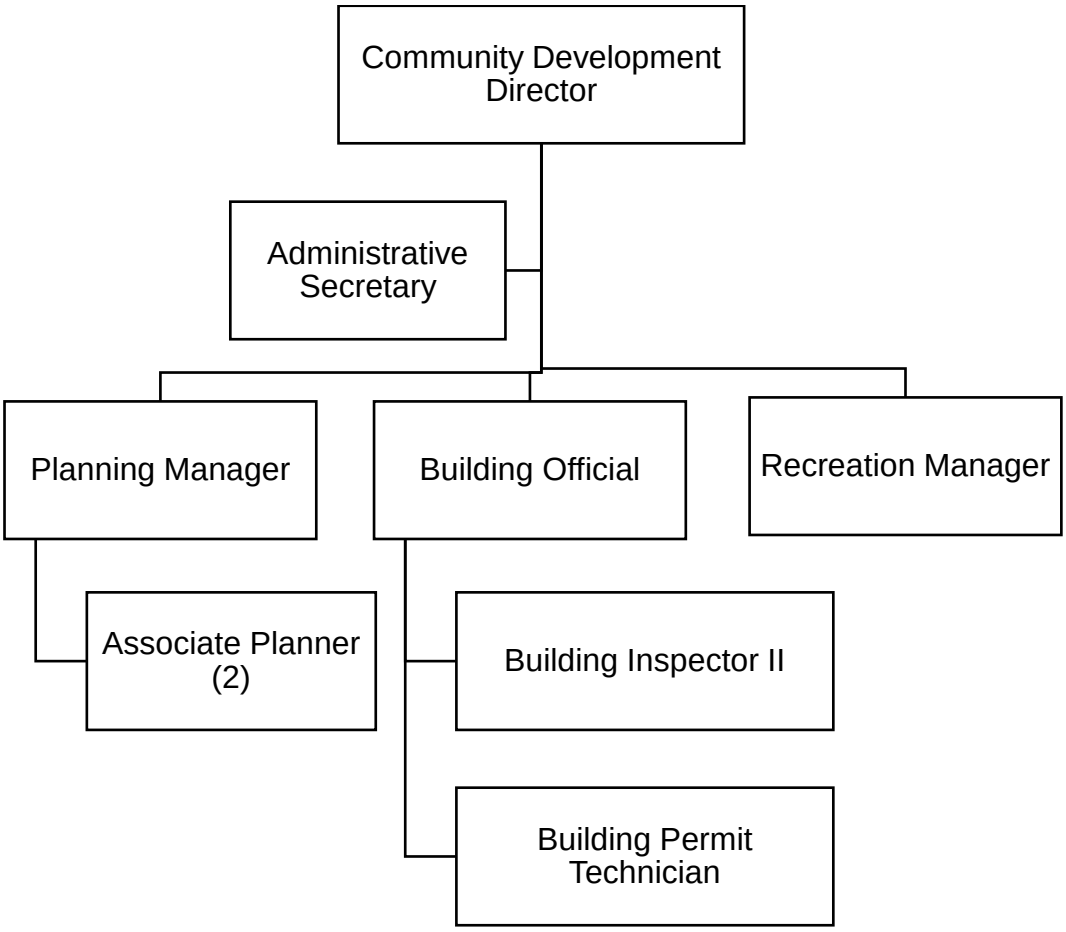
- ✓ Add play equipment to Dinosaur Caves Park
- ✓ Chapman Estate ADA Improvements
- ✓ Bello Veterans' Hall heaters
- ✓ Downtown trashcan replacement
- ✓ Completed bluff protection
- ✓ Completed bluff inspections
- ✓ Police Department parking lot privacy screen
- ✓ South promenade electrical repairs

Public Facilities

Work Program Highlights for Next Two-Year Budget:

- Shell Beach/Pismo Beach pedestrian and bicycle access and streetscape (in progress)
- Spyglass Park parking lot rehabilitation
- Replace Spyglass Park play equipment
- Remove and replace Dinosaur Caves Park restroom/relocate old restroom to Price Historic Park
- Bello Veterans' Hall repairs
- Re-roof Police Department and Fire Department
- Paint Shell Beach Veterans' Hall Exterior
- Resurface/restripe Shell Beach tennis courts
- Replace beach wheelchairs
- Downtown trashcan replacement

Community Development Department



CLASSIFICATION	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21
Community Development Director	1	1	1	1	1
Building Official	1	1	1	1	1
Building Inspector I	1	0	0	0	0
Building Inspector II	1	1	1	1	1
Building Permit Technician	1	1	1	1	1
Planning Manager	1	1	1	1	1
Administrative Secretary	1	1	1	1	1
Associate/Assistant Planner	2	2	2	2	2
Recreation Manager	1	1	1	1	1
Total Department Staff	**10**	**9**	**9**	**9**	**9**

COMMUNITY DEVELOPMENT

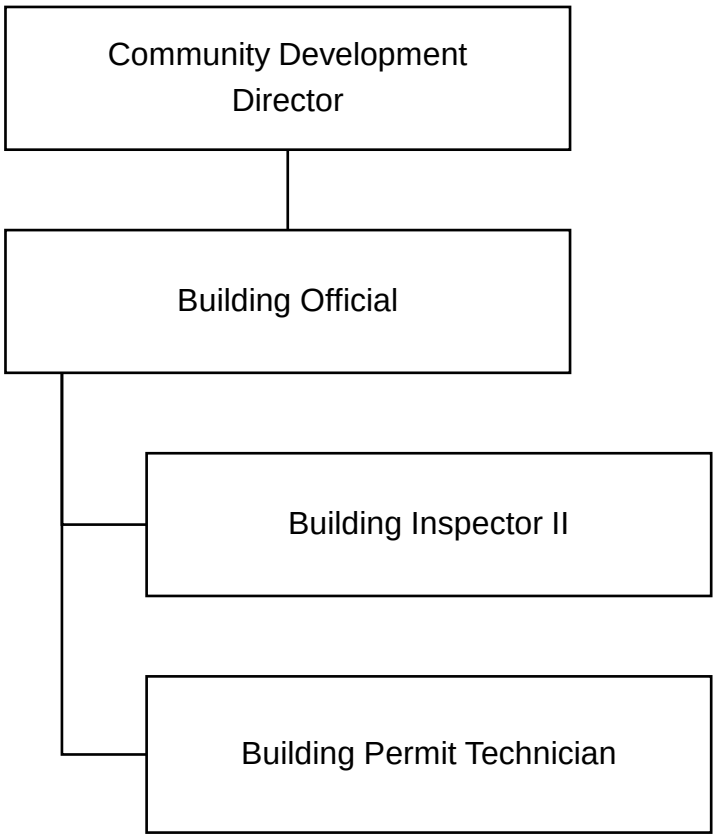
ACTIVITY DESCRIPTION

The Community Development Department is dedicated to ensuring a safe and enjoyable living environment for residents and visitors. Services are provided through three main operating divisions—planning, building inspection, and recreation. Planning facilitates the creation and implementation of plans and programs designed to protect the natural environment while guiding residential, commercial and open space development/preservation. Building Inspection protects life, health and property by assuring safety in the construction, alteration and repair of buildings. Recreation serves residents and visitors by providing opportunities for play and relaxation.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Building Division	708,262	705,209	897,581	929,303	830,831	37%
Planning Division	720,244	763,599	1,636,325	1,025,235	877,008	40%
Recreation	505,449	572,408	593,691	584,193	587,861	23%
Totals	**$1,933,955**	**$2,041,216**	**$3,127,597**	**$2,538,731**	**$2,295,700**	**100%**

Building Division



CLASSIFICATION	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21
Building Official	1	1	1	1	1
Building Inspector I	1	0	0	0	0
Building Inspector II	1	1	1	1	1
Building Permit Technician	1	1	1	1	1
Total Department Staff	**4**	**3**	**3**	**3**	**3**

Building Division

ACTIVITY DESCRIPTION

The Building Division is responsible for the protection of life, health and property through the promotion of public safety in the construction, alteration, and repair of buildings. This responsibility is accomplished by accurate and efficient plan review, permit issuance, construction inspection, and conflict resolution involving contractors, homeowners, and the general public. The Building Inspection Division is also responsible for some of the City's code enforcement efforts.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Salaries & Benefits	318,723	381,309	457,257	467,413	480,544	50%
Operations & Maintenance	389,461	323,900	440,323	461,890	350,287	50%
Capital Outlay	0	0	0	0	0	0%
Operating Transfers	78	0	0	0	0	0%
Totals	**$708,262**	**$705,209**	**$897,581**	**$929,303**	**$830,831**	**100%**

Accomplishments Prior Two-Year Budget:

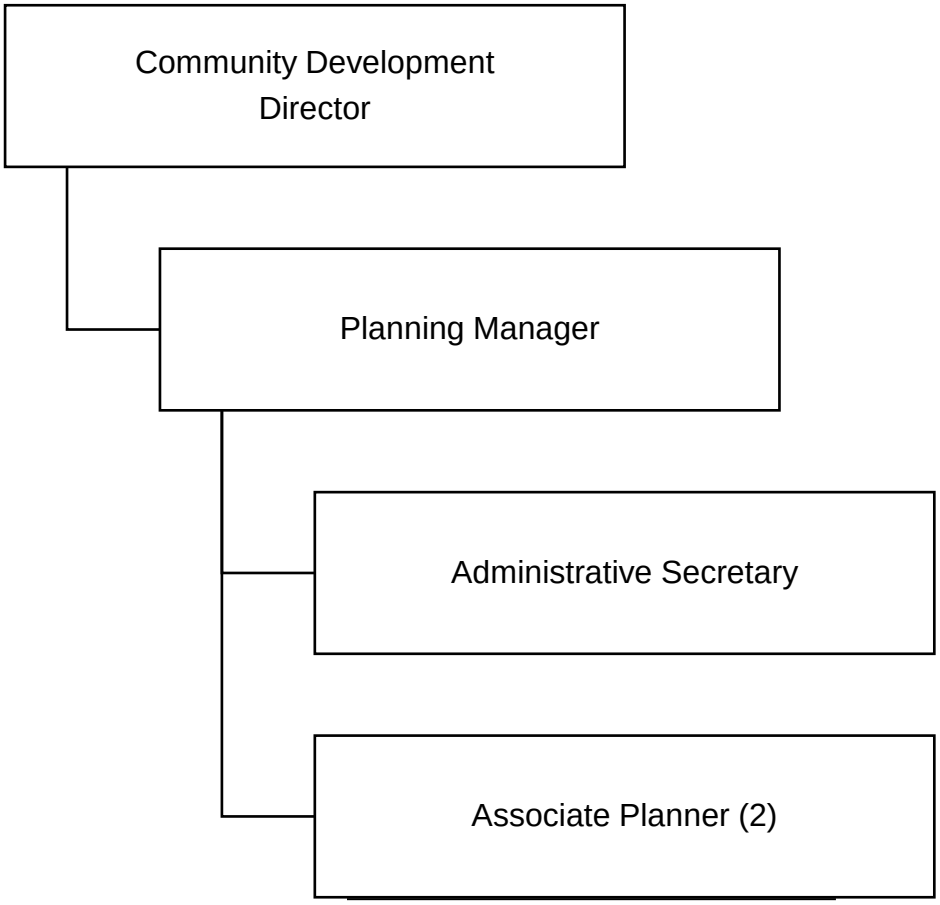
- ✓ Recruited and began training of a new inspector
- ✓ Negotiated a contract with California Code Check for building inspection and plan review services to meet the requirements of state law.
- ✓ Maintained prompt plan check turn-arounds and one-day inspection request turn-arounds.
- ✓ Assisted in implementation, plan review, and inspection for the new short-term rental (STR) program.
- ✓ Continued to update the special inspector qualifications and approvals for work in Pismo Beach
- ✓ Continued to update and maintain the automated permit and code enforcement tracking systems.
- ✓ Established disaster preparedness equipment and supplies

Building Division

Work Program Highlights for Next Two-Year Budget:

- Prepare and process adoption of the 2019 California Construction Codes
- Continue to provide a high level of customer service with aggressive turn-around times for plan review, permit issuance, same-day inspection, public counter assistance for 9 hours a day, and pre/post-disaster evaluation
- Process an estimated 1,000 building permits and conduct corresponding inspections.
- Continue training efforts for new inspector and obtain required certifications for all trades.
- Continue training efforts for all other Building Division staff and prepare for Certified Access Specialist (CASp) Certification
- Continue to support the Central Coast Chapter of the International Code Council
- Create new construction-related handouts

Planning



CLASSIFICATION	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21
Community Development Director	1	1	1	1	1
Planning Manager	1	1	1	1	1
Administrative Secretary	1	1	1	1	1
Associate Planner	2	2	2	2	2
Total Department Staff	**5**	**5**	**5**	**5**	**5**

Planning

ACTIVITY DESCRIPTION

The Planning Division is charged with protection and enhancement of the City's natural resources while overseeing the development and preservation of the City's residential, commercial, open space, and public areas along with other projects that are intended to enhance the City's unique character. Engaging and informing the community beyond current efforts is a growing component of the Division.

The Division provides support to most of the City Council's advisory bodies and offers guidance and assistance to these groups as they evaluate and implement long-range plans for the City's future growth and enhancement. Development review consistent with City, state and federal policies and regulations is also the responsibility of the Planning Division. This includes an evaluation of each project's potential for negative impacts to the environment.

Consistent with City Council goals, the Planning Division also develops and administers a variety of projects, such as oversight of park and open space planning, development of amendments and updates to land use or development regulations, grant writing, public art, affordable housing programs, and downtown enhancement among others.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Salaries & Benefits	583,194	551,175	511,422	659,041	690,886	64%
Operations & Maintenance	137,050	193,709	1,074,904	336,194	186,122	33%
Other Exps.& Fin. Use	0	0	50,000	0	0	0%
Operating Transfers	0	18,715	0	30,000	0	3%
Totals	**$720,244**	**$763,599**	**$1,636,325**	**$1,025,235**	**$877,008**	**100%**

Accomplishments Prior Two-Year Budget:

- ✓ STR Ordinance approved, certified by CCC, and implemented
- ✓ Circulation Element Update approved and certified by California Coastal Commission
- ✓ Accessory Dwelling Unit (ADU) Ordinance update approved and certified by the California Coastal Commission
- ✓ City Council approval of the Price Street Streetscape Upgrade concept
- ✓ City Council approval of the Pier Plaza concept and approval to proceed with construction documents.

Planning

Work Program Highlights for Next Two-Year Budget:

- Lower-Cost Visitor Serving Accommodations Study
- LCP update (General Plan, Zoning Code, Local Coastal Plan)
- 5th-cycle and 6th-cycle Housing Element Updates
- Develop appropriate land use controls for downtown

Recreation



CLASSIFICATION	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21
Recreation Manager	1	1	1	1	1
Total Department Staff	**1**	**1**	**1**	**1**	**1**

* Additional staffing includes part-time Recreation Coordinators., Volleyball Coordinator & volunteers

ACTIVITY DESCRIPTION

The Recreation Division is responsible for the administration of recreation classes offered by private instructors and the coordination of a number of City-sponsored special events including the Easter Egg Hunt, Pumpkins in the Park, and Holiday Harmony among others. The Division is also responsible for the highly regarded and acclaimed beach volleyball program. This program is supported, in large measure, by participant registration fees. Another responsibility of this division is the coordination of facility rentals including the Veterans' Memorial Building, Shell Beach Veterans' Hall, Margo Dodd Park, and Dinosaur Caves Park.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Salaries & Benefits	387,336	438,449	438,218	444,243	447,949	76%
Operations & Maintenance	118,112	133,960	155,473	139,950	139,912	24%
Totals	**$505,449**	**$572,408**	**$593,691**	**$584,193**	**$587,861**	**100%**

Recreation

Accomplishments Prior two-year budget:

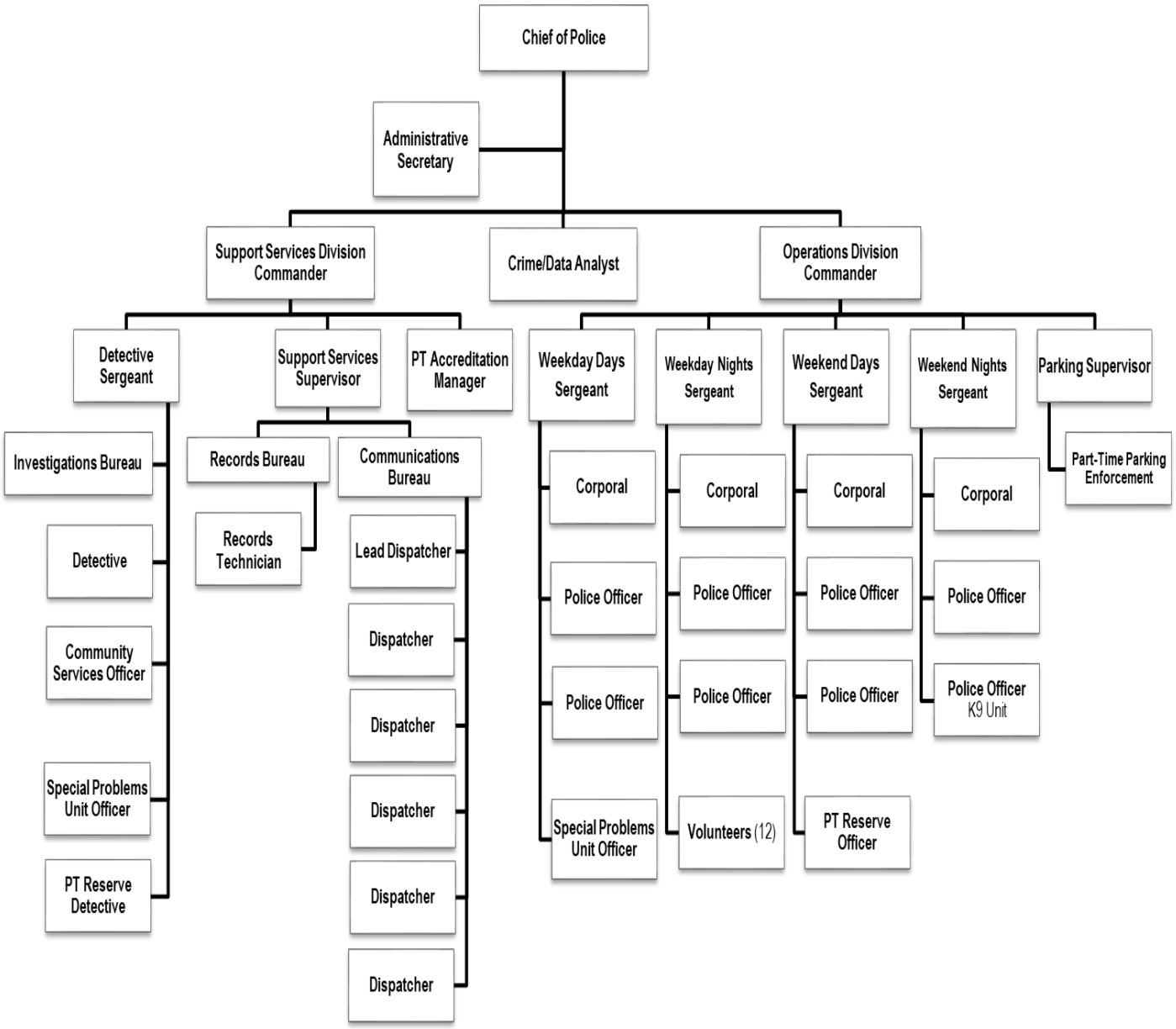
- ✓ Completed request for proposals (RFP) and bid for playground design and construction for Spyglass and Dinosaur Caves Parks. Completed ground-breaking ceremony for Dinosaur Caves Park.
- ✓ Successful ground-breaking ceremony for Shell Beach Streetscape.
- ✓ Added Movies in the Park to community recreational events.
- ✓ Served as staff liaison to the Parks, Recreation and Beautification Commission (PRBC) in its focus on Public Art projects for the Shell Beach Streetscape and Pier Plaza Projects, St. Jude's Tunnel, and utility boxes. PRBC has also been instrumental in selecting the playground designs and working on other capital improvement projects such as modification of tennis courts to pickleball courts.
- ✓ Special Events continue to be popular for the local community, serving over 2,500 participants for larger events such as Easter Eggstravaganza and Pumpkins in the Park. Holiday Harmony was brought back to the Pier successfully.
- ✓ Develop and expand curriculum for youth/adult programs. Continue to add new instructors when feasible.
- ✓ Park and facility rentals continue to be booked frequently. These rentals include many special events.

Work Program Highlights for Next Two-Year Budget:

- Develop social media marketing tools for classes and camps. Work with ACTIVE Net, the recreation program software, to develop marketing tools to past participants.
- Continue to work on CIP projects that were deemed a priority such as pickleball courts, maintenance of the veterans' halls, new playground equipment at the beach, etc.
- Continue to evaluate recreation programming and make adjustments accordingly. Continue to explore other marketing strategies for programs such as the on-line school district website service, Peachjar, activity guide, community calendars, and press releases.
- Develop facility booking module through the registration software, ACTIVE Net.
- PRBC will continue to work on the major Public Art projects, including Shell Beach Streetscape and Pier Plaza projects.
- Develop new contract with Five Cities Youth Baseball for the use of the Pismo Beach Baseball fields to ensure cooperation and efficiency of services.

Public Safety

Police



Police Department

CLASSIFICATION	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21
Police Chief	1	1	1	1	1
Police Commander	2	2	2	2	2
Administrative Secretary	1	1	1	1	1
Police Corporal	4	3	3	4	4
Police Sergeant	5	5	5	5	5
Police Officer	10	11	11	11	11
Police Officer (Grant)	1	1	1	0	0
Community Services Officer	1	1	1	1	1
Support Services Supervisor	1	1	1	1	1
Records Technician	2	2	2	1	1
Crime Analyst	0	0	0	1	1
Senior Public Safety Dispatcher	1	1	1	1	1
Dispatcher	5	5	5	5	5
Parking Supervisor	1	1	1	1	1
Total Department Staff	**35**	**35**	**35**	**35**	**35**

ACTIVITY DESCRIPTION

The Police Department provides a multifaceted public safety service that creates an atmosphere and environment of social order and safety. The department places a high value on providing public safety services that significantly contribute to the high quality of life enjoyed by both residents of and visitors to the City. Supporting this objective, the department's policing efforts function under a philosophy of collaboration and partnership with the community. Organizationally, the department consists of two major divisions: Operations and Support. The Operations Division consists of patrol, traffic operations, reserve officers, K-9 Unit, citizen volunteer patrol, and the downtown/special problems unit. The Support Division oversees Records, Communication Center, Investigations Bureau, Training, Administrative Services, and DARE/crime prevention.

GENERAL FUND EXPENDITURES

	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Salaries & Benefits	4,937,167	5,416,072	5,851,468	5,720,605	5,873,120	87%
Operations & Maintenance	561,254	581,090	669,406	677,336	691,618	10%
Capital Outlay	229,450	69,863	77,673	0	0	0%
Operating Transfers	76,372	140,493	144,005	143,568	145,720	2%
Totals	**$5,804,243**	**$6,207,518**	**$6,742,551**	**$6,541,509**	**$6,710,458**	**100%**

Police Department

Accomplishments Prior Two-Year Budget:

- ✓ Comprehensive traffic safety program. Antiquated speed enforcement equipment from a year 2000 grant was obsolete and therefore not used. Over the last two year budget, updated equipment was procured through funding and used as a multi-pronged approach to effective traffic control and safety throughout the city. The equipment has been utilized for two spot surveys to research impacts to roadways and intersections. The equipment has also been utilized in conjunction with pedestrian safety saturation and bicycle safety.

- ✓ Community Camera (ComCam) Program. The Community Camera Program was researched, identified, and equipment purchased. It is a modular camera system that is infinitely expandable. Items initially purchased created an infrastructure capable of sustaining the current camera system and future expansion. Expansion of the system incrementally was performed from funds spent in FY 2018 and FY 2019.

- ✓ MyCop Enhancements. The original MyCop program was hosted using an archaic Outlook platform. During the first year of the budget cycle, a smart device app utilizing mobile media was developed and launched. This has given the department the ability to publicize information using smartphone technology and to more specifically segment that information by zones throughout the city. The Chief of Police hopes to be able to engage members of the Chief's Advisory Board using the app platform during the next budget cycle.

- ✓ Downtown Resource Officer Program (DROP). The department re-staffed an officer to the downtown core area on bicycle patrol. With the hopes of expanding the officer's presence downtown, the officer broadened the assignment to include a Business Liaison Program, merchant training, responsibility for primary enforcement actions, providing downtown resource allocation information, and conducting regular beach patrol operations. This program will be supplemented with additional personnel during peak tourist seasons. Last year the DROP officer and administration staff developed a quarterly bulletin specifically for the downtown core which spans MyCop Zones 5 and 6. The bulletin named "The Drop Zone" includes downtown crime stats, crime prevention tips, department information, and Parking Bureau updates directly to the zone members.

- ✓ Gang Task Force street team. Initially, the Pismo Beach Police Department dedicated an officer and a vehicle to the San Luis Obispo County Narcotics Task Force. With recent changes in law and the decriminalization of most narcotics offenses, jurisdictions have seen a significant rise in street-level crime and thefts in general. In an effort to combat this upswing, the San Luis Obispo County Sheriff's Office and the Pismo Beach Police Department have partnered in developing a program aimed at street-level criminals, ensuring compliance and recovering stolen property.

Police Department

Accomplishments Prior Two-Year Budget (continued)

- ✓ Communication Center accreditation. The CALEA Public Safety Communications Accreditation Program provides a communications center, or the communications unit of a public safety agency, with a process to systemically review and internally assess its operations and procedures. Over the last budget cycle, the department began its self-assessment phase for an independent accreditation through CALEA. The department is making great strides showing compliance with up to 213 additional standards and work in conjunction with the ongoing department re-accreditation process.

- ✓ Records Bureau re-organization. To assist in the Chief's direction toward Intelligence-Led Policing and Evidence-Based Policing, a certified crime analyst/GIS technician was recruited and hired. This position works closely with the Office of the Chief to provide current crime trends and provide needed intelligence of predictable trends expected. Accurate and reliable data collection, collation and dissemination is utilized and analyzed to enhance patrol deployment, investigative models, and event strategies. Analysis reports have been utilized for individual crime patterning, locations sequencing, workload assessments, and for a few helpful tasks for other city departments.

- ✓ Body camera replacement. Over the last budget cycle the department was able to replace its body camera inventory. The original cameras were aging and were no longer supported by warranty and the software was no longer supported by the manufacturer. The department researched, purchased, and implemented new cameras which have proven to be more reliable, better quality output, and software that is easier for the end user booking video into evidence and more efficient for the property officer locating and sending video for prosecution.

- ✓ Downtown kiosks and meters. The department researched and tested new individual parking meters in the 100 and 200 blocks of Pomeroy Avenue. Upgrades using similar technology was changed in the existing parking kiosks as well adding cost saving measures to the program. The individual meters proved to be very useful, allowing the department to monitor and perform responsible parking management. Revenues demonstrated that compliance in those areas utilizing individual meters was increased and wait times for users of the parking lot kiosks were shorter.

Work Program Highlights for Next Two-Year Budget:

- Records Management System upgrade. In an effort to mitigate the current antiquated and unsupported records management system (RMS), the department joined a countywide committee led by the San Luis Obispo County Sheriff's Department to explore new and cutting-edge CAD/RMS systems. The committee met several times with the purpose of obtaining proposals for a CAD/RMS that all agencies in the county could utilize to exchange and share information in a secure manner. The committee elected to approach ProPhoenix for consideration to replace CAD/RMS systems. Much of the initial process has been performed up to and including contract agreement. Final implementation is left to accomplish and is a large task that will take almost a year and intricate planning.

Police Department

Work Program Highlights for Next Two-Year Budget (continued):

- Peer support program. This program will consist of a minimum of 2 members of the Police Department trained and relied on to assist the other members of the department during routine acute trauma syndrome as well as the larger critical incident stress management situations. While evidence-based research is identifying negative results with critical incident stress debriefs, most of the research demonstrated positive results with use of peer counselors.

- Community Camera (ComCam) Program expansion. Original Community Camera Program included research, identification, and purchase of a modular camera system that was adequate and infinitely expandable. Items initially purchased created an infrastructure capable of sustaining the current camera system and future expansion which were performed incrementally with funds being spent in FY 2018 and FY 2019. The program will continue to be expanded upon during each year of the two-year budget and with cameras being utilized in those areas needing to be monitored.

- CALEA re-accreditation. The department is currently maintaining over 525 CALEA standard files, continuing its accreditation endeavor, and will prepare for its 4th reaccreditation in August 2020. Continuing to meet CALEA standards, show proof of compliance, and maintain cutting edge policies and procedure on an annual basis is the key to success with reaccreditation. An on-site accreditation assessment team will be sent out for 3 days to audit the agency as it will conclude the 4-year cycle.

- Communication Center accreditation. The CALEA Public Safety Communications Accreditation Program provides a communications center, or the communications unit, of a public safety agency, with a process to systemically review and internally assess its operations and procedures. The department will show compliance with up to 213 additional standards and work in conjunction with the ongoing department re-accreditation process. The on-site assessment team will audit the agency's communication center in August of 2020 at the same time as general law enforcement.

- Youth Services Officer program. Evidence-based policing has proved that D.A.R.E. has become ineffective. The Police Department will use a "Youth Services Officer" to perform the tasks that a school resource officer would do on a part-time basis between the city's two schools. This position would also prepare for and attend all youth events traditionally performed by the DARE Officer.

- Technology replacement. Current technological equipment used in marked patrol vehicles obtained in 2012 is becoming old and obsolete. New technologies are emerging on the market that will assist the department to complete tasks efficiently and safely. These technologies include mobile data computers, in-car video systems, and license plate readers.

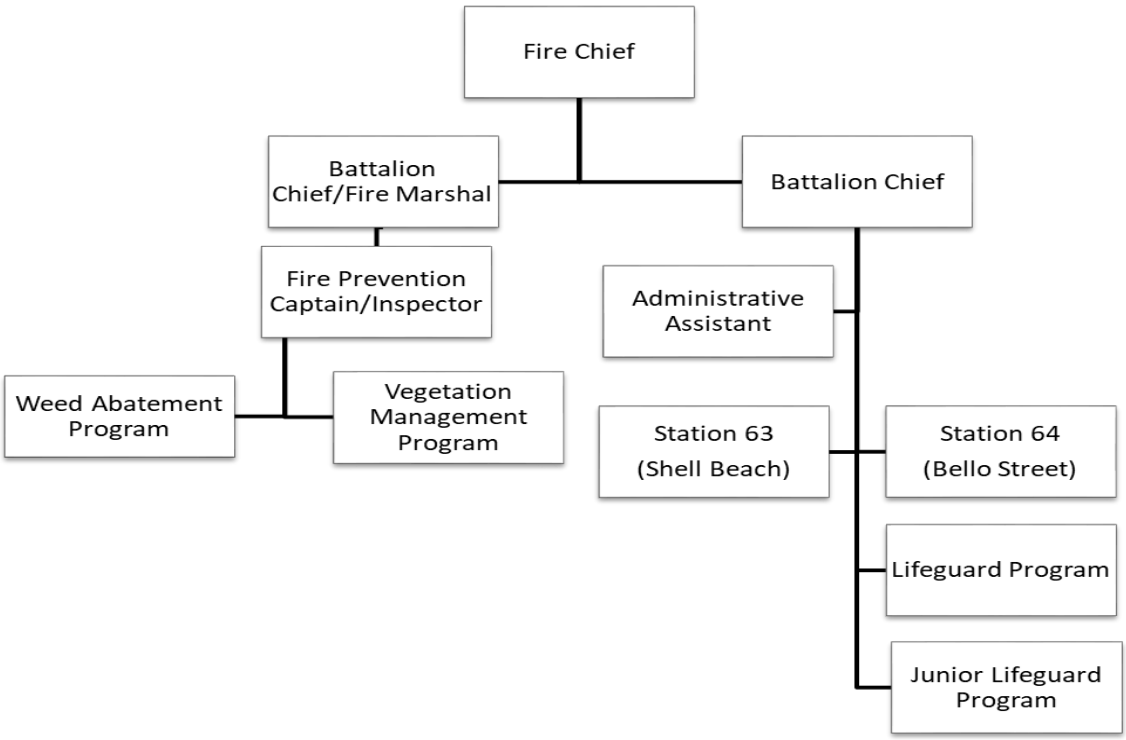
Police Department

Work Program Highlights for Next Two-Year Budget (continued):

- Police Station security surveillance system. The old camera system used for the security of the police department is an old Costco-brand multi-channel with DVR recording. The new system would be using the same system as the ComCam Program, but would be recorded directly into Police Department computer network.

- Assembly Bill 748 compliance software. Assembly Bill 748 increased the availability to the public of law enforcement video through requests made under the California Public Records Act. Software to produce copies with the technological ability to protect individual's privacy will be needed to meet this mandate.

Fire



CLASSIFICATION	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21
Fire Captain	3.17	3.17	3.17	4.50	4.50
Fire Engineer	3.00	3.00	3.00	5.67	5.67
Firefighter I	1.17	1.17	1.17	1.16	1.16
Firefighter II	1.50	1.50	1.50	0.00	0.00
Fire Prevention Specialist	1.00	1.00	1.00	0.00	0.00
Communications Operator	1.00	1.00	1.00	1.00	1.00
Administrative Assistant/Office Technician	1.00	1.00	1.00	1.00	1.00
Total Department Staff	**11.83**	**11.83**	**11.83**	**13.33**	**13.33**

* Additional staffing includes part-time seasonal lifeguards
* Fire services are contracted with Cal Fire

Fire Department

ACTIVITY DESCRIPTION

The Fire Department is responsible for protecting life, property and the environment. The primary services the Fire Department provides include responding to emergency medical incidents, traffic collisions, hazardous material responses, fires, and rescues. Staff also provides fire prevention, enforcement, and public education services. Seasonally, the department is responsible for the provision of lifeguard services along the beach and weed abatement as a wildfire safety precaution. Fire services are currently provided through a contract with Cal Fire (California Department of Forestry and Fire Protection), with paid staff operating out of both the Bello Street (#64) and Shell Beach (#63) Fire Stations.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Fire Operations	2,375,815	2,436,301	3,078,363	3,211,330	3,331,945	92%
Weed Abatement	16,813	17,103	17,140	14,500	14,500	0%
Lifeguards	200,812	235,981	210,721	228,184	222,341	7%
Junior Lifeguards	39,250	44,589	53,455	53,546	53,546	1%
Totals	**$2,632,690**	**$2,733,973**	**$3,359,680**	**$3,507,559**	**$3,622,331**	**100%**

Accomplishments Prior Two-Year Budget:

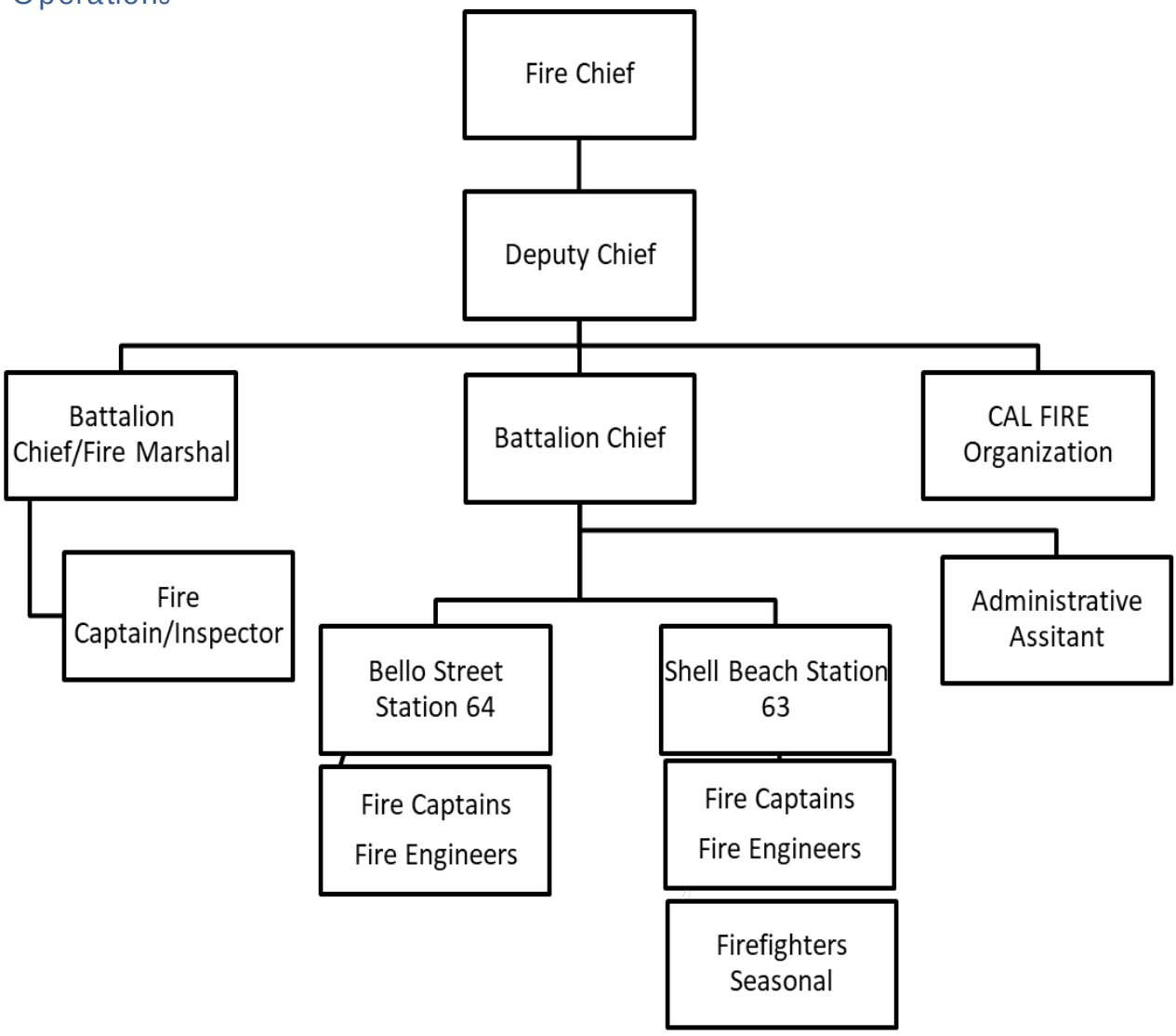
- ✓ Purchased grant-funded Open Space/Special Event response vehicle.
- ✓ Replaced lifeguard tower and fire engine.
- ✓ Created and printed a partially Fire Safe Council grant-funded City of Pismo Beach Emergency Pre-Plan Field Guide.
- ✓ Implemented Beach Drowning Accident Rescue Team (DART) program that reduced water rescues by 25%.
- ✓ Staffed Bello Street Fire Station (64) with additional peak fire season staffing
- ✓ Accomplished Citywide Business/Hotel Inspection Program goals.
- ✓ Consulted on and implemented Vegetation Management Projects at Price House, Price Canyon/Heights, El Portal Drive, Bluffs Cave, Highland Drive

Fire Department

Work Program Highlights for Next Two-Year Budget (continued):

- Explore funding options and complete a scoping study for a new fire station, and pursue development of the most appropriate facility.
- Replace Rescue Water Craft.
- Replace Junior Lifeguard Program trailer.
- Obtain a grant to replace aging handheld radios with an industry standard communication system that will be interoperable with other Emergency Agencies.
- Implement Vegetation Management Projects for:
    - Long Canyon
    - Price Park Recreation Area
    - Cave Landing
    - Pismo Preserve
- Implement enhanced EMT scope of practice and replace outdated Automated External Defibrillators (AEDs).

Fire Operations



ACTIVITY DESCRIPTION

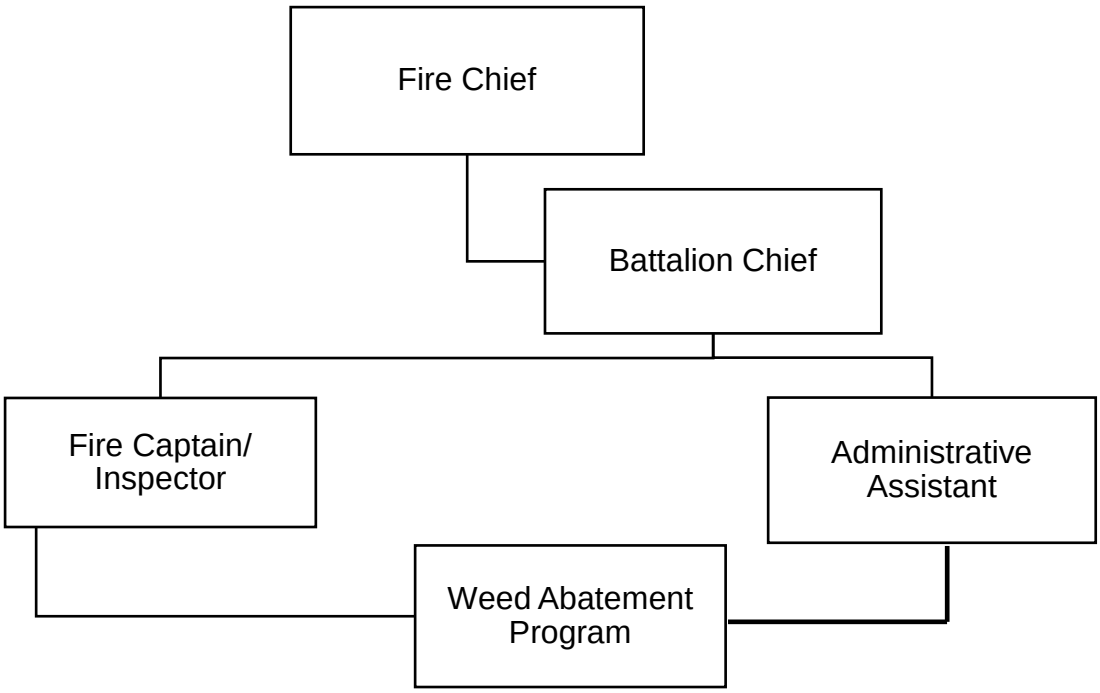
The Fire Operations Division is responsible for the staffing and operation of two fire stations within the City–-the Bello Street Fire Station (#64) and the Shell Beach Fire Station (#63). The primary services provided include responding to emergency medical incidents, traffic collisions, hazardous material incidents, fires, and rescues. Staff also provides fire prevention, enforcement, and public education services.

Fire Operations

GENERAL FUND EXPENDITURES:

	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Salaries & Benefits	233,514	179,555	77,310	69,529	57,310	2%
Operations & Maintenance	1,983,484	2,108,584	2,849,187	2,992,011	3,122,543	93%
Operating Transfers	158,817	148,162	151,866	149,790	152,092	5%
Totals	**$2,375,815**	**$2,436,301**	**$3,078,363**	**$3,211,330**	**$3,331,945**	**100%**

Weed Abatement



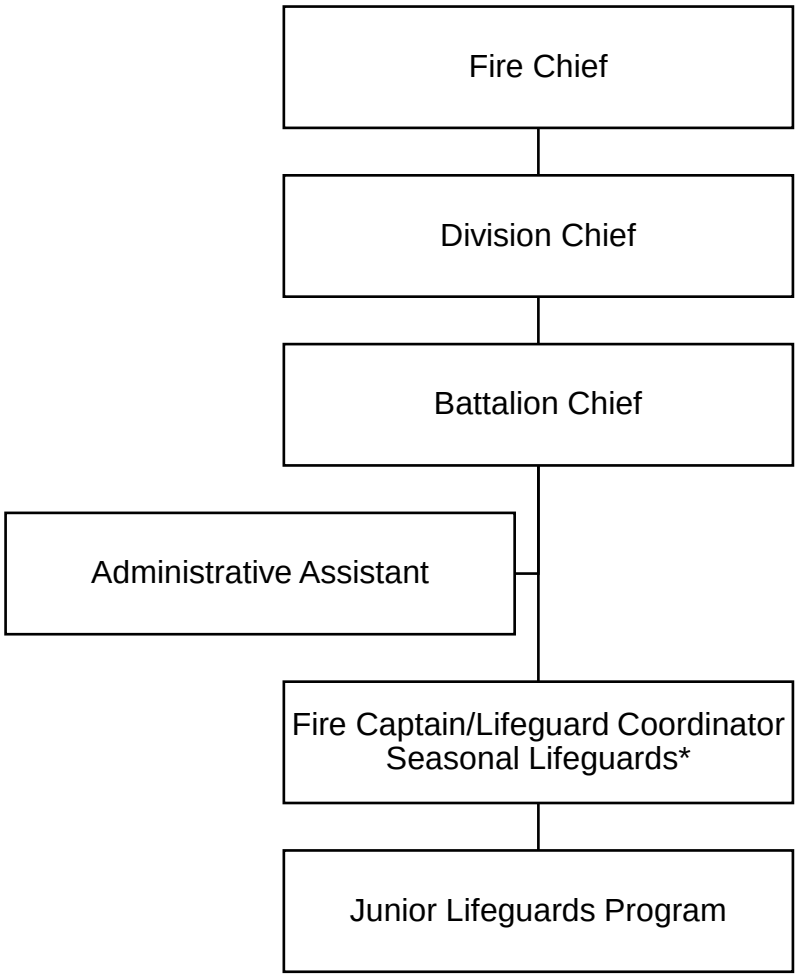
ACTIVITY DESCRIPTION

The Weed Abatement program is responsible for managing vegetation in order to assist in mitigating fire hazards in the interface between urban and wild land areas. To achieve this goal, specific responsibilities include: inspecting the entire city each spring for designated fire hazards; notifying affected property owners and giving them the opportunity to remove the hazards on their own; administering the bid process to hire a contractor to remove hazards on City property and on private property where the property owner does not mitigate hazards by the established deadline; and preparing and submitting property tax bill liens for reimbursement of the City's costs of removing fire hazards on private property.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Operations & Maintenance	16,813	17,103	17,140	14,500	14,500	100%
Totals	**$16,813**	**$17,103**	**$17,140**	**$14,500**	**$14,500**	**100%**

Lifeguards



*Additional staffing includes temporary Seasonal Lifeguards

Lifeguards

ACTIVITY DESCRIPTION

The Lifeguard Program is responsible for providing elevated life and beach safety to the residents of and visitors to Pismo Beach. To meet this responsibility, five lifeguard towers are staffed throughout the tourist season from Memorial Day through Labor Day. Staff within this seasonal program are, likewise actively involved in supervising the Junior Lifeguard program.

GENERAL FUND EXPENDITURES:

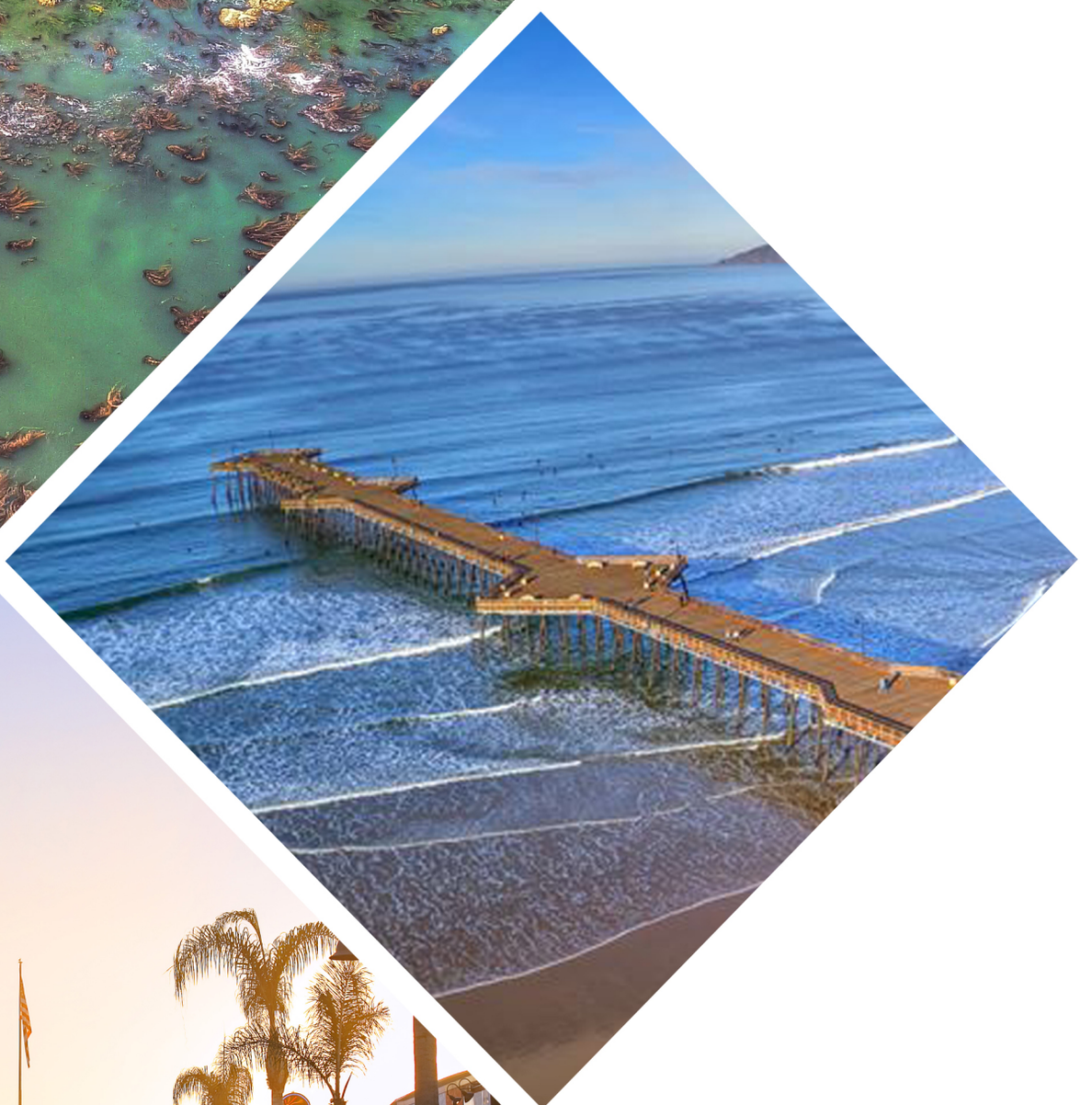
Lifeguards	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Salaries & Benefits	124,370	151,818	122,917	132,923	132,923	58%
Operations & Maintenance	46,670	65,039	67,573	67,522	67,732	30%
Capital Outlay	0	2,313	3,000	4,000	4,000	2%
Operating Transfers	29,771	16,811	17,231	23,739	17,686	10%
Totals	**$200,812**	**$235,981**	**$210,721**	**$228,184**	**$222,341**	**100%**

Junior Lifeguards	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Salaries & Benefits	23,401	21,938	29,222	32,196	32,196	60%
Operations & Maintenance	15,849	22,651	24,233	21,350	21,350	40%
Totals - Junior Lifeguards	**$ 39,250**	**$ 44,589**	**$ 53,455**	**$ 53,546**	**$ 53,546**	**100%**

Capital Improvement Projects





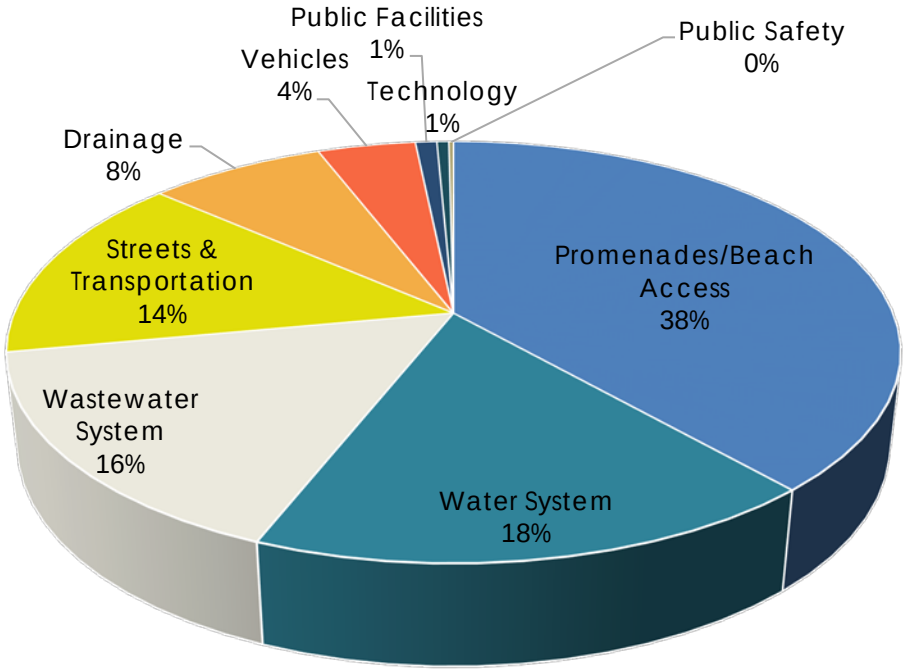


SURF

ACTIVITY DESCRIPTION

The purpose of the Capital Improvement Projects budget is to account for those resources utilized to design and construct the City's capital projects. The City Council appropriates capital projects from the most appropriate funding source. Most non-enterprise fund capital projects are budgeted in the Capital Projects Fund. The following pie chart illustrates the types of capital improvement projects budgeted in both the FY 2020 and FY 2021 budget.

FY 2020 and FY 2021 Capital Improvement Projects



10-Year Capital Improvement Plan

In addition to the FY 2020 and FY 2021 Adopted Budget capital improvement projects, the City Council adopted a new 10-Year Capital Improvement Plan (CIP) for FY 2020 through FY 2029. This CIP not only identifies the City's immediate capital needs, but also seeks to capture the long-term capital needs of the City. The 10-Year CIP is consistent with the FY 2020 and FY 2021 Adopted Budgets and the City's General Plan, and includes all the various capital projects that staff has identified through a thorough development process. This document is available on the City's website (www.pismobeach.org). The plan will be updated biennially along with the City's biennial budget process and subject to change as the needs of the City become more defined and individual projects move along in their respective planning and budgeting processes.

Accomplishments Prior Two-Year Budget:

- Dinosaur Caves Park parking lot expansion (in progress)
- Parks improvements projects—Dinosaur Caves Park and Spyglass Park playground equipment
- Spyglass Park parking lot rehabilitation
- Corp Yard Fuel Tank (in progress)
- Shell Beach Road Streetscape (in progress)
- Cypress Street/Pomeroy Avenue Intersection Improvements (design in progress)
- Bello Bridge replacement
- Remove and replace Dinosaur Caves Park Restroom/relocate old restroom to Price Historic Park (in progress)
- Bluff repairs and protection
- Storm drain repairs and upgrades
- Coastal access improvements
- Ocean Boulevard Improvement Project

Work Program Highlights for Next Two-Year Budget:

- Booster station variable frequency drives
- Chapman Estate security plan
- Charles Street Reservoir
- City Hall downstairs improvements
- Community Camera Program
- Dynamic signs
- Encanto Avenue storm drain
- FY 2020 Paving Project
- Harloe Lift Station bluff stabilization
- Inflow/infiltration
- Morro Avenue stair replacement
- Network switch replacement
- Server replacements
- Outlet Center ramp waterlines
- Pier Plaza/Pier Parking Lot Upgrade
- Price Canyon Road
- Reef Court storm drain
- Rehabilitate Shell Beach tennis court
- Mobile command vehicle
- Storm Drain at Windward Avenue and Ocean Boulevard
- Trestle rehabilitation
- Vista Del Mar backup generator
- Wastewater grit removal

The following table summarizes capital improvement projects by fund type for FY 2015 through FY 2021. For FY 2020 and FY 2021, the Adopted Budgets include both new work plan capital improvement projects and baseline budget capital projects. Total capital projects are $8,598,064 for FY 2020 and $3,809,050 for FY 2021.

Capital Improvement Projects by Fund for FY 2016 through FY 2021

GENERAL & OTHER FUND EXPENDITURES:	ACTUALS FY 16	ACTUALS FY 17	ACTUALS FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	TOTAL FY 16 - FY21	% OF TOTAL
General Fund	239,566	233,198	86,300	555,770	50,000		1,164,835	2%
Public Education Government Fund	0	0	819	38,581	0	0	39,400	0%
Chapman Estate Fund	0	4,095	241,062	0	50,000	0	295,157	1%
Capital Projects	2,673,442	2,370,904	1,671,526	16,893,327	7,421,964	15,000	31,046,163	54%
Park Development Fund	361,686	4,738	0	1,731,067	0	0	2,097,491	4%
Circulation Fees	0	0	13,305	148,695	90,000	0	252,000	0%
Technology Service Fund	15,826	11,686	720	120,173	18,000	46,000	46,000	0%
Motor Vehicle Fund	2,484	16,139	13,757	1,211,440	153,700	371,750	371,750	1%
TOTAL GENERAL & OTHER FUND EXPENDITURES:	**$3,293,003**	**$2,640,760**	**$2,027,490**	**$20,699,053**	**$7,783,664**	**$432,750**	**$35,312,795**	**62%**

ENTERPRISE FUND EXPENDITURES:	ACTUALS FY 16	ACTUALS FY 17	ACTUALS FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	TOTAL FY 16 - FY21	% OF TOTAL
Water Enterprise Fund	19,765	-	8,433	210,485	139,100	1,886,500	2,264,284	4%
Water Construction Fund	-	353	1,904	4,396,613	154,500		4,553,371	8%
Wastewater Treatment Fund	15,746	1,814	111	194,121	40,800	40,800	293,392	1%
Wastewater Capital Projects	5,036	1,205	-	10,388,513	455,000	1,424,000	12,273,754	22%
Pier Enterprise Fund	249	6,927	564	1,819,850	-	-	1,827,590	3%
Parking Enterprise Fund	-	-	865	413,325	25,000	25,000	464,191	1%
	$40,795	**$10,300**	**$11,879**	**$17,422,908**	**$814,400**	**$3,376,300**	**$21,676,582**	**38%**

TOTAL GEN/OTHER & ENTERPRISE FUND EXPENDITU	**$3,333,798**	**$2,651,060**	**$2,039,369**	**$38,121,960**	**$8,598,064**	**$3,809,050**	**$56,989,377**	**100%**

Less Baseline Budget Capital Projects	$ 295,500	$ 213,550
New Work Plan Capital Improvement Projects	**$8,302,564**	**$3,595,500**

The following two tables list out all the new work plan capital projects by fiscal year, project, and funding source.

FY 2020 Capital Projects by Fund

Capital	Project Description	General Fund	Chapman Estate Fund	Capital Projects	Circulation Fees	Water Enterprise Fund	Water Construction Fund	Wastewater Treatment Fund	Wastewater Capital Projects	Parking Enterprise Fund	Technology Service Fund	Motor Vehicle Fund	All Funds Total
Drainage													
	Encanto Storm Drain			$ 250,000									$ 250,000
	Reef Court Storm Drain			100,000									100,000
	Storm Drain Windward Ocean Blv			600,000									600,000
	Drainage Subtotal			*950,000*									*950,000*
Promenades/Beach Access													
	Morro Ave Stair Replacement			2,470,173									2,470,173
	Pier Plaza/Pier Pking Lot Upgr			2,301,791									2,301,791
	Promenades/Beach Access Subtotal			*4,771,964*									*4,771,964*
Public Facilities													
	Chapman Estate Security Plan		50,000										50,000
	City Hall Downstairs Imprvm	50,000											50,000
	Public Facilities Subtotal	*50,000*	*50,000*										*100,000*
Public Safety													
	Community Camera Program									25,000			25,000
	Public Safety Subtotal									*25,000*			*25,000*
Streets & Transportation													
	Dynamic Signs				90,000								90,000
	FY 20 Paving Project			750,000									750,000
	Price Canyon Road			950,000									950,000
	Streets & Transportation Subtotal			*1,700,000*	*90,000*								*1,790,000*
Technology													
	Server Replacements										18,000		18,000
	Technology Subtotal										*18,000*		*18,000*
Vehicles	Vehicles											153,700	153,700
	Vehicles Subtotal											*153,700*	*153,700*
Wastewater System													
	Inflow/Infiltration								103,000				103,000
	Pump replacement program							40,800					40,800
	Trestle Rehab								300,000				300,000
	WW Grit Removal								52,000				52,000
	Wastewater System Subtotal							*40,800*	*455,000*				*495,800*
Water System													
	Booster Station VFD's					56,100							56,100
	Replace aging meters & valves					83,000							83,000
	Outlet Center Ramp Waterlines						154,500						154,500
	Water System Subtotal					*139,100*	*154,500*						*293,600*
Total		**$ 50,000**	**$ 50,000**	**$ 7,421,964**	**$ 90,000**	**$ 139,100**	**$ 154,500**	**$ 40,800**	**$ 455,000**	**$ 25,000**	**$ 18,000**	**$ 153,700**	**$ 8,598,064**

FY 2021 Capital Projects by Fund

Capital	Project Description	Capital Projects	Water Enterprise Fund	Wastewater Treatment Fund	Wastewater Capital Projects	Parking Enterprise Fund	Technology Service Fund	Motor Vehicle Fund	All Funds Total
Public Facilities									
	Chapman Estate Security Plan								
	City Hall Downstairs Imprvmnts								
	Rehab Shell Beach Tennis Court	15,000							15,000
	Public Facilities Subtotal	*15,000*							*15,000*
Technology									
	Network Switch Replacement						28,000		28,000
	Server Replacements						18,000		18,000
	Technology Subtotal						*46,000*		*46,000*
Vehicles									
	Vehicles							71,750	71,750
	Mobile Command Center							300,000	300,000
	Vehicles Subtotal							*371,750*	*371,750*
Wastewater System									
	Community Camera Program					25,000			25,000
	Harloe Bluff Stabilize Lift St				1,000,000				1,000,000
	Inflow/Infiltration				106,000				106,000
	Pump replacement program			40,800					40,800
	Vista Del Mar Backup Generator				265,000				265,000
	WW Grit Removal				53,000				53,000
	Wastewater System Subtotal			*40,800*	*1,424,000*	*25,000*			*1,489,800*
Water System									
	Booster Station VFD's								
	Charles Street Reservoir		1,803,500						1,803,500
	Replace aging meters & valves		83,000						83,000
	Water System Total		*1,886,500*						*1,886,500*
Total		**$ 15,000**	**$ 1,886,500**	**$ 40,800**	**$ 1,424,000**	**$ 25,000**	**$ 46,000**	**$ 371,750**	**$ 3,809,050**

Enterprise and Related Funds





Water Enterprise Funds

Combined Water Funds

Water Funds Adopted Budget

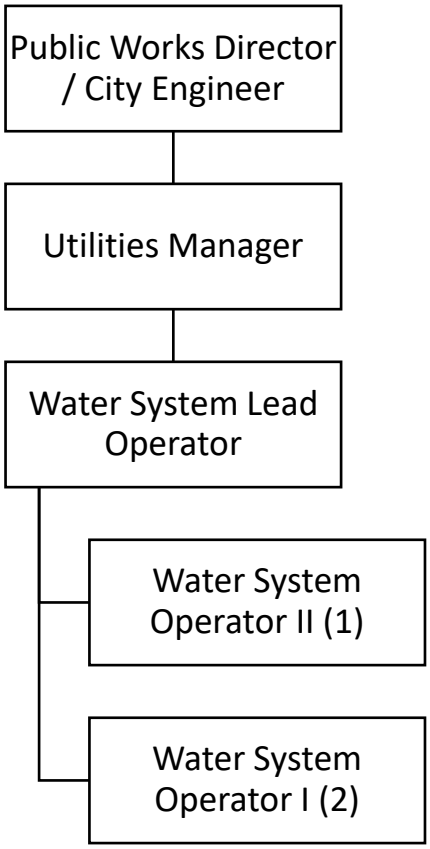
FY 2019-20

	Water Operations & Billing	Special Water Tax	Water Construction	Water Expansion	Total
Net working capital 07/01/19	$ 1,868,459	$ 756,726	$ 830,886	$ 167,533	$3,623,604
Revenues					
Water Sales & Service Charges	4,163,000				$4,163,000
Special Tax Fund/Interest	100,000	1,410,000	17,000	8,000	1,535,000
Gragg Valley Ranch Contribution		140,000			140,000
Transfer In From Water Fund		212,000	204,500		416,500
Other Revenues	61,000	50,000			111,000
TOTAL REVENUE	4,324,000	1,812,000	221,500	8,000	6,365,500
Expenditures					
Billing	93,240				$ 93,240
Operations	1,926,793		-		1,926,793
State Water	252,622	1,369,330			1,621,952
Lopez Water	936,632	442,017			1,378,649
Work Plan Budget Requests	779,089		154,500		933,589
Set Aside for Reserve	50,000		50,000		100,000
TOTAL EXPENDITURES	4,038,377	1,811,347	204,500	-	6,054,224
Net Income/(Loss) from Operations	285,623	653	17,000	8,000	311,276
Estimated Net working capital 6/30/2020	$ 2,154,082	$ 757,379	$ 847,886	$ 175,533	$3,934,880

FY 2020-21

	Water Operations & Billing	Special Water Tax	Water Construction	Water Expansion	Total
Net working capital 07/01/2020	$ 2,154,082	$ 757,379	$ 847,886	$ 175,533	$3,934,880
Revenues					
Water Sales & Service Charges	4,650,000				$4,650,000
Special Tax Fund/Interest	100,000	1,410,000	17,000	8,000	1,535,000
Gragg Valley Ranch Contribution		140,000			140,000
Transfer In From Water Fund		212,000	50,000		262,000
Other Revenues	61,000	50,000			$ 111,000
TOTAL REVENUE	4,811,000	1,812,000	67,000	8,000	6,698,000
Expenditures					
Billing	96,895				$ 96,895
Operations	1,968,310		-		1,968,310
State Water	252,622	1,369,330			1,621,952
Lopez Water	936,932	442,017			1,378,949
Work Plan Budget Requests	1,889,497				1,889,497
Set Aside for Reserve	50,000		50,000		100,000
TOTAL EXPENDITURES	5,194,256	1,811,347	50,000	-	7,055,603
Net Income/(Loss) from Operations	(383,256)	653	17,000	8,000	(357,603)
Esitmated Net working capital 06/30/2021	$ 1,770,826	$ 758,032	$ 864,886	$ 183,533	$3,577,277

Water Enterprise Fund



CLASSIFICATION	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21
Water Lead Operator	1	1	1	1	1
Water Systems Operator II	2	2	2	2	2
Water Systems Operator I	1	1	1	1	1
Total Department Staff	**4**	**4**	**4**	**4**	**4**

ACTIVITY DESCRIPTION

The Water Operations division is responsible for ensuring that a safe, drinkable supply of water is provided to Pismo Beach. This responsibility is accomplished through ongoing inspection, repair and maintenance of the City's wells, tanks, booster stations, hydro-pneumatic system, and water distribution system components. The City's water distribution system and supply are sampled in accordance with California Department of Public Health regulations and guidelines. Tasks also include educating water customers on water quality, cost and conservation issues.

WATER ENTERPRISE FUND EXPENDITURES:

WATER OPERATIONS	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Salaries & Benefits	409,961	565,912	683,321	635,412	647,710	16%
Operations & Maintenance	1,834,790	2,121,406	2,112,148	1,520,290	1,068,360	39%
Capital Outlay	0	8,433	210,485	139,100	1,886,500	4%
Other Exps. & Fin. Use	9,793	8,598	9,079	0	0	0%
Operating Transfers	191,515	140,179	4,614,662	457,497	304,026	12%
Total City Water Expenditures	**$2,446,058**	**$2,844,528**	**$7,629,696**	**$2,752,299**	**$3,906,596**	**70%**

LOPEZ AND STATE WATER	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Water - Lopez	816,359	763,593	880,860	936,632	936,932	24%
Water - State	206,898	141,460	252,622	252,622	252,622	6%
Total Lopez & State Water Expenditures	**$1,023,257**	**$905,053**	**$1,133,482**	**$1,189,254**	**$1,189,554**	**30%**

Total Water Enterprise Fund Expenditures	**$3,469,315**	**$3,749,582**	**$8,763,178**	**$3,941,553**	**$5,096,150**	**100%**

Water Division

Accomplishments Prior Two-Year Budget:

- ✓ Booster station variable-frequency drives
- ✓ Huber Well fence replacement

Work Program Highlights for Next Two-Year Budget:

- Water Master Plan (in progress)
- Central Coast Blue (in progress)
- Smart water meters
- Five Cities Drive waterline replacement
- Reservoir maintenance
- Ocean View Avenue waterline upgrade
- Urban Water Master Plan update
- Charles Street Reservoir replacement

Water Enterprise Fund–-Billing

ACTIVITY DESCRIPTION

The Water Billing activity accounts for staff, contract meter reading and direct services and supplies related to water billings. Bills are sent to approximately half of the City's customers each month. This unit of the Administrative Services Department also handles public requests for new service and service shutoff.

WATER BILLING ACTIVITY EXPENDITURES:

WATER BILLING	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Salaries & Benefits	31,749	37,421	42,534	46,033	47,669	48%
Operations & Maintenance	60,433	68,072	84,430	47,270	49,296	49%
Operating Transfers	31,092	18,620	33,228	3,522	1,141	4%
Total	**$123,274**	**$124,113**	**$160,191**	**$96,825**	**$98,106**	**100%**

WATER BILLING STAFF:

CLASSIFICATION	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21
Accounting Clerk	0.50	0.50	0.50	0.50	0.50
Total Department Staff	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**

Water Tax Fund

ACTIVITY DESCRIPTION

This activity accounts for the expenditure of the special water tax, adopted by Pismo Beach voters in 1997. Proceeds of the tax can be used only for fixed costs of state water and/or Lopez Reservoir water. The voters set the maximum tax rate at $188.94 per EDU (equivalent dwelling unit) for Fiscal Years 2017–2020. The tax rate rises annually at the same rate as the consumer price index, up to a maximum of 3%. The actual tax rate set in any year must take into account the amount of state water impact fee revenues actually received by the City in the prior year, as a way of minimizing the tax rate level. Reserves can be accrued but cannot exceed 25% of the annual fixed costs of the state and Lopez water systems.

WATER TAX FUND ACTIVITY EXPENDITURES:

WATER TAX FUND EXPENDITURES:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Water-Lopez	443,657	478,746	479,866	442,017	442,017	24%
Water-State	1,181,717	1,276,232	1,268,954	1,213,800	1,213,800	67%
Water - Gragg Portion	143,751	155,779	162,525	155,530	155,530	9%
Total Water Tax Fund Expenditures	**$1,769,124**	**$1,910,757**	**$1,911,345**	**$1,811,347**	**$1,811,347**	**100%**

Water Construction Fund

ACTIVITY DESCRIPTION

The Water Construction Fund was created by Resolution No. R-2013-060, per the 2013 Water Rate Study, to capture the sources and uses of funds related to construction of the City's water system capital improvement program, separate from the normal operations of the water system. The City created the fund in July 2014. Beginning in FY 2015, all water construction projects are tracked in this fund.

WATER CONSTRUCTION FUND EXPENDITURES:

WATER CONSTRUCTION	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Water Construction	279,426	55,473	4,462,376	204,500	50,000	100%
Total - Water Construction	**$279,426**	**$55,473**	**$4,462,376**	**$204,500**	**$50,000**	**100%**

Wastewater Enterprise Funds

Combined Wastewater Funds

Wastewater Funds Adopted Budget

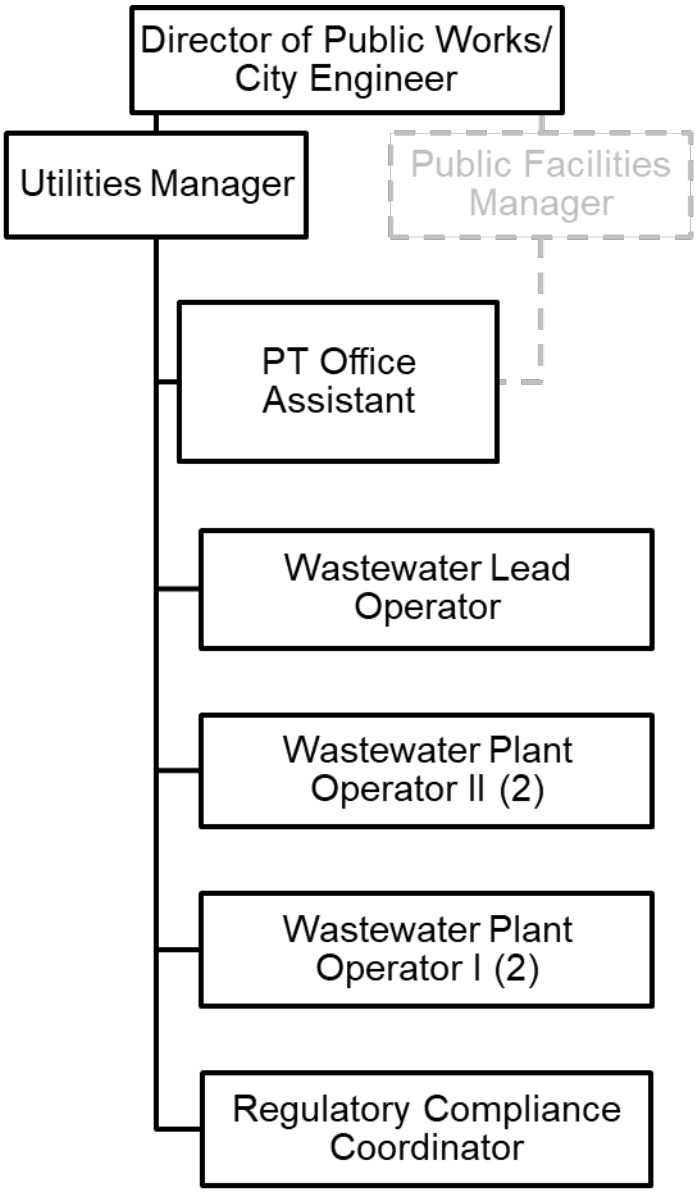
FY 2019-20

	Wastewater Operations & Billing	Wastewater Construction	Wastewater Expansion	Total
Net working capital 7/1/19	$ 3,979,611	$ 72,474	$ 996,966	$ 5,049,052
Revenues				
Wastewater Charges/Reimbursements	4,830,000			4,830,000
Interest Earnings	45,000	25,000	16,000	86,000
Building Permits			20,000	20,000
Transfer In From General Fund (IRS Subsidy)	92,938			92,938
Transfers In from WW Fund		586,000	-	586,000
TOTAL REVENUE	4,967,938	611,000	36,000	5,614,938
Expenditures				
Billing	93,365			93,365
Operations	2574454.86		429	2,574,884
Debt Service	1,416,286			1,416,286
Capital Projects	-	455,000		455,000
Work Plan Budget Requests	1,385,189			1,385,189
Set Aside for Reserve	131,000	131,000		262,000
TOTAL EXPENDITURES	5,600,295	586,000	429	6,186,724
Net Income/(Loss) from Operations	(632,357)	25,000	35,571	(571,786)
Estimated Net working capital 6/30/2020	$ 3,347,254	$ 97,474	$ 1,032,537	$ 4,477,265

FY 2020-21

	Wastewater Operations & Billing	Wastewater Construction	Wastewater Expansion	Total
Net working capital 7/1/20	$ 3,347,254	$ 97,474	$ 1,032,537	$ 4,477,265
Revenues				
Wastewater Charges/Reimbursements	4,984,000			4,984,000
Interest Earnings	45,000	25,000	16,000	86,000
Building Permits			20,000	20,000
State Government Grants		865,000		865,000
Transfer In From General Fund (IRS Subsidy)	89,569			89,569
Transfers In from WW Fund	53,000	637,000		690,000
TOTAL REVENUE	5,171,569	1,527,000	36,000	6,734,569
Expenditures				
Billing	107,895			107,895
Operations	2,605,791		451	2,606,242
Debt Service	1,412,777			1,412,777
Capital Projects	-	1,477,000		1,477,000
Work Plan Budget Requests	623,897			623,897
Set Aside for Reserve	131,000	131,000		262,000
TOTAL EXPENDITURES	4,881,360	1,608,000	451	6,489,811
Net Income/(Loss) from Operations	290,209	(81,000)	35,549	244,758
Estimated Net working capital 6/30/2021	$ 3,637,463	$ 16,474	$ 1,068,086	$ 4,722,023

Wastewater



CLASSIFICATION	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21
Utilities Manager	1	1	1	1	1
Wastewater System Lead Operator	1	1	1	1	1
Wastewater II Operators	4	4	4	4	4
Wastewater I Operators	0	0	0	0	0
Regulatory Compliance	1	1	1	1	1
Total Department Staff	**7**	**7**	**7**	**7**	**7**

Wastewater Enterprise Fund–-Operations

ACTIVITY DESCRIPTION

The Wastewater Operations Division is responsible for protecting public health and the environment by ensuring that the City's treatment and collection system operations meet all City, federal and state laws and requirements. This responsibility is accomplished by operation and maintenance of the City's wastewater treatment plant, located on Frady Lane at the City corporation yard, and by operation and maintenance of the wastewater collection facilities including pumps and pipelines.

WASTEWATER ENTERPRISE FUND EXPENDITURES:

WASTEWATER OPERATIONS	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Salaries & Benefits	1,243,408	710,289	1,031,650	917,317	934,551	17%
Operations & Maintenance	1,951,494	2,012,244	1,580,771	1,558,474	1,571,087	28%
Capital Outlay	1,777	0	52,794	92,800	93,800	2%
Other Exps.& Fin. Use	0	0	0	0	0	0%
Operating Transfers	45,516	54,544	125,890	58,569	60,039	1%
Debt Service	1,012,422	1,081,308	1,372,590	1,416,286	1,412,777	26%
Total - Wastewater Operations	**$4,254,616**	**$3,858,385**	**$4,163,695**	**$4,043,446**	**$4,072,254**	**73%**

	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Wastewater Construction	210,324	29,580	918,674	1,460,000	700,000	27%
Total Wastewater Construction	**$210,324**	**$29,580**	**$918,674**	**$1,460,000**	**$700,000**	**27%**

Total Wastewater Operations and Construction	**$4,464,940**	**$3,887,965**	**$5,082,369**	**$5,503,446**	**$4,772,254**	**100%**

Wastewater Enterprise Fund

Accomplishments Prior Two-Year Budget:

- ✓ Wastewater system pump replacement

Work Program Highlights for Next Two-Year Budget:

- Five Cities Lift Station replacement (in progress)
- Lift Station Maintenance Project (in Progress)
- Sewer System Management Plan (in progress)
- Solids handling construction
- Inflow and infiltration
- Grit removal
- Wastewater system pump replacement
- Toucan Terrace sewer trestle rehabilitation
- Vista Del Mar Lift Station generator

Wastewater Enterprise Fund – Billing

ACTIVITY DESCRIPTION

The Wastewater Billing activity accounts for staff, direct services, and supplies related to wastewater billings. Bills are sent to approximately half of the City's customers each month.

WASTEWATER BILLING ACTIVITY EXPENDITURES:

WASTEWATER BILLING	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Salaries & Benefits	31,739	37,421	42,576	45,933	58,670	47%
Operations & Maintenance	22,848	30,213	46,430	47,395	49,296	49%
Operating Transfers	23,776	15,229	26,570	3,522	1,141	4%
Total	**$78,363**	**$82,863**	**$115,576**	**$96,850**	**$109,107**	**100%**

WASTEWATER BILLING STAFF:

CLASSIFICATION	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 20
Accounting Technician	0.50	0.50	0.50	0.50	0.50
Total Department Staff	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**

Wastewater Expansion Fund

ACTIVITY DESCRIPTION

The Wastewater Expansion Fund was established to provide for additional facilities needed to serve additional population. Revenues for this fund consist of development fees on new construction.

WASTEWATER EXPANSION FUND EXPENDITURES:

WASTEWATER EXPANSION	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Operations & Maintenance	372	384	409	429	451	100%
Operating Transfers	403,668	1,003,918	0	0	0	0%
Total	**$404,040**	**$1,004,302**	**$409**	**$429**	**$451**	**100%**

Wastewater Construction Fund

ACTIVITY DESCRIPTION

The Wastewater Construction Fund was created by Resolution No. R-2002-62, in accordance with the State Water Resources Control Board requirements of the State Revolving Fund Loan Program. The State Water Resources Control Board requires, as a condition of approval of the loan, the establishment of a Wastewater Capital Reserve Fund for future expansion, major repair, or replacement costs. The City created the fund in October 2002. All construction costs for the Wastewater Treatment Plant Project were accounted for in this fund. In addition, beginning in 2008, the City sets aside $111,000 per year from the Wastewater Enterprise Fund as a reserve, as required by the State Water Resources Control Board. Beginning in FY 2014, all wastewater construction projects are tracked in this fund.

WASTEWATER CONSTRUCTION FUND EXPENDITURES:

WASTEWATER CONSTRUCTION	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Wastewater Construction	210,324	28,765	918,674	1,460,000	700,000	100%
Total - Wastewater Construction	**$210,324**	**$28,765**	**$918,674**	**$1,460,000**	**$700,000**	**100%**

Pier Enterprise Fund

ACTIVITY DESCRIPTION

The Pier Maintenance activity accounts for expenditures for repair and maintenance of the Pier, Promenade, and nearby facilities. This is established as an enterprise fund because income derived from the City's leases of tideland properties must be spent solely for maintenance and improvement of such properties. Currently, the City receives lease revenue from the Bait Shack on the Pier. Since this revenue is much too low to support annual maintenance expenses, the General Fund must make annual transfers to the Pier Enterprise Fund for these expenses.

PIER FUND EXPENDITURES:

PIER ENTERPRISE FUND	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Operations & Maintenance	100,027	94,271	78,250	84,000	84,000	100%
Capital Outlay	6,927	564	1,819,850	0	0	0%
Total	**$106,954**	**$94,835**	**$1,898,100**	**$84,000**	**$84,000**	**100%**

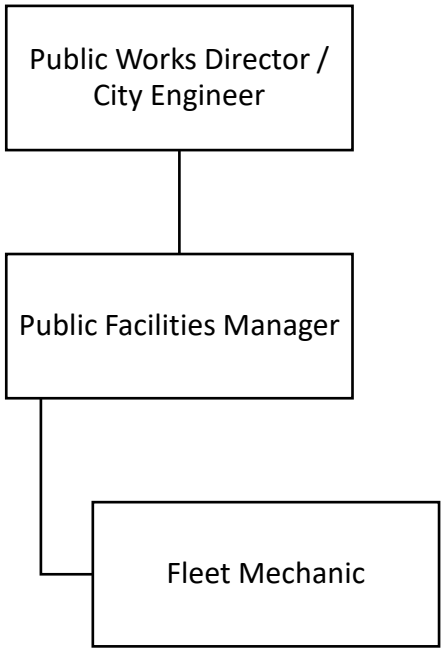
Accomplishments Prior Two-Year Budget:

- ✓ Pier Rehabilitation Project

Work Program Highlights for Next Two-Year Budget:

- Pier Plaza Improvement Project

Motor Vehicle Operations & Replacement Fund



CLASSIFICATION	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21
Fleet Mechanic	1	1	1	1	1
Total Department Staff	**1**	**1**	**1**	**1**	**1**

ACTIVITY DESCRIPTION

The Motor Vehicle Operations & Replacement Fund is an internal service fund. This division is responsible for assuring that City vehicles and equipment are maintained in a safe and reliable condition. Responsibilities include inspecting, servicing and maintaining vehicles, heavy equipment, and generators, while obtaining the highest rating on all state inspections. Service records are established and maintained for each vehicle, piece of heavy equipment, trailer, and generator that is owned by the City of Pismo Beach.

Motor Vehicle Operations and Replacement Fund

MOTOR VEHICLE FUND EXPENSES:

MOTOR VEHICLE OPERATIONS	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Salaries & Benefits	116,658	123,026	124,974	125,635	128,169	4%
Operations & Maintenance	355,340	357,080	362,833	374,771	374,747	13%
Capital Outlay	0	3,938	0	0	300,000	0%
Other Exps.& Fin. Use	0	0	0	0	0	0%
Operating Transfers	0	768	0	2,302,413	207	78%
Total Motor Vehicle Operations	**$471,998**	**$484,812**	**$487,807**	**$2,802,819**	**$803,123**	**95%**

MOTOR VEHICLE REPLACEMENTS	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Capital Outlay	16,139	9,819	1,211,440	162,950	76,750	5%
Other Exps.& Fin. Use	343,630	356,939	0	0	0	0%
Total Motor Vehicle Replacement	**$359,769**	**$366,758**	**$1,211,440**	**$162,950**	**$76,750**	**5%**

Total MV Operations & Replacement	**$831,767**	**$851,570**	**$1,699,247**	**$2,965,769**	**$879,873**	**100%**

Motor Vehicle Operations and Replacement Fund

Accomplishments Prior Two-Year Budget:

- ✓ Purchase replacement vehicles as approved by City Council
- ✓ Develop a vehicle an equipment plan for City fleet, including new equipment required by regulations, and additions to meet build-out requirements

Work Program Highlights for Next Two-Year Budget:

- Purchase replacement vehicles and equipment as approved by City Council
- Maintain the City's fleet to the highest standards

Parking Enterprise Fund

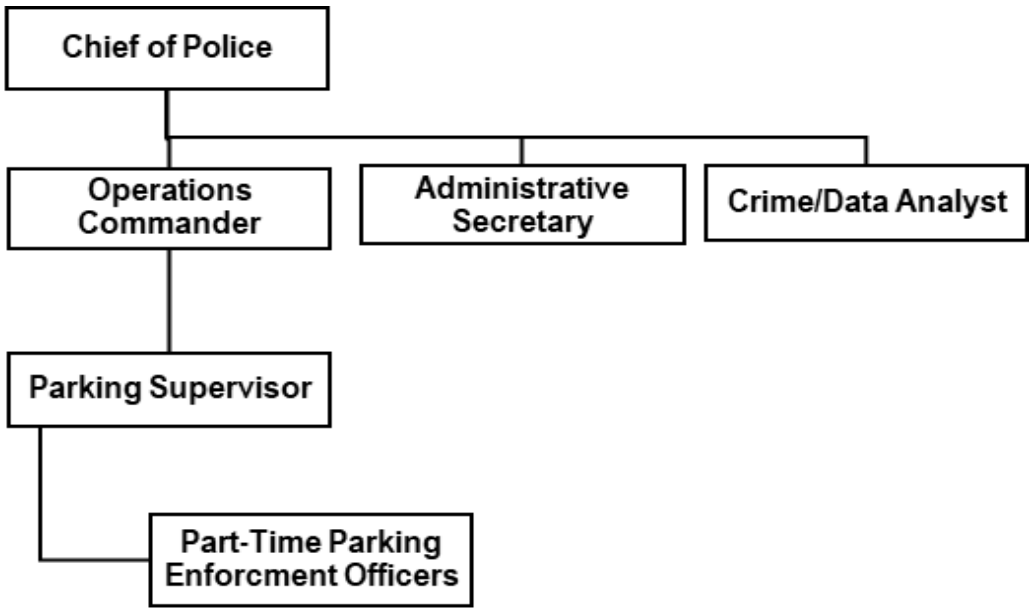
Parking Enterprise Fund
Adopted Budget
FY 2019-20

		Parking Enterprise Fund
Net Working Capital 7/1/2019	$	2,624,368
Revenues		
Kiosk Revenues		810,000
Parking Citations		100,000
Parking Permits		1,000
Interest		35,000
TOTAL REVENUE		946,000
Expenditures		
Salaries & Benefits		263,786
Materials & Services		290,927
Work Plan Budget Requests		33,716
TOTAL EXPENDITURES		588,429
Net Income/(Loss) from Operations		357,571
Estimated Ending Net Working Capital 06/30/2020	$	2,981,938

FY 2020-21

Net Working Capital 7/1/2020	$	2,981,938
Revenues		
Kiosk Revenues		830,000
Parking Citations		100,000
Parking Permits		1,000
Interest		35,000
TOTAL REVENUE		966,000
Expenditures		
Salaries & Benefits		266,765
Materials & Services		295,500
Work Plan Budget Requests		26,723
TOTAL EXPENDITURES		588,988
Net Income/(Loss) from Operations		377,012
Estimated Ending Net Working Capital 06/30/2021	$	3,358,951

PARKING ENTERPRISE FUND



CLASSIFICATION	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21
Parking Supervisor	1	1	1	1	1
Total Department Staff	**1**	**1**	**1**	**1**	**1**

ACTIVITY DESCRIPTION

The Parking Division is responsible for implementing the goals of the Pismo Beach Parking Management Plan as follows:

- Administer existing parking more efficiently
- Provide more parking to support future demand and downtown businesses
- Improve enforcement and parking management
- Improve financial operations related to parking
- Establish a financing program for a future parking structure
- Implement Phase I of the Parking Management Plan, modified over time to address changes

Parking Enterprise Fund

PARKING ENTERPRISE FUND EXPENDITURES:

PARKING ENTERPRISE FUND EXPENSES	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Salaries & Benefits	147,803	240,596	317,294	263,786	266,764	45%
Operations & Maintenance	265,028	281,496	257,874	296,532	296,186	50%
Capital Outlay	0	865	413,325	25,000	25,000	4%
Other Exps.& Fin. Use	0	42,475	0	0	0	0%
Operating Transfers	910	6,534	594	3,111	1,037	1%
Total	**$413,741**	**$571,967**	**$989,088**	**$588,429**	**$588,987**	**100%**

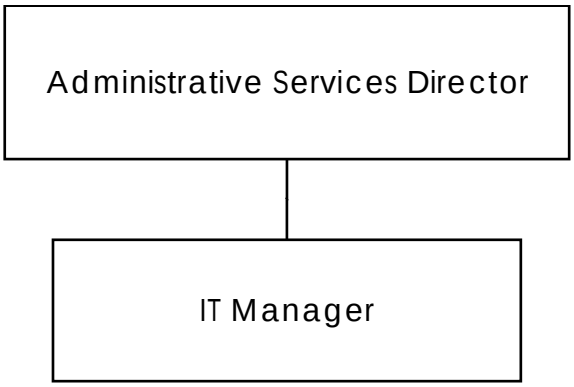
Accomplishments Prior Two-Year Budget:

- ✓ Implemented meter test areas for pay parking
- ✓ Completed single-space meter trial and expanded the program
- ✓ Began modifications to the Parking Management Plan
- ✓ Completed downtown parking inventory
- ✓ Completed five-year audit of the Parking Program
- ✓ Adopted rate schedule for parking management
- ✓ Processed new parking solutions vendor and deployed new systems

Work Program Highlights for Next Two-Year Budget:

- Complete single-space meter expansion
- Complete the Parking Management Plan
- Establish a static dynamic sign plan
- Implement electronic citation capabilities
- Improve citation records system and fine collection solution
- Research and develop smart parking availability locator
- Continue to identify opportunities for additional parking

Technology Services Fund



CLASSIFICATION	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21
IT Manager	1	1	1	1	1
Total Department Staff	**1**	**1**	**1**	**1**	**1**

ACTIVITY DESCRIPTION

The Technology Service Fund is an internal service fund. This division is part of the Administrative Services Department and is responsible for Information Systems implementation and management. Responsibilities include information security, monitoring contracted information technology (IT) services, overseeing IT infrastructure (data, telecommunications, radio, SCADA), managing technology projects and supporting all technology initiatives.

TECHNOLOGY SERVICE FUND EXPENSES:

TECHNOLOGY SERVICES	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Salaries & Benefits	141,455	140,511	146,591	152,110	152,900	20%
Operations & Maintenance	609,610	580,210	778,424	604,788	508,864	78%
Capital Outlay	11,686	720	120,173	21,000	49,000	3%
Total Technology Services	**$762,752**	**$721,441**	**$1,045,188**	**$777,898**	**$710,764**	**100%**

Technology Service Fund
Information Technology Division

Accomplishments Prior Two-Year Budget:

- ✓ Upgraded the City's data storage systems to improve performance and capacity to support the City's paperless workflow initiatives.
- ✓ Added additional modules to the City's document management system to improve automation and increased the use of paperless workflows.
- ✓ Replaced network switches, Police virtual host servers, utility SCADA servers, and computer workstations to ensure the City's IT infrastructure is reliable and able to accommodate user demands.
- ✓ Improved wireless networks at City Hall, Police, Pismo Beach Veterans' Hall, and Yard to increase their reliability, coverage, and capacity.
- ✓ Migrated the City's email system to the cloud to provide better reliability and business continuity in the event of a disaster.
- ✓ Virtualized the City's SCADA systems to provide better disaster recovery options and increase reliability.

Work Program Highlights for Next Two-Year Budget:

- Implement a new Computer Aided Dispatch and Records Management System (CAD/RMS) for the Police Department.
- Implement a new surveillance system for the Police Department.
- Implement a business continuity solution for the City's SCADA systems.
- Implement a new keyless access control system for City Hall.
- Create a new Five-Year Information Technology Strategic Plan and IT Assessment.
- Upgrade the Microsoft Office applications on all City workstations and deploy OneDrive as a cloud-based file storage system.
- Assist with the decommissioning of the wIntegrate system.
- Replace the network switch stack at City Hall.
- Continue to improve the automation of the City's paperless workflows by adding integrations to other City applications.
- Deploy a password management tool.
- Provide IT training including Microsoft Office, Laserfiche, and cybersecurity.
- Provide for annual computer workstation replacements
- Develop and implement a new City Intranet

Other Funds





Half-Cent Sales Tax Fund Balance

Half Cent Sales Tax Fund Adopted Budget

		Amount
FY 2019-20		
Net Working Capital 7/1/2019	$	1,541,813
Revenue		
Transfers from Other Funds		$1,545,300
Interest Income		15,000
TOTAL REVENUE		$1,560,300
Expenditures		
Work Plan Requests - CIP		$1,700,000
TOTAL EXPENDITURES		1,700,000
Net Income/(Loss) from Operations		(139,700)
Estimated Ending Net Working Capital 06/30/20	$	1,402,113
FY 2020-21		
Net Working Capital 7/1/2020	$	1,402,113
Revenue		
Transfers from Other Funds		$1,560,000
Interest Income		15,000
TOTAL REVENUE		$1,575,000
Expenditures		
Work Plan Requests		$65,000
TOTAL EXPENDITURES		65,000
Net Income/(Loss) from Operations		1,510,000
Estimated Ending Net Working Capital 06/30/21	$	2,912,113

Half-Cent Sales Tax Fund

ACTIVITY DESCRIPTION

On June 3, 2008, the voters of Pismo Beach approved Measure "C," a .50% (half-cent) transactions sales and use tax that became effective October 1, 2008. All proceeds of the tax are accounted for in the City of Pismo Beach General Fund, and may be used for any lawful purpose as designated by the City Council. The first local measure included a six-and-one-half-year sunset clause, and expired on March 31, 2015. On November 4, 2014, the voters approved another Measure, Measure "I," the .50% transactions sales and use tax to be effective April 1, 2015. The second local measure includes a 12-year sunset clause and will expire on March 31, 2027. The adopted two-year budget provides vital funding to repair and improve the City's infrastructure. The City of Pismo Beach has set up a separate fund to track the specific revenues and expenditures that are generated by the .50% transaction sales and use tax.

FUND REVENUE HALF CENT SALES TAX FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Interest	14,179	32,566	-	15,000	15,000	0%
Mark to Market Gain/Loss	(15,429)	(50,510)	-	-	-	0%
Transfers In from General Fund	1,492,714	1,573,476	-	1,545,300	1,560,000	99%
Total Fund Revenue	**$1,491,464**	**$1,555,532**	**$0**	**$1,560,300**	**$1,575,000**	**99%**

FUND EXPENSES HALF CENT SALES TAX FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Operations & Maintenance	-	-	-	-	50,000	0%
Operating Transfers	1,523,185	393,294	3,559,544	1,700,000	15,000	100%
Total Fund Expenses	**$1,523,185**	**$ 393,294**	**$3,559,544**	**$1,700,000**	**$ 65,000**	**100%**

Gas Tax Fund

ACTIVITY DESCRIPTION

This activity accounts for state gas tax funds received by the City according to the state's allocation formula. Pursuant to current City policy, these funds are used for 100% of City street light costs; 100% of City traffic signal maintenance costs; all street sweeping costs, except for parking lots which are not eligible to use gas tax funds; and with the balance of annual revenues, if any, used for street repairs and/or capital improvements. Beginning in FY 2001, gas tax revenues were transferred to the General Fund and the appropriations for streetlights, signal maintenance and street sweeping expenses were included in the General Fund street maintenance budget.

FUND REVENUE GAS TAX FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Gas Tax 2103	24,524	32,116	36,030	70,217	70,217	19%
Gas Tax 2105	50,027	44,754	47,550	45,802	45,802	12%
Gas Tax 2106	42,435	38,547	33,519	37,734	37,734	10%
Gas Tax 2107	62,434	58,244	61,428	60,145	60,145	16%
Gas Tax 2107.5	4,000	2,000	2,000	2,000	2,000	1%
RMRA Funds	-	48,324	140,534	140,534	140,534	38%
Loan Repay Funds	-	9,375	9,361	9,361	9,361	3%
Interest	2,976	4,228	1,800	4,000	4,000	1%
Mark to Market Gain/Loss	(2,737)	(6,229)	-	-	-	0%
Total Fund Revenue	**$183,660**	**$231,360**	**$332,222**	**$369,793**	**$369,793**	**100%**

FUND EXPENSES GAS TAX FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Operating Transfers	356,483	150,052	637,425	140,000	140,000	100%
Total Fund Expenses	**$356,483**	**$150,052**	**$637,425**	**$140,000**	**$140,000**	**100%**

Local Transit Fund

ACTIVITY DESCRIPTION

This activity accounts for transit funds allocated to the City through the San Luis Obispo Council of Governments (SLOCOG). Funds are allocated, in part, on a formula basis and may be used only for local and regional public transit expenses as determined through the transit needs assessment process. The Ride-On program provides a subsidized shuttle service to qualifying seniors and disabled persons. The City's share of funds for the South County Area Transit (SCAT) system serving the Five Cities area and for San Luis Obispo Regional Transit Authority (SLORTA) regional transit operations is allocated directly to SCAT and SLORTA without passing through the City's funds. Only the Ride-On expenses are budgeted in this fund.

FUND REVENUE LOCAL TRANSIT FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Interest	13	24	0	0	0	0%
TDA Subsidized Tax	18,000	10,500	18,000	10,500	10,500	100%
Mark to Market Gain/Loss	4	15	0	0	0	0%
Total Fund Revenue	**$18,016**	**$10,540**	**$18,000**	**$10,500**	**$10,500**	**100%**

FUND EXPENSES LOCAL TRANSIT FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Operations & Maintenance	10,321	7,741	10,741	10,778	10,817	100%
Total Fund Expenses	**$10,321**	**$7,741**	**$10,741**	**$10,778**	**$10,817**	**100%**

Local Transportation Fund—Street Construction

ACTIVITY DESCRIPTION

The Local Transportation Fund—Street Construction is used for the construction and maintenance of streets, bluff protection, and beach access. Revenues for this fund consist of State Transportation Development Act funds, which remain after funds are allocated for regional transit (SLORTA), local transit (SCAT) and Dial-a-Ride services.

FUND REVENUE LTF FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Interest	4,674	4,560	2,500	2,000	2,000	1%
State Government Grants	0	(1,686)	-	-	-	0%
Local Transportation Tax	152,405	111,900	160,000	161,294	161,294	93%
LTF - Bikepaths	5,892	6,104	6,000	7,092	7,092	4%
Misc Revenue	-	2,500	2,500	2,500	2,500	1%
Mark to Market Gain/Loss	(4,402)	(4,814)	-	-	-	0%
Total Fund Revenue	**$158,569**	**$118,563**	**$171,000**	**$172,886**	**$172,886**	**100%**

FUND EXPENSES LTF FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Operations & Maintenance	1,504	528	9,554	5,082	5,111	100%
Operating Transfers	604,962	204,641	481,540	0	0	0%
Total Fund Expenses	**$606,466**	**$205,169**	**$491,094**	**$5,082**	**$5,111**	**100%**

Circulation Fund–-Street Construction

ACTIVITY DESCRIPTION

The Circulation Improvement Fund was set up to provide for specific street construction projects including improvements to Oak Park Boulevard and Fourth Street, relocation of the off-ramps at Highway 101 and Fourth Street, the third freeway lane between Fourth Street and Price Street, and the Price Street Extension.

FUND REVENUE CIRCULATION FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Interest	2,077	7,043	0	7,000	7,000	100%
Mark to Market Gain/Loss	(2,314)	(9,849)	0	0	0	0%
Transfer In-Impact	464,622	178,247	0	0	0	0%
Total Fund Revenue	**$464,385**	**$175,442**	**$0**	**$7,000**	**$7,000**	**100%**

FUND EXPENSES CIRCULATION FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Operations & Maintenance	0	127,207	151	0	0	0%
Capital Outlay	0	13,305	148,695	90,000	0	100%
Operating Transfers	0	0	375,000	0	0	0%
Total Fund Expenses	**$0**	**$140,512**	**$523,847**	**$90,000**	**$0**	**100%**

Impact Fee Fund

ACTIVITY DESCRIPTION

The Impact Fee Fund was established to provide for additional facilities needed to serve the population residing in newly-constructed homes. Revenues for this fund consist of development fees which are collected under California Government Code Section 66001, the Mitigation Fee Act, for the specific improvements adopted by the City Council in Ordinance No. O-93-01.

In FY 2005, the City updated and restructured the previous Impact Fees. The fees were approved by Resolution No. 2004-62 and became effective February 1, 2005. The fees will be increased by CPI on January 1st of each year unless changed otherwise by City Council. In FY 2015, the Water and Sewer Impact Fees for Impact Fee projects were transferred to the Water Expansion Fund and the Wastewater Expansion Fund.

FUND REVENUE IMPACT FEE FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Interest	14,353	16,500	6,500	10,000	10,000	100%
Mark to Market Gain/Loss	(4,314)	(5,718)	0	0	0	0%
Impact Fee Districts	291,519	14,965	0	0	0	0%
Transfers In	0	0	2,500	0	0	0%
Total Fund Revenue	**$301,558**	**$25,747**	**$9,000**	**$10,000**	**$10,000**	**100%**

FUND EXPENSES IMPACT FEE FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Operations & Maintenance	1,056	20,788	145,286	1,225	1,286	100%
Operating Transfers	774,605	241,975	335,000	0	0	0%
Total Fund Expenses	**$775,661**	**$262,763**	**$480,286**	**$1,225**	**$1,286**	**100%**

Developer Impact Fee Fund

ACTIVITY DESCRIPTION

The Developer Impact Fee Fund was established to provide for additional facilities needed to serve the population residing in newly constructed homes within the specified development areas. Revenues for this fund consist of development fees, which are collected under California Government Code Section 66001, the Mitigation Fee Act, for the specific improvements adopted by the City Council in Ordinance No. 86-14, South Palisades Public Improvements and Resolution No. 96-39, establishing a Mattie Road/Spyglass Drive/Shell Beach Road Traffic Signal and Intersection Improvement Fee. In FY 2006 all impact fees received for the Shell Beach Road traffic signal were refunded to developers. The remaining funds were used to construct the Beachcomber Stairway Project, which was completed in FY 2009.

FUND REVENUE DEVELOPER IMPACT FEE FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Interest	1,006	1,292	0	0	0	0%
Mark to Market Gain/Loss	(999)	(2,426)	0	0	0	0%
Total Fund Revenue	**$7**	**($1,134)**	**$0**	**$0**	**$0**	**0%**

FUND EXPENSES DEVELOPER IMPACT FEE FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Other Exps.& Fin. Use	0	1,854	0	0	0	0%
Total Fund Expenses	**$0**	**$1,854**	**$0**	**$0**	**$0**	**0%**

Park Development Fund

ACTIVITY DESCRIPTION

The Park Development Fund was set up to provide for the construction of new parks and the enhancement of existing parks to serve new development. Funding sources include Quimby Act fees and impact fees under California Government Code Section 66001. The Quimby Act fees were updated in FY 2005 by Resolution and increase each fiscal year by 5%.

FUND REVENUE PARK DEVELOPMENT FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Subdivision Fees	0	0	10,000	10,000	10,000	21%
Interest	11,055	18,988	0	18,000	18,000	38%
Park Development Fee	182,103	10,100	20,000	20,000	20,000	42%
Mark to Market Gain/Loss	(8,337)	(25,150)	0	0	0	0%
Transfers In	0	0	0	0	0	0%
Total Fund Revenue	**$184,821**	**$3,938**	**$30,000**	**$48,000**	**$48,000**	**100%**

FUND EXPENSES PARK DEVELOPMENT FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Operations & Maintenance	3,660	3,864	4,066	4,270	4,483	100%
Capital Outlay	4,738	0	1,731,067	0	0	0.00%
Other Exps.& Fin. Use	800	0	29,188	0	0	0%
Operating Transfers	40,596	12,194	2,210	0	0	0%
Total Fund Expenses	**$49,794**	**$16,058**	**$1,766,531**	**$4,270**	**$4,483**	**100%**

Police Grant Fund

ACTIVITY DESCRIPTION

The Police Grant Fund is a Special Revenue Fund that tracks the activity of grants awarded to the Police Department for various items including grants for traffic programs, equipment, personnel, and miscellaneous operating expenses.

FUND REVENUE POLICE GRANT FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Use of Money & Property	1,710	4,041	520	2,000	2,000	2%
State Government Grant	100,000	139,416	100,000	130,000	130,000	98%
Mark to Market Gain/Loss	36	463	0	0	0	0%
Total Fund Revenue	**$101,746**	**$143,921**	**$100,520**	**$132,000**	**$132,000**	**100%**

FUND EXPENSES POLICE GRANT FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Operating Transfers	43,747	116,793	304,042	80,000	320,000	100%
Total Fund Expenses	**$43,747**	**$116,793**	**$304,042**	**$80,000**	**$320,000**	**100%**

Lodging Business Improvement District (LBID) Fund

LBID Fund Balance

LBID Fund Adopted Budget

FY 2019-20		
Net Working Capital 7/1/2019	$	291,653
Revenues		
LBID Assessment		$2,214,158
Interest Earnings		5,000
	TOTAL REVENUE	2,219,158
Expenditures		
Salaries & Benefits		34,618
Operations & Maintenance		1,185,630
Non Profit Requests		13,000
Transfer Out to Capital Projects Fund		987,079
	TOTAL EXPENDITURES	2,220,327
	Net Income/(Loss) from Operations	(1,169)
Estimated Ending Net Working Capital 06/30/20	$	290,484
FY 2020-21		
Net Working Capital 7/1/2020	$	290,484
Revenues		
LBID Assessment		$2,329,332
Interest Earnings		5,000
	TOTAL REVENUE	2,334,332
Expenditures		
Salaries & Benefits		34,618
Operations & Maintenance		1,164,209
Transfer Out to Internal Service Fund/Capital Projects Fund		1,044,666
	TOTAL EXPENDITURES	2,243,493
	Net Income/(Loss) from Operations	90,839
Estimated Ending Net Working Capital 06/30/21	$	381,323

Lodging Business Improvement District

ACTIVITY DESCRIPTION

The Pismo Beach Lodging Business Improvement District (LBID) is an assessment district created by the Pismo Beach City Council, at the request and approval of a majority of the Lodging businesses operating in the City, to raise money by assessing themselves, and then to use that money to promote Pismo Beach lodging businesses. The LBID was renewed in FY 2013 and the purposes for which LBID assessments could be expended are now more limited than when the LBID was initially established. The improvements and activities to be provided for in FY 2020 and FY 2021 are those services and activities permitted under Section 3.26.030 of the Pismo Beach Municipal Code, as follows: a) The general promotion of lodging operations within the LBID shall include costs of programs and physical improvements as specified in the business plan to be adopted annually; b) The marketing of conference, group, and vacation business that benefits the local lodging industry in the district; c) The marketing of the LBID to the travel industry in order to benefit the local lodging industry in the district; d) Administration of the LBID, including collection and enforcement of assessments.

The LBID Ordinance provides for an LBID assessment of 1% levied on transient rents received by all Pismo Beach lodging properties.

FUND REVENUE LBID FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
LBID Assessment	934,679	1,001,806	1,027,288	1,107,079	1,164,666	100%
LBID Penalty & Int	982	666	0	0	0	0%
LBID Other	(2,846)	0	7,500	0	0	0%
Interest	2,873	5,455	1,400	5,000	5,000	0.45%
Mark to Market Gain/Loss	(2,636)	(7,409)	0	0	0	0%
Misc. Revenues	17,951	0	18,000	0	0	0%
Total Fund Revenue	**$951,002**	**$1,000,519**	**$1,054,188**	**$1,112,079**	**$1,169,666**	**100%**

FUND EXPENSES LBID FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Salaries & Benefits	21,988	35,545	34,450	34,618	34,618	3%
Operations & Maintenance	857,220	933,839	1,057,282	1,060,630	1,064,209	86%
Other Exps.& Fin. Use	56,586	31,171	5,636	0	0	0%
Operating Transfers	0	0	461,130	138,000	1,044,666	11%
Total Fund Expenses	**$935,793**	**$1,000,554**	**$1,558,498**	**$1,233,248**	**$2,143,493**	**100%**

Lodging Business Improvement District

Accomplishments Prior Two-Year Budget:

- ✓ Completed a constantly evolving Strategic Marketing Plan to guide the TED and contract advertising agency on marketing efforts and campaigns
- ✓ Re-skinned www.ClassicCalifornia.com and microsites to increase social media integration and footprint, additional video content, and bring room-booking to the forefront of every page. Increased YouTube views by 16.2% (558,000 views), Facebook fans by 20.8% (183,000 fans), Instagram followers by 390.8% (22,000 followers)
- ✓ Successfully hosted multiple FAM Trips for travel writers and tour operators
- ✓ Improved promotional event funding application process and sponsorship tier levels, focusing on off-season events that benefit the lodging industry

Work Program Highlights for Next Two-Year Budget:

- Follow the Strategic Plan initiatives of smart tourism growth, collaborative partnerships, expanding the brand, and building strong visitor satisfaction
- Create a new unified campaign to bridge all social media, digital, and periodical advertising efforts to one overall message and feeling
- Continue to expand social media and digital advertising efforts and continue to research new trends and programs, including increased use of video
- Perform more extensive public relations campaigns and efforts to improve media relations and host more FAM Trips for travel writers and tour operators
- Put more emphasis on lodging packages, targeted advertising utilizing behavioral patterns, and participate with the County Tourism Marketing District and Central Coast Tourism Council on mutually beneficial cooperative advertising opportunities
- Promote off-season events that benefit the lodging industry and co-market existing events to improve lodging occupancies
- Ensure www.ClassicCalifornia.com and all microsites are up-to-date and re-evaluate websites annually to ensure they remain current and produce lodging referrals

Housing In-Lieu Fund

ACTIVITY DESCRIPTION

The Housing In-Lieu Fund was established on May 2, 2000 by Ordinance No. 2000-03. The Housing In-Lieu fee is a development impact fee paid to the City as an alternative to the production of affordable housing and is to be used in the acquisition, construction, or rehabilitation of affordable housing. The purpose and intent of the fee is to create inclusionary housing requirements and affordable housing units, which assists in implementing the Housing Element of the City's General Plan. The regulation established by Ordinance No. 2000-03 offers density bonuses and certain development standard concessions (building setback, lot coverage, and/or parking requirements) or other regulatory incentives or concessions. Designed to provide cost reductions for affordable housing construction, lower project costs can be passed on to low-to-moderate income households and qualifying residents.

FUND REVENUE HOUSING IN LIEU FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Housing In Lieu Fee	543,889	92,635	50,000	50,000	50,000	51%
Interest	26,498	51,309	7,800	49,000	49,000	49%
Mark to Market Gain/Loss	(11,978)	(11,050)	0	0	0	0%
Total Fund Revenue	**$558,409**	**$132,895**	**$57,800**	**$99,000**	**$99,000**	**100%**

FUND EXPENSES HOUSING IN LIEU FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Operations & Maintenance	1,080	1,152	1,215	1,276	1,340	12%
Other Exps.& Fin. Use	8,700	13,200	13,200	9,700	0	88%
Total Fund Expenses	**$9,780**	**$14,352**	**$14,415**	**$10,976**	**$1,340**	**100%**

Public Educational and Governmental (PEG) Access Fee Fund

ACTIVITY DESCRIPTION

The Public, Educational, and Governmental (PEG) Access Fee Fund was established in FY 2011 to track PEG fee revenues and expenditures separately from other funds. The PEG Access Fee is a fee collected from cable television providers (i.e. Charter Communications) with franchise operations within city limits, which money is set aside for capital costs related to governmental cable broadcasting and equipment. Due to legal disputes, the fee was not collected between December 2013 and August 2016.

FUND REVENUE PEG FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
PEG Fees - Charter Comm	34,540	36,437	25,000	35,000	35,000	100%
Interest	533	1,387	260	0	0	0%
Mark to Market Gain/Loss	(544)	(2,116)	0	0	0	0%
Total Fund Revenue	**$34,529**	**$35,707**	**$25,260**	**$35,000**	**$35,000**	**100%**

FUND EXPENSES PEG FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Operations & Maintenance	3,198	1,204	5,385	15,000	10,000	0%
Capital Outlay	0	0	38,581	0	0	0%
Total Fund Expenses	**$3,198**	**$1,204**	**$43,966**	**$15,000**	**$10,000**	**0%**

Chapman Estate Fund

ACTIVITY DESCRIPTION

The Chapman Estate at 1243 Ocean Boulevard in Pismo Beach was developed around 1935 by John Rogers, who worked in the oil industry in California's Central Valley. Clifford Chapman purchased the Estate in 1963 and lived there for many years until his passing in July 2012. Before his passing, Chapman expressed his desire to dedicate the Estate to the City of Pismo Beach. On December 3, 2013, the City Council adopted Resolution no. R-2013-075 to accept the Chapman Estate. The Chapman Estate Trust was established by Chapman to provide funds for the maintenance and repairs of the Estate. The Trust authorized these funds to be used by the City of Pismo Beach for maintenance and repairs for the Chapman Estate upon the acceptance of the property. The Chapman Foundation was established to manage the Estate, with the TED Director serving as the City Staff Liaison.

FUND REVENUE CHAPMAN ESTATE FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Interest	927	930	500	500	500	0%
Chapman House Lease	1,200	1,201	1,200	0	0	0%
Mark to Market Gain/Loss	(849)	(1,130)	0	0	0	0%
Transfers In	4,095	241,062	0	240,000	10,000	100%
Total Fund Revenue	**$5,372**	**$242,063**	**$1,700**	**$240,500**	**$10,500**	**100%**

FUND EXPENSES CHAPMAN ESTATE FUND:	ACTUAL FY 17	ACTUAL FY 18	BUDGET FY 19	ADOPTED FY 20	ADOPTED FY 21	% OF TOTAL FY 20
Salaries & Benefits	260	1,379	6,520	6,662	6,662	2%
Operations & Maintenance	90,586	41,202	66,684	218,829	30,829	79%
Capital Outlay	4,095	241,062	0	50,000	0	18%
Other Exps & Fin. Use	9,665	0	0	0	0	0%
Total Fund Expenses	**$104,606**	**$283,643**	**$73,204**	**$275,491**	**$37,491**	**100%**

CHAPMAN ESTATE FUND

Goals and Accomplishments Prior Two-Year Budget:

- ✓ The Chapman Estate Advisory Commission was disbanded in 2016 and the private Chapman Foundation was established to manage the estate
- ✓ Chapman Estate Conditional Use Permit and Memorandum of Understanding were completed to create guidelines for the City and Chapman Foundation in managing and maintaining the property
- ✓ A Fundraising Coordinator was hired to raise money for Chapman Estate capital improvement projects and ongoing required maintenance
- ✓ The Strategic Plan was written to identify all priorities and set overall goals and a development plan to achieve them

Work Plan Highlights for Next Two-Year Budget:

- Schedule a photoshoot at the Estate in order to create a wedding venue brochure to market the estate as a premier wedding venue on the Central Coast
- Successfully run community events and enforce the Conditional Use Permit for all event organizers utilizing the estate
- Work with the Fundraising Coordinator to have a unified message and campaign
- Operations manual will be created to standardize the procedures and create consistency at the Chapman Estate.
- Run a public relations campaign to inform visitors about its history, and visitation and event venue opportunities

APPENDICES

Resolution

RESOLUTION NO. R-2019-046

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PISMO BEACH, CALIFORNIA ADOPTING BIENNIAL BUDGETS FOR THE CITY OF PISMO BEACH FOR FISCAL YEAR (FY) 2020 AND FY 2021: JULY 1, 2019 THROUGH JUNE 30, 2021

WHEREAS, beginning in September 2018, the City Council began efforts to solicit the community's input to help shape the Council's goals for the upcoming Fiscal Year (FY) 2020 and FY 2021 budgets; the Council received input from the public through a variety of means, including an advisory body workshop, two community workshops, flyers in all utility bills, booths set up at community events, and feedback through the City's website; and; and

WHEREAS, after receiving the community's ideas, the Council held a goal-setting informational meeting on January 15, 2019 to discuss the status of the current goals and the fiscal outlook; and

WHEREAS, on February 1, 2019 the Council took the consolidated results collected from the community outreach efforts and established five Major City Goals and three Other Important Objectives; and

WHEREAS, City staff developed work plan budget items to implement the Council's goals as well as other important initiatives to improve services to the public and improve the City's infrastructure; and

WHEREAS, on April 16, 2019, the City Council conducted a public budget workshop to review the City's proposed budgets for FY 2020 and FY 2021 and receive public comment, and at this meeting, staff presented key highlights for the next two fiscal years, work plan budget requests, and capital project requests; Council affirmed the City's fiscal policies and provided direction to staff on the work plan budget items; and

WHEREAS, on May 14, 2019, the Council held a Special Budget Workshop meeting on the proposed biennial budgets for FYs 2020 and 2021; at this meeting staff presented a summary of the proposed budgets and work plans to the Council, and the Council heard public comments and outside agency funding requests; the Council provided direction for the final budgets with direction to return with the final budget resolution on June 4, 2019.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Pismo Beach hereby appropriates from the specified City Funds, the amounts set forth for the departments, activities, programs, and projects as listed in **Exhibit A** attached hereto and by this reference made a part hereof.

BE IT FURTHER RESOLVED that the City Council of the City of Pismo Beach hereby sets aside previously appropriated funds for projects and encumbrances carried forward from previous years, and not yet completed.

UPON MOTION OF Mayor Pro Tem Howell, seconded by Council Member Blake, the foregoing resolution was adopted by the City Council of the City of Pismo Beach this 4th day of June 2019, by the following vote:

AYES:	**4**	**Howell, Blake, Guthrie, Waage**
NOES:	**0**	
ABSENT:	**1**	**Reiss**
ABSTAIN:	**0**	
RECUSED:	**0**	

Approved:

Ed Waage, Mayor

Attest:

Erica Inderlied, City Clerk

Exhibit A

Table A: City of Pismo Beach General Fund Budgets for FY 2020 and FY 2021

General Fund	FY 2020	FY 2021
City Council	$ 238,670.08	$ 255,572.09
City Manager	471,496.98	474,211.51
Management Services	762,599.95	785,184.25
Conference & Visitors Bureau	805,896.29	810,081.74
Administrative Services	984,705.51	1,000,316.49
Legal	278,900.00	278,900.00
Non-Department	1,798,470.00	1,918,126.00
Debt Service	526,147.98	527,366.15
Subtotal Administrative	***$ 5,866,886.79***	***$ 6,049,758.23***
Police	6,523,266.24	6,699,398.04
Fire	3,202,925.04	3,323,459.04
Junior Lifeguards	53,545.53	53,545.53
Lifeguards	228,183.78	222,340.78
Weed Abatement	14,500.00	14,500.00
Subtotal Public Safety	***$ 10,022,420.59***	***$ 10,313,243.39***
Building	704,762.99	709,313.63
Planning	868,818.27	875,829.13
Recreation	583,204.17	586,743.15
Subtotal Community Development	***$ 2,156,785.43***	***$ 2,171,885.91***
Engineering	869,648.02	881,750.85
Government Buildings	668,121.15	673,869.75
Parks	975,528.96	992,099.82
Streets	982,707.01	991,112.81
Subtotal Public Works	***$ 3,496,005.14***	***$ 3,538,833.23***
Subtotal General Fund Operations	**$ 21,542,097.95**	**$ 22,073,720.76**
Work Plan One-Time Items	1,846,847.00	677,274.00
Work Plan Ongoing Items	51,422.73	47,167.75
Subtotal Above Base Items	***$ 1,898,269.73***	***$ 724,441.75***
3% General Fund Contingency	650,000.00	650,000.00
General Fund Reserve	195,940.05	68,593.67
Subtotal Contributions to Reserves	***$ 845,940.05***	***$ 718,593.67***
Non-Profit Agency Contributions	72,900.00	
Total General Fund	**$ 24,359,207.73**	**$ 23,516,756.18**
Less Transfers to Other Funds	(998,113.98)	(999,612.15)
Total General Fund Less Transfers	**$ 23,361,093.75**	**$ 22,517,144.03**

Table B: City of Pismo Beach Other Funds Budgets for FY 2020 and FY 2021

Fund Title	Expenditure Type	FY 2020	FY 2021
Half Cent Sales Tax Fund	Purchase Professional Services	-	50,000.00
	Transfer Out to Special Revenue	1,700,000.00	15,000.00
Half Cent Sales Tax Fund Total		***$ 1,700,000.00***	***$ 65,000.00***
Gas Tax Fund	Transfer Out to General Fund	140,000.00	140,000.00
Gas Tax Fund Total		***$ 140,000.00***	***$ 140,000.00***
Local Transportation	Purchase Professional Services	4,500.00	4,500.00
	Other Expenses	582.00	611.00
Local Transportation Total		***$ 5,082.00***	***$ 5,111.00***
Public Education Government Fund	Operations & Maintenance	15,000.00	10,000.00
Public Education Government Fund Total		***$ 15,000.00***	***$ 10,000.00***
Grants - Non-Capital	Transfer Out to General Fund	80,000.00	130,000.00
	Transfer Out to Internal Service	-	190,000.00
Grants - Non-Capital Total		***$ 80,000.00***	***$ 320,000.00***
Housing In Lieu Fee	Other Expenses	1,276.00	1,340.00
	Other Financing Uses	9,700.00	-
Housing In Lieu Fee Total		***$ 10,976.00***	***$ 1,340.00***
Lodging Business Improvement	Salaries & Wages	31,827.00	31,827.00
District (LBID) Fund	Benefits	2,791.23	2,791.23
	Purchase Professional Services	89,350.00	89,350.00
	Other Purchased Services	897,400.00	897,400.00
	Operations & Maintenance	2,300.00	2,300.00
	Other Expenses	71,580.00	75,159.00
	Other Financing Uses	138,000.00	100,000.00
	Transfer Out to Special Revenue	987,079.00	-
	Transfer Out to Internal Service	-	1,044,666.00
LBID Fund Total		***$ 2,220,327.23***	***$ 2,243,493.23***
Chapman Estate Fund	Salaries & Wages	6,000.00	6,000.00
	Benefits	661.80	661.80
	Purchase Professional Services	31,000.00	1,000.00
	Other Purchased Services	16,500.00	16,500.00
	Operations & Maintenance	171,000.00	13,000.00
	Other Expenses	329.00	329.00
	Capital Outlay	50,000.00	-
Chapman Estate Fund Total		***$ 275,490.80***	***$ 37,490.80***

Fund Title	Expenditure Type	FY 2020	FY 2021
Capital Projects	Capital Outlay	8,409,043.00	15,000.00
Capital Projects Total		***$ 8,409,043.00***	***$ 15,000.00***
Park Development Fund	Other Expenses	4,270.00	4,483.00
Park Development Fund Total		***$ 4,270.00***	***$ 4,483.00***
Circulation Fees	Capital Outlay	90,000.00	-
Circulation Fees Total		***$ 90,000.00***	***$ -***
Impact Fees	Other Expenses	1,225.00	1,286.00
Impact Fees Total		***$ 1,225.00***	***$ 1,286.00***
Public Financing Authority Debt Srvc	Debt Service	394,063.00	388,362.50
Public Financing Authority Debt Service Total		***$ 394,063.00***	***$ 388,362.50***
Public Financing Agency	Debt Service	709,040.49	713,508.99
Public Financing Agency Total		***$ 709,040.49***	***$ 713,508.99***
	Total Other Funds	**$ 14,054,517.52**	**$ 3,945,075.52**
	Less Transfers to Other Funds	(2,907,079.00)	(1,519,666.00)
	Total Other Funds Less Transfers	**$ 11,147,438.52**	**$ 2,425,409.52**

Table C: City of Pismo Beach Enterprise Funds Budget for FY 2020 and FY 2021

Fund Title	Expenditure Type	FY 2020	FY 2021
Water Enterprise Fund	Salaries & Wages	443,734.42	448,469.62
	Benefits	237,709.47	246,909.22
	Purchase Professional Services	1,764,804.00	1,283,404.00
	Other Purchased Services	280,895.00	292,614.00
	Operations & Maintenance	317,576.00	319,286.00
	Other Expenses	393,539.00	411,906.00
	Capital Outlay	139,100.00	1,886,500.00
	Transfer Out to Enterprise Fund	416,500.00	262,000.00
	Transfer Out to Internal Service	44,519.00	43,167.00
Water Enterprise Fund Total		***$ 4,038,376.89***	***$ 5,194,255.84***
Water Tax Lopez State	Purchase Professional Services	1,811,347.00	1,811,347.00
Water Tax Lopez State Total		***$ 1,811,347.00***	***$ 1,811,347.00***
Water Construction Fund	Reserve	50,000.00	50,000.00
	Capital Outlay	154,500.00	-
Water Construction Fund Total		***$ 204,500.00***	***$ 50,000.00***
Wastewater Treatment Fund	Salaries & Wages	595,731.50	601,754.45
	Benefits	367,517.78	380,465.65
	Purchase Professional Services	916,120.00	105,120.00
	Other Purchased Services	543,152.00	532,063.00
	Operations & Maintenance	484,664.04	484,898.04
	Other Expenses	538,683.00	564,052.00
	Capital Outlay	92,800.00	93,800.00
	Debt Service	1,137,705.82	1,134,315.25
	Transfer Out to Debt Service	275,829.84	275,711.84
	Transfer Out to Enterprise Fund	586,000.00	637,000.00
	Transfer Out to Internal Service	62,091.00	61,180.00
Wastewater Treatment Fund Total		***$ 5,600,294.98***	***$ 4,870,360.23***
Wastewater Capital Projects	Reserve	131,000.00	131,000.00
	Capital Outlay	455,000.00	1,424,000.00
	Transfer Out to Enterprise Fund	-	53,000.00
Wastewater Capital Projects Total		***$ 586,000.00***	***$ 1,608,000.00***
Wastewater Expansion	Other Expenses	429.00	451.00
Wastewater Expansion Total		***$ 429.00***	***$ 451.00***

Fund Title	Expenditure Type	FY 2020	FY 2021
Wastewater Expansion	Other Expenses	429.00	451.00
Wastewater Expansion Total		***$ 429.00***	***$ 451.00***
Local Transportation Transit Fund	Purchase Professional Services	10,000.00	10,000.00
	Other Expenses	778.00	817.00
Local Transportation Transit Fund Total		***$ 10,778.00***	***$ 10,817.00***
Pier Enterprise Fund	Other Purchased Services	30,000.00	30,000.00
	Operations & Maintenance	54,000.00	54,000.00
Pier Enterprise Fund Total		***$ 84,000.00***	***$ 84,000.00***
Parking Enterprise Fund	Salaries & Wages	193,353.19	194,003.39
	Benefits	70,433.19	72,761.13
	Purchase Professional Services	8,500.00	8,500.00
	Other Purchased Services	63,683.00	63,683.00
	Operations & Maintenance	79,812.00	74,842.00
	Other Expenses	144,537.00	149,161.00
	Capital Outlay	25,000.00	25,000.00
	Transfer Out to Internal Service	3,111.00	1,037.00
Parking Enterprise Fund Total		***$ 588,429.38***	***$ 588,987.52***
	Total Other Funds	**$ 12,924,155.25**	**$ 14,218,218.59**
	Less Transfers to Other Funds	(1,388,050.84)	(1,333,095.84)
	Total Other Funds Less Transfers	**$ 11,536,104.41**	**$ 12,885,122.75**

Table D: City of Pismo Beach Internal Service Funds for FY 2020 and FY 2021

Fund Title	Expenditure Type	FY 2020	FY 2021
Technology Service Fund	Salaries & Wages	115,769.83	115,769.83
	Benefits	36,340.33	37,129.73
	Purchase Professional Services	94,800.00	34,800.00
	Other Purchased Services	411,628.00	385,704.00
	Operations & Maintenance	98,360.00	88,360.00
	Capital Outlay	21,000.00	49,000.00
Technology Service Fund Total		***$ 777,898.16***	***$ 710,763.56***
Motor Vehicle Fund	Salaries & Wages	72,060.06	72,060.06
	Benefits	53,574.39	56,109.14
	Other Purchased Services	3,160.00	3,160.00
	Operations & Maintenance	367,025.00	367,025.00
	Other Expenses	4,586.00	4,562.00
	Capital Outlay	162,950.00	376,750.00
	Transfer Out to Special Revenue	2,301,791.00	-
	Transfer Out to Internal Service	622.00	207.00
Motor Vehicle Fund Total		***$ 2,965,768.45***	***$ 879,873.20***
	Total Other Funds	**$ 3,743,666.61**	**$ 1,590,636.76**
	Less Transfers to Other Funds	(2,302,413.00)	(207.00)
	Total Other Funds Less Transfers	**$ 1,441,253.61**	**$ 1,590,429.76**

Table E: City of Pismo Beach All Funds Expenditures for FY 2020 and FY 2021

	FY 2020	FY 2021
Total All Expenditure Appropriations	**$ 54,885,607.06**	**$ 43,202,093.38**
Less Transfers to Other Funds	(8,102,328.82)	(3,882,054.99)
Total All Funds Expenditures Less Transfers	**$ 46,783,278.24**	**$ 39,320,038.39**

Table F: City of Pismo Beach Revenue Budget for FY 2020 and FY 2021

Fund Title	FY 2020	FY 2021
General Fund	$ 25,623,509.13	$ 26,188,107.45
Half Cent Sales Tax Fund	15,000.00	15,000.00
Gas Tax Fund	369,793.00	369,793.00
Local Transportation	172,886.00	172,886.00
Public Education Government Fund	35,000.00	35,000.00
Grants - Non-Capital	132,000.00	132,000.00
Housing In Lieu Fee	99,000.00	99,000.00
Lodging Business Improvement District Fund	2,219,158.00	2,334,332.00
Chapman Estate Fund	257,000.00	27,000.00
Capital Projects	8,409,043.00	15,000.00
Park Development Fund	48,000.00	48,000.00
Circulation Fees	7,000.00	7,000.00
Impact Fees	10,000.00	10,000.00
Public Financing Authority Debt Service	394,063.00	388,362.50
Public Financing Agency	709,040.10	713,508.99
Water Enterprise Fund	4,324,000.00	4,811,000.00
Water Tax Lopez State	1,812,000.00	1,812,000.00
Water Construction Fund	221,500.00	67,000.00
Water Expansion Fund	8,000.00	8,000.00
Wastewater Treatment Fund	4,967,937.72	5,171,569.31
Wastewater Capital Projects	611,000.00	1,527,000.00
Wastewater Expansion	36,000.00	36,000.00
Local Transportation Transit Fund	11,000.00	11,000.00
Pier Enterprise Fund	87,920.00	87,920.00
Parking Enterprise Fund	946,000.00	966,000.00
Technology Service Fund	777,898.00	710,763.00
Motor Vehicle Fund	1,058,947.00	2,294,019.00
Total All Expenditure Appropriations	**$ 53,362,694.95**	**$ 48,057,261.25**
Less Transfers to Other Funds	(8,102,328.82)	(3,882,054.99)
Total All Funds Expenditures Less Transfers	**$ 45,260,366.13**	**$ 44,175,206.26**

Glossary of Acronyms

Acronym	Description
ACA	Affordable Care Act
ADA	Americans with Disabilities Act
APCD	Air Pollution Control District
ARC	Other Post Employment Benefit Annual Retired Contributions
CAFR	Comprehensive Annual Financial Report
CALEA	Commission on Accreditation for Law Enforcement Agencies
CALFEMA	California Federal Emergency Management Agency
CAL FIRE	California Department of Forestry and Fire Protection
CalPERS	California Public Employees' Retirement System
CASp	Certified Access Specialist Program
CCC	California Coastal Commission
CIP	Capital Improvement Program
CJPIA	California Joint Powers Insurance Authority
COPS	Community Oriented Policing Services
CPI	Consumer Price Index
CRM	Customer Relationship Management
CSMFO	California Society of Municipal Finance Officers
CVB	Conference and Visitors Bureau
EDU	Equivalent Dwelling Unit
FAM	Familiarization trip
FTE	Full-time Equivalent Position

FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GDP	Gross Domestic Product
GF	General Fund
GFOA	Government Finance Officers Association
IT	Information Technology
LAFCO	Local Agency Formation Committee
LBID	Lodging Business Improvement District
MFR	Multi-Family Residential
MOU	Memorandum of Understanding
OPEB	Other Post Employment Benefits
PB	Pismo Beach
PD	Police Department
PEG	Public Educational and Governmental
PEPRA	Public Employees' Pension Reform Act of 2013
PERS	Public Employees Retirement System
PFA	Public Financing Authority
PFC	Public Facilities Corporation
PIO	Public Information Officer
POA	Police Officers Association
RDA	Redevelopment Agency
RevPAR	Hotel Revenue Per Available Room
SCAT	South County Area Transit

SEIU	Service Employees International Union, Local 620
SFR	Single Family Residential
SLO	San Luis Obispo
SLOCOG	San Luis Obispo County Council of Governments
SLORTA	San Luis Obispo Regional Transit Authority
SRF	State Revolving Fund
SWMP	Storm Water Management Plan
TED	Tourism & Events Department
TOT	Transient Occupancy Tax
TMD	Tourism Marketing District
VFD	Variable Frequency Drive

Budget Glossary

Fiscal Years 2020 & 2021

Account: A subdivision within a fund for the purpose of classifying transactions.

Account number: A numeric identification of the account, typically, a unique number or series of numbers. The City of Pismo Beach's number structure is comprised of 6 fields of characters. The first field is 4 characters long and identifies the various unique FUNDS within the account system. The next three fields identify the Departments (2 characters), Divisions (3 characters), and Activities (4 characters) within the City. The fifth field contains 5 characters and identifies the OBJECT CODE of the account number. The final field contains six (6) characters and identifies the PROJECT or if there is no project. The combination of the six fields makes up the account number.

Accrual basis or accrual method: Accounting method whereby income and expense items are recognized as they are earned or incurred, even though they may not have been received or actually paid in cash. The alternative is Cash Basis. The City of Pismo Beach uses the widely recognized method of Modified Accrual Basis of accounting.

Actual: The recorded expenditure for a specific account number. The *actual* columns, referenced in this document, report the expenditures as audited by an independent auditor.

Adopted Budget: A budget which typically has been reviewed by the public and adopted (approved) by the City Council prior to the start of the fiscal year. The Adopted Budget is the legal authority to expend money for specified purposes in the fiscal year time period.

Appropriate: Set apart for, or assign to, a particular purpose or use.

Appropriate expenditure: A budget amount set-aside for a specific acquisition or purpose.

Appropriation: An authorization by the City Council to make expenditures and to incur obligation for specific amounts and purposes. For most local governments, the Adopted Budget document is the source for all or most appropriations. All annual appropriations lapse at the end of the fiscal year.

Assessed valuation: An official value established for real estate or other property as a basis for levying property taxes.

Assessments: Charges made to parties for actual services or benefits received.

Authority: A governmental or public agency created to perform a single function or a restricted group of related activities.

Authorized positions: Employee positions, which are authorized in the Adopted Budget, to be filled during the year.

Available Fund Balance: Funds remaining from prior years that are available for appropriation and expenditure in the current year.

Base budget: Cost of continuing the existing levels of service in the current budget year.

Budget: A plan of financial operation, for a set time period, which identifies specific types and levels of services to be provided, adopted appropriations or expenses, and the recommended means of financing them.

Budget amendments / revisions: The City Council has the sole responsibility for adopting the City's budget, and may amend or supplement the budget at any time after adoption by majority vote. The City Manager and Administrative Services Director have joint authority to approve line item budgetary transfers between expenditure objects of the budget, as long as transfers occur in the same fund and within the same division.

Budgetary basis: The basis of accounting used to estimate financing sources and uses in the budget. The budgetary basis generally takes one of three forms: GAAP, cash, or modified accrual.

Budget message: The opening section of the budget that provides the City Council and the public with a general summary of the most important aspects of the budget and changes from previous years, and presents recommendations made by the City Manager.

Budget year: The fiscal year for which the budget is being considered.

Budgetary unit: An organizational component budgeted separately, usually a department or a division.

Capital expenditures: An acquisition or improvement (as distinguished from a repair) that will have a life of more than one year.

Capital improvement budget: Financial plans or authorized expenditures for tangible, long-term construction of, or improvement to, physical public facilities.

Capital Improvement Program or Plan (CIP): A long-term plan for multi-year projects such as street or park improvements, building construction, and various kinds of major facility maintenance. The projects set out in the plan usually require funding beyond the one-year period of the annual budget and the plan details funding sources and expenditure amounts.

Capitalization policy: The criteria used by a government to determine which outlays should be reported as fixed assets.

Capital outlay: Expenditures that result in the acquisition of, or addition to, fixed assets. A capital item is tangible, durable, and non-consumable, costs $5,000 or more, and has a useful life of more than one year.

Carryover: Process of carrying a budgeted and encumbered item from the current fiscal year to the next fiscal year. For example, a purchase order for a budgeted computer purchase is placed in FY 2019. However due to backlog at the computer factory, the computer is shipped

in the 2020 Fiscal Year. The budget for FY 2020 did not include a purchase of a computer. The unspent FY 2019 budget for this item is carried over to the next fiscal year and the FY 2020 budget is adjusted (increased) for this purchase.

Cash basis: A basis of accounting in which transactions are recognized only when cash is increased or decreased.

Consumer Price Index (CPI): Measure of change in consumer prices as determined by a monthly survey of the U.S. Bureau of Labor Statistics. Many pension and employment contracts are tied to changes in consumer prices as protection against inflation and reduced purchasing power. Among the CPI components are the costs of housing, transportation, and electricity. Also known as the Cost-of-Living Index.

Contingency: A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Contract services: Services rendered to a government by private firms, individuals, or other governmental agencies. Examples include maintenance agreements, professional contracts, and tree trimming agreements.

Debt service: The City's obligation to pay the principal and interest of all bonds and other debt instruments according to a predetermined payment schedule.

Deficit: The excess of an entity's liabilities over its assets, or the excess of expenditures or expenses over revenues during a single accounting period.

Department: A basic organizational unit of government that is functionally unique in its delivery of services. The components are hierarchically arranged as follows: department (such as Public Works), and division (such as Sewer Maintenance).

Depreciation: The loss in value of an asset over time due to physical changes, obsolescence, or factors outside of the asset.

Designated fund balance: A portion of unreserved fund balance designed by City policy for a specific future use.

Development-related fees: Fees and charges generated by building, development, and growth in a community. Included in development-related fees are building permits, development review fees, and zoning and subdivision fees.

Disbursement: The expenditure of monies from an account.

Division: An organizational component of a department.

Encumbrance: The commitment of appropriated funds to purchase goods or services. An encumbrance is not an expenditure. An encumbrance reserves funds to be expended.

Enterprise fund: A proprietary fund used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of enterprise funds is to

have the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The rate schedule for these services is established to ensure that revenues are adequate to meet all necessary expenditures.

Expenditure/Expense: The outflow of funds paid or to be paid for an asset obtained or goods and services obtained regardless of when the expenditure is actually paid. The term expenditure applies to governmental funds, while the term expense is used for enterprise and internal service funds.

Expenditure object code: Unique identification number and title for a minor expenditure category. Represents the most detailed level of budgeting and recording of expenditures, referred to as a "line item."

Fiscal policy: A government's policies with respect to revenues, spending, and debt management as these relate to government services, programs and capital investment. Fiscal policy provides an agreed-upon set of principles for the planning and programming of government budgets and their funding.

Fiscal Year (FY): The 12-month period for recording financial transactions specified by the City of Pismo Beach as beginning July 1st and ending June 30th.

Fixed assets: Assets of long-term character such as land, buildings, machinery, equipment, and furniture.

Franchise fee: A franchise fee is charged for the privilege of using public rights-of-way and property within the City for public or private purposes. The City currently assesses franchise fees on cable television and utilities.

Full-Time Equivalent Position (FTE): Personnel position or fractions thereof based on the full-time definition of forty hours of work per week.

Fund: A separate accounting entity with a self-balancing set of accounts to record all financial transactions (revenues and expenditures) for specific activities or government functions. Funds are classified into three categories: governmental, proprietary, and fiduciary. Commonly used funds in governmental accounting are general fund, special revenue funds, debt service funds, capital project funds, enterprise funds, internal service funds, agency funds, and special assessment funds.

Fund accounting: System used by non-profit organizations, particularly governments. Since there is no profit motive, accountability is measured instead of profitability. The main purpose is stewardship of financial resources received and expended in compliance with legal requirements. Financial reporting is directed at the public rather than investors.

Fund balance: The excess of assets of a fund over liabilities, reserves and carry-overs.

Gas Tax Fund: A fund to account for receipts and expenditures of money apportioned under California Street and Highway Code section 2105, 2106, 2107, and 2107.5.

General Fund: A governmental fund used to account for resources traditionally associated with government that is not required legally or by sound financial management to be accounted for in another fund.

Generally Accepted Accounting Principles (GAAP): Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles.

General obligation bond: Bonds that are usually limited by state law as to the amount as well as the length of indebtedness that a government can have. These "full faith and credit" bonds are secured by all of the financial assets of the local government, including property taxes.

Goal: A general statement of broad direction, purpose, or intent that describes the essential reason for existence and which is not limited to a one-year time frame. Generally, a goal does not change from year to year.

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

Indirect cost: Costs that cannot be easily seen in the product or service. Electricity, hazard insurance on a building, and data processing costs are examples of indirect costs.

Infrastructure: The physical assets of the City, e.g. streets, water, sewer, public buildings, and parks, and the support structures within a development.

Interfund transfers: The movement of monies between funds of the same governmental entity.

Intergovernmental revenue: Funds received from federal, state, and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes.

Internal service charges: The charges to user departments for internal services provided by one department or another government agency, such as data processing, motor vehicles, or insurance funded from a central pool.

Jurisdiction: A geographic or political entity governed by a particular legal system or body of laws.

Long-term debt: Debt with a maturity of more than one year after the date of issuance.

Modified accrual basis or modified accrual method: Accounting method whereby income and expense items are recognized as they are available and measurable.

Net working capital: Net working capital is the aggregate amount of all current assets and current liabilities. It is used to measure the short-term liquidity of a business/enterprise fund.

Object code: A specific numerical classification that identifies which amount is allocated for disbursements. The City of Pismo Beach uses object codes as part of the account number and

represents the lowest level of classification within the General Ledger accounting system, before the project code.

Objective: Measurable statement of the intended beneficial and tangible effects of a program's activities. An objective is a specific target toward which a manager can plan, schedule work activities, and make staff assignments. An objective is stated in quantifiable terms such that it is possible to know when it has been achieved. Examples including increasing an activity by a specific amount by a certain date; maintaining a service level; reducing the incidence of something by a specific amount by a given date; or eliminating a problem by a set date. The emphasis is on performance and its measurability.

Operating expense: A series of object codes that include expenditures for items which primarily benefit the current period and are not defined as personnel services, contractual services, or capital outlays.

Operating revenues: Funds that the government receives as income to pay for ongoing operations. This includes such items as taxes, fees from specific services, interest earning, and grant revenues. Operating revenues are used to pay for day-to-day services.

Organizational chart: A chart showing the interrelationships of positions within an organization in terms of authority and responsibilities. There are basically three patterns of organization: line organization, functional organization, and line-and-staff organization.

Public Employees' Retirement System (PERS): The state retirement system for city and other public employees that provides its members with benefits at retirement or upon disability or death.

Program: A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the government is responsible.

Proprietary funds: These funds account for records of operations similar to those found in a business, such as enterprise funds and internal service funds.

Purchase Order (PO): An order issued which authorizes the delivery of specific goods or services, and incurrence of a debt for them.

Redevelopment Agency (RDA): A now-defunct type of separate legal entity governed by the California Community Redevelopment Law.

Redevelopment fund: A fund to account for transactions related to proceeds from bonds and other resources and their use to perform redevelopment activities within specific project areas.

Reserve: That portion of a fund's balance legally restricted for a specific purpose and, therefore not available for general appropriations.

Resolution: A special or temporary order of a legislative body; an order (policy) of a legislative body requiring less legal formality than an ordinance or statute.

Revenues: Funds received from various sources and treated as income to the City that are used to finance expenditures. Examples are tax payments, fees for services, receipts from other governments, fines, grants, licenses, permits, shared revenue, and interest income.

Special Assessment Fund: Contains monies received from special charges levied on property owners who benefit from a particular capital improvement or service.

Special Revenue Fund: A governmental fund type used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Supplemental appropriation: An additional appropriation made by the governing body after the budget year has started.

Taxes: Compulsory charges levied by a government for the purpose of financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments.

Transfers in/out: Amounts transferred from one fund to another to assist in financing the services for the recipient fund.

Transient Occupancy Tax (TOT): A tax collected by the operators of hotels and motels located within the city, on behalf of the City. This tax is then remitted to the City.

Unassigned fund balance: Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Work Plan budget items: Programs and services which departments would like to have added (in priority order) over their base budget.