

## **TOWN COUNCIL STAFF REPORT**

Title: Fourth Quarter Fiscal Year 21-22 Budget Review - Amendment  
Recommendations for FY21-22 and FY22-23 Operating Budgets.

Meeting Date: September 7, 2022

Prepared by: Rob Patterson – Administrative Services / Finance Director

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### **RECOMMENDATION:**

Staff recommends the Town Council receive the fourth quarter budget review for Fiscal Year 21-22 and adopt the resolution amending the FY21-22 budget as recommended on Attachments A-D and the FY22-23 budget as recommended in Attachment E.

### **BACKGROUND:**

Proper administration of any fiscal budget requires regular scheduled review of performance. The Town of Mammoth Lakes has committed to providing Town Council with the opportunity to review our financial performance at the close of each quarter. The report reflects the fourth quarter performance and other specific events, which have affected our results. The purpose of this report and related requests are to clean up budget issues for a more seamless operation of the Town. Review and frequent adjustment are a critical part of any budget that is highly variable and fiscally conservative.

The fiscal year continues to provide strong revenues and limited excess expenses due to record visitation and a relatively light snow year. Staff has realized the increased revenues as they have been realized throughout the year, increasing revenue in both the second and third quarter review. The fourth quarter continues with strong revenues and the usual refinement of expenditures as the year draws to a close. Staff is making recommendations to realize excess revenue and reduce expenditures in order to allocate these resources to existing projects or one-time expenditures to further investment in the community.

### **ANALYSIS:**

The primary focus of this review is the General Fund, Gas Tax, and Airport Operations. These funds have the broadest group of revenues and expenditures and often have interdependency on the General Fund for operational support.

The primary revenue driver for the General Fund is Transient Occupancy Tax (TOT) and this has been a record-breaking year with continued strong visitation, post COVID-19 pandemic demand, and overall high Average Daily Rate (ADR) from our lodging community. TOT exceeded previous records in 7 of 12 months and for the first time exceeded \$4M in a month with December \$4,005,956 and January \$4,364,765. These records eclipsed the previous record by more than \$1.2M. The Town benefited from an early snow season, allowing Mammoth Mountain to open for operations in late October 2021. This early snowfall generated great momentum into the holiday

season where the Town experienced a very large snowstorm that further pushed excitement and visitation. Unfortunately, this would be the only major snow event of the season with only few small storms bringing modest increases in our snow for the year. In spite of this challenging snow year, Mammoth Mountain was able to retain much of the early snow through good snow management and preservation to continue operations into June of 2022.

Through June 30, TOT revenue is \$26.65M, or \$3.76M above the adjusted revenue realized during the third quarter analysis. With only minor adjustments anticipated for the year-end process, staff is recommending the full increase of \$3,760,000 to bring the TOT budget to \$26,610,000 for the year.

**Transient Occupancy Tax**

Through June 30, 2022

Item	Amount
<b>Adopted Budget FY21-22</b>	\$ 14,500,000
<b>Budget Adjustment - Quarter 1</b>	\$ -
<b>Budget Adjustment - Quarter 2</b>	\$ 3,250,000
<b>Budget Adjustment - Quarter 3</b>	\$ 5,100,000
<b>Modified Budget</b>	\$ 22,850,000
<b>Actual Through June 30, 2022</b>	\$ 26,612,484
<b>Recommended Budget Increase 4th Qtr FY21-22</b>	\$ 3,760,000
<b>Total Amended TOT Budget</b>	\$ 26,610,000

In addition to Transient Occupancy Tax, revenue violations and penalty and interest accounts are far above normal revenue due to the significant enforcement work done during FY21-22. The addition of part time staff to work on the enforcement activity has proven beneficial in identifying new cases and converting those illegal operators to legal. Combined revenue violations, penalties, and interest are \$239,900 over budget for the year. Below is a recap of all TOT related accounts:

## Transient Occupancy Tax and Enforcement

Through June 30, 2022

Item	Current Budget	Requested Change	Amended Budget
TOT: Current Year	\$ 22,850,000	\$ 3,760,000	\$ 26,610,000
TOT: Certificates	\$ 7,000	\$ 4,500	\$ 11,500
TOT: Penalties & Interest	\$ 100,000	\$ 50,200	\$ 150,200
TOT: Revenue Violations	\$ 60,000	\$ 141,200	\$ 201,200
TOT: Revenue Violations Penalty & Interest	\$ 30,000	\$ 60,000	\$ 90,000
TOT: Zoning Violations	\$ 15,000	\$ (12,700)	\$ 2,300
TOT: Zoning Violations Penalty & Interest	\$ 15,000	\$ (3,300)	\$ 11,700
<b>Total Transient Occupancy Tax and Enforcement adjustments</b>		<b>\$ 3,999,900</b>	
	<b>TOT Tax Amount</b>	<b>\$ 3,760,000</b>	
	<b>TOT Related Enforcement Items</b>	<b>\$ 239,900</b>	

## Property Tax

Town Staff relies on information provided by Mono County to determine the property tax estimates used in our budget process. Real Estate transactions within the Town grew at a rapid pace during the pandemic with available units far below the demand, driving up housing prices. During this time, favorable interest rates contributed to the sales volumes and housing prices. While the results of this active market are challenging for the local community seeking housing, it produced strong results in property tax revenue. Property tax revenue is one of the key revenue items for the Town, however we receive only a small portion of the overall tax collected, approximately 4% therefore blunting the impact of these larger gains. With the estimates and strong performance, this revenue stream exceeded budget expectations by \$190,100 combined in all categories. Some adjustments were made as a coding error led to a recommended increase in ERAF Excess in the third quarter. This error was corrected requiring a reduction of \$78,100 in this quarter. The strongest gains came from Documentary Transfer Tax (+\$117,600) and Property Tax in-lieu VLF (+\$196,100), the latter being a timing difference in payments from Mono County, requiring a portion of the prior year to be received in the FY21-22.

## Property Tax

Through June 30, 2022

Item	Current Budget	Requested Change	Amended Budget
Property Tax Unsecured	\$ 220,000	\$ (33,300)	\$ 186,700
Prior Secured & Escapes	\$ 30,000	\$ (6,000)	\$ 24,000
Documentary Transfer Tax	\$ 175,000	\$ 117,600	\$ 292,600
Current Supplemental Tax	\$ 115,000	\$ (4,200)	\$ 110,800
Homeowners Exemption	\$ 80,000	\$ (2,000)	\$ 78,000
Property Tax-In Lieu VLF	\$ 820,000	\$ 196,100	\$ 1,016,100
ERAF Excess	\$ 170,000	\$ (78,100)	\$ 91,900
<b>Total Property Tax adjustments</b>		<b>\$ 190,100</b>	

## Sales Tax

This revenue stream is directly tied to visitation and was impacted during the pandemic. The budget of \$2.6M represented a return to near normal pre-pandemic numbers. The strong visitation of FY21-22 coupled with rising prices increased sales tax revenue beyond our conservative expectations. In addition to visitation, the implementation of AB147, collecting payments from online retailers, has boosted our collections. The Town has received the bulk of payments and estimated outstanding payments to determine the total we should receive for the fiscal year. Our projected revenue is \$2.9 million, requiring an increase of \$315,000 in the fourth quarter.

## Sales Tax

Through June 30, 2022

Item	Current Budget	Requested Change	Amended Budget
Sales Tax	\$ 2,600,000	\$ 315,000	\$ 2,915,000
<b>Total Sales Tax adjustments</b>		<b>\$ 315,000</b>	

## Business Tax

The revenue stream includes both business and cannabis tax collected along with any application fees, late fees, or collection efforts. During the pandemic, business tax decreased as we experienced a slight decline in number of businesses operating in Town. In general business tax has recovered to pre-pandemic levels. Cannabis tax has continued to grow, and staff has refined our estimates on this relatively new tax. We do remain conservative in our estimates and have realized a small increase in this fiscal year. Cannabis registration is off this year as staff reduced the amount required for renewal in 2022. This is due to the fact that we collect this registration fee in order to cover cost of conducting both financial and compliance audits. In 2021 the Town did not renew the contract with HdL to conduct these audits and is seeking a replacement. The cost increases by HdL were too much in the new proposal. Based on this occurrence, the Town collected fees to cover the audit but did not incur the expense. The reduction for calendar 2022 reflected this fact and therefore the revenue is short of budget. In general, the combined revenue items exceeded budget by \$64,300 as illustrated below.

## Business Tax

Through June 30, 2022

Item	Current Budget	Requested Change	Amended Budget
Business Tax	\$ 320,000	\$ 16,000	\$ 336,000
Cannabis Tax	\$ 130,000	\$ 16,200	\$ 146,200
Bus Tax Penalties & Interest	\$ 6,000	\$ 31,400	\$ 37,400
Business Lic Application Fee	\$ 12,000	\$ 8,500	\$ 20,500
Cannabis Business Registration	\$ 18,000	\$ (12,000)	\$ 6,000
Business Lic Renewal Fee	\$ 20,000	\$ 4,200	\$ 24,200
<b>Total Business Tax adjustments</b>		<b>\$ 64,300</b>	

## Franchise Fee

The Town receives franchise fees for Solid Waste, Electricity, Gas, and Cable. This revenue stream has been difficult to budget in the last few years due to changes in agreements, both rate and allowable items. This revenue is also affected by visitation and was expected to recover from the drop experienced in FY20-21. The new agreement with solid waste has stabilized in the second year of implementation and did not require adjustment in the fourth quarter. However, the volatility of other items like Electricity, Gas, and Cable recovered more fully in FY21-22. In total, franchise fees increased \$99,800 combined in these three categories as illustrated below.

## Franchise Fee

Through June 30, 2022

Item	Current Budget	Requested Change	Amended Budget
Franchise Fee: Solid Waste	\$ 252,000	\$ -	\$ 252,000
Franchise Fee: Electricity	\$ 210,000	\$ 52,300	\$ 262,300
Franchise Fee: Gas	\$ 125,000	\$ 32,500	\$ 157,500
Franchise Fee: Cable	\$ 225,000	\$ 15,000	\$ 240,000
<b>Total Franchise Fee adjustments</b>		<b>\$ 99,800</b>	

## Other Revenue

Several individual revenue items required adjustments to clean up the budgets in the fourth quarter. Building and planning projects in the Town for FY21-22 drove both these revenue streams far in excess of their budgeted expectations. Building permits exceeded the budget by \$450,000 and Planning and zoning applications by \$290,000. Civil Penalties: Municipal Code also had a strong year as the Revenue Team continued with enforcement activity around TOT and collections, exceeding budget expectations by \$138,000. Overall, this other revenue category increased revenue by \$1,061,500 with the details in the chart below:

## Other Revenue

Through June 30, 2022

Item	Current Budget	Requested Change	Amended Budget
Building Permits	\$ 700,000	\$ 450,000	\$ 1,150,000
Planning & Zoning Applications	\$ 95,000	\$ 290,000	\$ 385,000
Engineering Fees	\$ 10,000	\$ 24,000	\$ 34,000
Credit Card Service Fee	\$ 14,000	\$ 9,200	\$ 23,200
Facility Rental	\$ 165,000	\$ 27,600	\$ 192,600
P&R Facility Rental	\$ -	\$ 11,000	\$ 11,000
Recreation Contract Fee	\$ -	\$ 8,000	\$ 8,000
Special Events Charges	\$ -	\$ 300	\$ 300
Archival Storage Fee	\$ 7,500	\$ 8,700	\$ 16,200
Fingerprint Service	\$ 12,000	\$ 11,200	\$ 23,200
Civil Penalties:Municipal Code	\$ 30,000	\$ 138,400	\$ 168,400
Municipal Court Fines	\$ 8,000	\$ 6,400	\$ 14,400
State Grants: Misc	\$ 15,624	\$ 8,800	\$ 24,424
COPS-OPTION Public Safety	\$ 100,000	\$ 45,300	\$ 145,300
Officer Training Reimb	\$ 5,000	\$ 7,400	\$ 12,400
Vehicle License Fee in Excess	\$ 6,000	\$ 3,500	\$ 9,500
Interest on Investments	\$ 29,670	\$ 5,200	\$ 34,870
Interest from County	\$ 20,000	\$ 6,500	\$ 26,500
<b>Total Other Revenue adjustments</b>		<b>\$ 1,061,500</b>	

The combined increase to General Fund revenue is \$5,730,600 for the fourth quarter budget review.

## Summary General Fund Revenues

Item	Amount
Transient Occupancy Tax	\$ 3,760,000
Transient Occupancy Tax - Enforcement	\$ 239,900
Property Tax	\$ 190,100
Sales Tax	\$ 315,000
Business Tax and Enforcement	\$ 64,300
Franchise Fee	\$ 99,800
Other Revenue	\$ 1,061,500
<b>General Fund Adjustments - Revenue</b>	<b>\$ 5,730,600</b>

## General Fund - Expenditures

The fourth quarter budget review is where fine tuning of the budget occurs. In addition to fine tuning, it is also the quarter most of the normal, non-seasonal adjustments present themselves. An analysis of the general fund expenditures does show trends in cost for the Town and are largely predictable and understandable. The last fiscal year did not have unanticipated impacts that

increased the expenditures and for the most part was relatively mundane. In several departments, open staff positions remained unfilled longer than anticipated as we experienced challenges in hiring individuals. While this increased strain on existing employees and delayed some work plans, overall, they presented a reduction in staff cost in several areas. Also, the large amount of capital projects reduced other expenses normally covered by the general fund as staff time was charged to these projects for proper costing. In total the general fund expenditure adjustments resulted in additional cost of \$673,000 realized in the fourth quarter. The chart below shows the adjustments by account:

## General Fund - Expenditure

Through June 30, 2022

### Town Council - Dept 410

Item	Current	Budget	Requested Change	Amended Budget
Temporary Wages	\$	46,305	\$ (3,700)	\$ 42,605
Training, Ed, Conf & Mtgs	\$	22,000	\$ (20,000)	\$ 2,000
<b>Total Expenditure Adjustments</b>			\$ (23,700)	

### Legal Services - Dept 412

Item	Current	Budget	Requested Change	Amended Budget
Contractual Services	\$	185,000	\$ 75,000	\$ 260,000
<b>Total Expenditure Adjustments</b>			\$ 75,000	

### Town Manager - Dept 413

Item	Current	Budget	Requested Change	Amended Budget
Special Operational	\$	15,000	\$ (6,600)	\$ 8,400
Contractual Services	\$	42,500	\$ (10,700)	\$ 31,800
Advertising & Legal Notices	\$	4,500	\$ 8,500	\$ 13,000
Training, Ed, Conf & Mtgs	\$	10,000	\$ (6,100)	\$ 3,900
Emergency Preparedness	\$	5,000	\$ (5,000)	\$ -
<b>Total Expenditure Adjustments</b>			\$ (19,900)	

### Finance - Dept 415

Item	Current	Budget	Requested Change	Amended Budget
Contractual Services	\$	88,000	\$ (13,000)	\$ 75,000
<b>Total Expenditure Adjustments</b>			\$ (13,000)	

### General Services - Dept 416

Item	Current	Budget	Requested Change	Amended Budget
Contingency	\$	100,000	\$ (100,000)	\$ -
Equipment Lease	\$	37,000	\$ (26,000)	\$ 11,000
<b>Total Expenditure Adjustments</b>			\$ (126,000)	

### Planning Division - Dept 440

Item	Current	Budget	Requested Change	Amended Budget
Regular Salaries	\$	429,592	\$ 35,800	\$ 465,392
Temporary Wages	\$	11,000	\$ 11,600	\$ 22,600
Total Expenditure Adjustments			\$ 47,400	

### Building Division - Dept 442

Item	Current	Budget	Requested Change	Amended Budget
Regular Salaries	\$	201,096	\$ 80,000	\$ 281,096
Health Ins Premiums	\$	103,840	\$ (30,200)	\$ 73,640
Workers Comp Insurance	\$	20,846	\$ 6,900	\$ 27,746
PERS (Retirement)	\$	109,259	\$ (4,500)	\$ 104,759
Comprehensive Leave	\$	9,160	\$ (9,100)	\$ 60
Contractual Services	\$	180,000	\$ 16,800	\$ 196,800
Total Expenditure Adjustments			\$ 59,900	

### Code Compliance - Dept 444

Item	Current	Budget	Requested Change	Amended Budget
Workers Comp Insurance	\$	3,982	\$ (1,200)	\$ 2,782
Advertising & Legal Notices	\$	1,200	\$ (1,200)	\$ -
Training, Ed, Conf & Mtgs	\$	3,100	\$ (3,100)	\$ -
Total Expenditure Adjustments			\$ (5,500)	

### Engineering & Public Works Admin - Dept 460

Item	Current	Budget	Requested Change	Amended Budget
Regular Salaries	\$	345,595	\$ (96,600)	\$ 248,995
Health Ins Premiums	\$	78,689	\$ (4,200)	\$ 74,489
Total Expenditure Adjustments			\$ (100,800)	

### Office of Outdoor Recreation - Dept 467

Item	Current	Budget	Requested Change	Amended Budget
Regular Salaries	\$	213,226	\$ (94,500)	\$ 118,726
Temporary Wages	\$	-	\$ 3,100	\$ 3,100
Comprehensive Leave	\$	13,421	\$ (13,400)	\$ 21
Health Ins Premiums	\$	70,656	\$ (31,500)	\$ 39,156
Workers Comp Insurance	\$	14,842	\$ (4,700)	\$ 10,142
PERS (Retirement)	\$	76,397	\$ (3,700)	\$ 72,697
Maintenance Supplies	\$	5,000	\$ (5,000)	\$ -
Contractual Services	\$	5,000	\$ (5,000)	\$ -
Mem'ships, Dues, Subscr, Publi	\$	1,500	\$ (1,500)	\$ -
Training, Ed, Conf & Mtgs	\$	5,000	\$ (5,000)	\$ -
Public Utilities	\$	-	\$ 1,700	\$ 1,700
Taxes & Fees	\$	-	\$ -	\$ -
Total Expenditure Adjustments			\$ (159,500)	



To recap the fourth quarter General Fund updates, staff is recommending additional revenue of \$5,730,600 and expenditure reduction of \$673,000 leaving \$6,403,600 in available General Fund balance for allocation.

### Fourth Quarter Summary - General Fund

Description	Amount
<b>Revenue Adjustments</b>	
Transient Occupancy Tax	\$ 3,760,000
Transient Occupancy Tax - Enforcement	\$ 239,900
Property Tax	\$ 190,100
Sales Tax	\$ 315,000
Business Tax and Enforcement	\$ 64,300
Franchise Fee	\$ 99,800
Other Revenue	\$ 1,061,500
	<u>\$ 5,730,600</u>
<b>Expenditure Adjustments</b>	
Town Council - Dept 410	\$ (23,700)
Legal Services - Dept 412	\$ 75,000
Town Manager - Dept 413	\$ (19,900)
Finance - Dept 415	\$ (13,000)
General Services - Dept 416	\$ (126,000)
Human Resources - Dept 417	\$ (76,000)
Information Services - Dept 418	\$ 53,300
Police Services - Dept 420	\$ (262,300)
Recreation Programs - Dept 432	\$ (53,700)
Whitmore Pool & Rec Area - Dept 434	\$ (68,200)
Planning Division - Dept 440	\$ 47,400
Building Division - Dept 442	\$ 59,900
Code Compliance - Dept 444	\$ (5,500)
Engineering & Public Works Admin - Dept 460	\$ (100,800)
Office of Outdoor Recreation - Dept 467	\$ (159,500)
	<u>\$ (673,000)</u>
<b>Funds Available for Allocation</b>	<b>\$ 6,403,600</b>

### Previous Commitments

The recommended increase to Transient Occupancy Tax revenue will result in additional contributions to reserve accounts for Transit, Housing, and Tourism based on Council direction

and political commitments. Based on the fourth quarter recommendation of \$3.760M, the following adjustments will be made to reserve accounts.

<b>Reserve Components</b>	<b>Amount</b>	
<b>Tourism Reserve- 2.35 Points or 18.0769% of TOT</b>	<b>\$</b>	<b>679,692</b>
<b>Transit Reserve - .85 Points or 6.5385% of TOT</b>	<b>\$</b>	<b>245,846</b>
<b>Housing Reserve - .85 Points or 6.5385% of TOT</b>	<b>\$</b>	<b>245,846</b>
	<b>\$</b>	<b>1,171,385</b>

Staff will provide a full reconciliation of transactions, revenue, and expenditure, along with current commitments during the fund balance discussion in October 2022.

## Staff Recommendations

### The Parcel phase II

The Parcel phase II includes base contribution from the Town of approximately \$5.1M in both property loan (non-cash) and cash assets. The Town has completed property loan details on two parcels for this phase totaling \$1,190,000 in value. The remaining \$3,842,000 is all cash contribution and the Town has been setting aside funding during the FY21-22 budget review process. In the 2<sup>nd</sup> quarter, the Town contributed \$1.0 million from the General Fund and in the 3<sup>rd</sup> quarter allocated another \$1.2 million from Tourism and Housing Reserves. Staff is recommending another \$1,642,000 allocation from General Fund in the 4<sup>th</sup> quarter to fully fund this base contribution. The chart below illustrates the details of Town contributions.

### Parcel Phase II Funding

<b>Base Contribution Identified for the Project</b>	<b>\$</b>	<b>5,032,000</b>
<b>Property Loan Details - (Non Cash Portion)</b>		
APN 035-290-001 - 1.37 acre	\$	610,000
APN 035-290-001 - 3.27 acre	\$	580,000
	\$	1,190,000
<b>Cash Required for Base Contribution</b>	<b>\$</b>	<b>3,842,000</b>
<b>General Fund Contribution - 2nd qtr FY21-22</b>	<b>\$</b>	<b>1,000,000</b>
<b>Tourism &amp; Housing Reserve Contribution - 3rd qtr FY21-22</b>	<b>\$</b>	<b>1,200,000</b>
	<b>\$</b>	<b>2,200,000</b>
<b>Remaining Funds needed (4th qtr recommendation from General Fund)</b>	<b>\$</b>	<b>1,642,000</b>

### **Future Capital – Construction Contingency**

Staff is recommending allocation of \$1,000,000 to future capital / construction contingency. In the past the Town has used this allocation to set aside funding to undesignated future projects. With the number of existing construction projects and cost of material and labor escalations, staff is recommending this set aside to expand to cover contingency on our existing projects. The initial project estimates on some projects were very preliminary and with recent inflationary pressure, supply chain challenges, and other cost increases, several projects will likely come in over budget. Engineering staff is working to manage all projects and reduce the possibility of any cost overruns and mitigate usage of funds on current projects. In the event we do not need these funds for current project contingency, they will remain available for projects identified on the 5-year CIP that are not fully funded.

### **Housing NOW!**

One of the Town Council’s Strategic Priorities is to “Expand availability and affordability of Community Housing”. Staff has identified opportunity to invest in both short and long-term strategies to make this priority a reality. The Town has been successful implementing its bridge program under our Housing Now! program to purchase units at market rate and resell them as deed restricted units, at a below market price to residents with income levels up to 120% of area median income. Staff is recommending an additional \$800,000 so the Town can continue this program and others as we look to develop partnerships with the private sector to meet housing for our ‘missing middle’ income households.

### **Reserve Policy – Reserve for Economic Uncertainty (REU) funding**

In November of 2020 the Town Council updated the reserve policy to establish a baseline funding strategy used as a basis in determining funding requirements. This need came about as the previous policy was tied to General Fund annual revenue. In the height of the pandemic, General Fund revenue declined and based on policy, reduced our required reserves. The new approach is meant to establish a rate near or equal the General Fund revenue for the year but set it as a baseline meaning it will not reduce. Based on the projected revenue of FY22-23 the baseline revenue was updated to \$27,500,000. The REU policy limit is set at 20% of the baseline revenue which equates to \$5.5M for FY22-23. The current balance in REU is \$4.9M requiring an additional \$600,000 to bring the Town into compliance with the policy. Staff is recommending the allocation of General Fund revenue to meet this compliance need. The other two components of our reserve policy were either funded during the budget process for FY22-23 or did not require update as they are based on the amount of outstanding debt serviced by General Fund. Below is a recap of the reserve policy components and their balance after allocation of \$600,000. The Town will have a total reserve of \$8,075,000 and be in full compliance with stated policy.

- |   |             |
|---|-------------|
| 1. Reserve for Economic Uncertainty - 20% of baseline \$27.5M = | \$5,500,000 |
| 2. Operating Reserve (OR) Target - 5% of baseline \$27.5M =     | \$1,375,000 |
| 3. Debt Reserve (DR) Target - 50% of Annual Debt Payments =     | \$1,100,000 |
| 4. Contingency - Annual Budget Allocation                       | \$ 100,000  |

## **Communication System**

The Town of Mammoth Lakes is working with its regional partners to upgrade the 30-year-old communications system. Mono County, the Town, and Mammoth Lakes Fire Protection District have hired consultants to evaluate and recommend the most viable alternative. The current analysis supports integration of communication systems with the planned State system. The California Radio Interoperable System (CRIS) Program was established in 2019 as part of a strategic effort to leverage the more advanced radio technology available on the market today and to put a more robust and effective communication tool at the disposal of California's first responder community.

The key features of the CRIS will be a Project 25 compliant trunked radio system which interfaces to similar local systems throughout the state of California. When fully developed the CRIS will provide radio coverage to over 90% of the State's population and over 60% of the State's geographic footprint. The Town has set aside \$1,375,000 funding to support the implementation of the preferred alternative. Staff is recommending an additional \$150,000 be set aside to bring the total to \$1,525,000 which is expected to fully fund the project. The next steps in the process will be to select new radio types (vendor) and to work with the State to order the equipment for new/current upgrades to be part of the CRIS system. The Town continues to work with Mono County, Mammoth Fire, and other districts on this project.

## **Capital Project - Park at the Parcel**

Staff is recommending \$400,000 from the 4th quarter to fully fund and construct the new Park at The Parcel as part of the overall buildout of the 25-acre affordable workforce housing site. The first 80 units will be available for renters in Fall 2023. The Town is planning to build a park and playground for families and residents living at The Parcel and neighboring communities. The Park at the Parcel was designed to meet two unmet community needs. The first was to build a playground area for 2–5-year-olds to allow our partner, Mono County Office of Education (MCOE), to provide childcare for the many working families who will reside in the affordable housing project. The second need was to build a family park in the center of Town accessible to not only residents living in the Parcel, but the many neighborhoods that surround the park.

The 0.8-acre Park at the Parcel is planned to include not only the playground for childcare but also a Play On!® playground for 5–12-year-olds, a domed climbing net and group spinners, and an arch swing. The surfacing will be GT-Impax - interlocking tiles for ADA accessibility, complimented by engineered wood fiber, with complementary precast concrete picnic tables, multiple bike racks, a drinking fountain for water bottles and pet fountain, and a large custom 20'x20' steel square shelter.

Staff are working with Community and Economic Development staff on a potential CDBG grant for the park. If available, the Town plans to utilize the federal grant funds to purchase the playground structures, interlocking tile surfacing, and other project related items using a bid procurement process that satisfies the grant requirements. Additional funding of \$400,000 is needed to install the equipment, pathways, amenities, and fencing for completion in 2023.

The Town has been working with a vendor on a conceptual site plan for the Park at the Parcel that has been presented to the Parks and Recreation Commission and Mono County Office of Education. Site plans for the park facilities will be finalized this fall.

### **Capital Project – Canyon Blvd / Village Mobility Improvements**

The Town has an identified project to provide for a pedestrian bridge from Limelight / Westin hotel to the Village via the Gondola building. This project will also include improvements to Canyon Blvd transit facilities. The project is designed to enhance pedestrian safety, improve transit flow including adding a bus shelter, and to reduce conflicts between all modes of transportation. The bridge concept will also connect to the existing Town parking lot adjacent to the Westin. Staff is recommending \$200,000 allocated to preliminary design and cost estimate for the project.

### **Capital Project - Tennis Court Rehabilitation for Courts 5/6 – Community Center Park**

Staff have been evaluating various treatment and surface options to repair and reopen courts 5/6 that are both financially feasible and appropriate for our unique environmental conditions. Ongoing maintenance repairs will be made on the other 4 courts. Factors for consideration include material and construction warranties, longevity (minimizes or eliminates effects of future cracking/heaving), shock absorption (injury prevention), playability (bounce/grip/wear), long-term maintenance, and a relatively short timeframe for completion. Pending funding, work will be scheduled on courts 5/6 in the Spring/Summer of 2023.

The preferred option being recommended is a modular tile overlay system placed over the existing but repaired asphalt surface. The new generation of outdoor, modular surfaces can transform deteriorated and unplayable tennis courts into a USTA sanctioned playing surface. These surfaces allow everyone to spend more time playing on the surface with less chance of injury. Modular playing surfaces are also engineered for quick water drainage and almost zero maintenance to maximize court usage. They offer superior shock-absorption for running and jumping as well as a true and consistent ball bounce (ITF Rated Category 5). In addition, for special events, promotions, and summer camps, temporary lines can be taped on a modular court surface to accommodate a variety of activities. This modular surface is similar to the surface proposed for installation at the new Community Recreation Center (CRC) for summer operations that will provide for a multitude of court sports for all ages and abilities.

To meet the growing trend and demand for multi-use facilities that allow for a wider variety of activities in one place and on one surface – particularly in the Village area, staff is recommending that courts 5/6 be multi-use courts (tennis, pickleball, and basketball). Community members will have fun playing tennis, but the multi-use court area will also make it possible for other recreation users to enjoy sports such as pickleball and basketball on the same surface. The courts are currently marked up or taped for pickleball. In addition, the proposed multi-use court concept meets the mission of the Parks and Recreation Department to provide complementary multi-purpose, year-round, indoor, and outdoor recreation opportunities accessible to all residents and visitors. Staff is recommending \$175,000 from the 4<sup>th</sup> quarter to repair and reopen courts 5/6 that are currently closed for play.

### **Whitmore Recreation Area Deferred Maintenance Project.**

Staff is recommending \$75,000 from the 4th quarter to complete the Whitmore Recreation Area Ball Field Rehabilitation Project. This is a Deferred Maintenance Project recommended by the Parks and Recreation Commission in 2021. Additional funds would complete the perimeter fencing for the re-sized and designated Mono County Little League/High School Women's

Softball field. The additional fencing would also secure the outer field area for a multitude of recreation uses such as soccer, dog agility, fielding/hitting practice, etc.

On April 20, 2022, Town Council awarded the Ballfield Rehabilitation Project contract (base bid) to Walker Industries, Inc. in the amount of \$354,452. The project includes extensive rehabilitation of softball field No. 2 (lower field), with minor work on the High School Baseball field (upper field). Work is scheduled to be completed this fall. The additional fencing will be added to this work.

### **Airport Operations Support**

The Airport had a number of updates during last fiscal year that were not anticipated in the budget. The main element was placement of Deputy Airport Manager in the position full time. In prior years, the supervisory staff of the Airport was split between Airport and Capital projects. This unbudgeted change caused a budget short of approximately \$51,000 for FY21-22. Airport staff is working to get the Terminal open and operational for winter charter service. Staff recommended set aside of \$24,000 to support maintenance and updates to Terminal and general facilities. The Airport Operations section of this staff report will provide additional information on the operations for the year. The recommendation is listed here as it will require a General Fund contribution to cover the shortfall.

### **Upgrade – Automated External Defibrillator (AED) within Town Facilities**

Several years ago, the Town installed AED units at all facilities to ensure we have quick access to these units for both employees and any person visiting or using Town facilities. These devices require regular maintenance and items like batteries and pads have a specific lifecycle requiring replacement. The Town has several units that are out of commission due to availability of these replacement parts. The availability of parts is scarce as the age of units means that all deployed units are requiring update at a similar time. Recent supply chain issues have increased this problem as we have ordered parts, but they do not ship or ever come off backorder. Staff is recommending a set aside of \$60,000 to upgrade the existing units and contract with a program of regular maintenance or replacement as identified.

### **Addition to the Fleet - Parks and Recreation AWD Vehicle**

Staff is recommending \$50,000 from the 4th quarter to purchase an AWD Ford Expedition Max to meet the growing demand for recreation services. The AWD Expedition Max allows for 7 passengers and one Class C licensed driver that can safely transport participants year-round - particularly during winter periods. Combined with the previously purchased AWD Expedition EL several years ago, the two vehicles meet the need of one full camp (12 participants/2 counselors) that adds significant capacity and flexibility for the department to provide expanded camp and after school programs for the community.

Total Staff recommendations is \$5,227,000 leaving an undesignated fund balance of \$5,215 summarized below:

<b>Staff Recommendations</b>	<b>Amount</b>
<b>Parcel Phase II</b>	<b>\$ 1,642,000</b>
<b>Future Capital - Construction Contingency</b>	<b>\$ 1,000,000</b>
<b>Housing NOW! Initiatives</b>	<b>\$ 800,000</b>
<b>REU - Reserve to Policy</b>	<b>\$ 600,000</b>
<b>Capital Project - Complete Park at the Parcel</b>	<b>\$ 400,000</b>
<b>Canyon Blvd / Village Mobility Improvements</b>	<b>\$ 200,000</b>
<b>Tennis Court Maintenance</b>	<b>\$ 175,000</b>
<b>Communication System Updates</b>	<b>\$ 150,000</b>
<b>Whitmore Park - Fencing</b>	<b>\$ 75,000</b>
<b>Airport Operations Support / Staff Recommendations</b>	<b>\$ 75,000</b>
<b>Upgrade - Automated External Defibrillator (AED)</b>	<b>\$ 60,000</b>
<b>Addition to the Fleet - Expedition for Camps</b>	<b>\$ 50,000</b>
<b>Total Staff Recommendations</b>	<b>\$ 5,227,000</b>
<b>Undesignated General Fund Balance</b>	<b>\$ 5,215</b>

## **Gas Tax Fund 210**

Gas Tax is one of the larger funds that supports road maintenance & rehabilitation and snow removal. Aside from the major storms of late December, the snow season was not significant for FY21-22. The impacts of a light winter are felt not only in labor but other contractual services or maintenance related services. The exception of this is the snow storage fees which are inflated due to the contract requirements with the Forest Service. With the limited storms, the Town incurred operational costs for snow storage of \$832,000 for FY21-22. If the Town experienced a larger winter, these fees could have easily exceeded \$2M, posing a completely unsustainable solution for snow storage. Staff is working on an interim solution that will minimize the expense in the near future but is not a long-term solution. In the meantime, we will extend the agreement for another year with the Forest Service and continue to seek modification of our existing agreements to better meet the needs of the community. Revenue for this fund is comprised of reimbursements from State Gas Tax allocation, based on prior year expenses, snow removal load charges, and the General Fund. Revenue exceeded budgeted expectations by \$171,600 for the year. Below is a recap if detail of revenue and expense adjustments, resulting in change in available fund balance of \$151,500. These funds will remain in the balance and available for allocation to future road projects.

## Gas Tax / Roads Maintenance

Through June 30, 2022

### Revenue

Item	Current	Budget	Requested Change	Amended Budget
Charges for Services	\$ 10,000	\$	(10,000)	\$ -
Snow Removal Load Charge	\$ -	\$	148,900	\$ 148,900
State Gas Tax 2103	\$ 72,997	\$	(12,000)	\$ 60,997
State Gas Tax 2105	\$ 47,327	\$	(5,400)	\$ 41,927
State Gas Tax 2106	\$ 58,018	\$	(4,700)	\$ 53,318
State Gas Tax 2107 Snow	\$ 1,500,000	\$	32,000	\$ 1,532,000
State Gas Tax RMRA (SB-1)	\$ 155,514	\$	(7,000)	\$ 148,514
Interest on Investments	\$ -	\$	3,800	\$ 3,800
Refunds and Rebates	\$ 13,000	\$	26,000	\$ 39,000
<b>Total Additional Revenue</b>			\$ 171,600	

### Expenditures

#### Dept 450 - Street Maintenance

Item	Current	Budget	Requested Change	Amended Budget
Regular Salaries	\$ 367,327	\$	(89,000)	\$ 278,327
Overtime Wages	\$ -	\$	16,100	\$ 16,100
Comprehensive Leave	\$ 7,626	\$	(7,500)	\$ 126
Health Ins Premiums	\$ 141,181	\$	(41,100)	\$ 100,081
Workers Comp Insurance	\$ 23,910	\$	5,100	\$ 29,010
Uniforms & Personal Equip	\$ 3,500	\$	(1,800)	\$ 1,700
Traffic Safety Supplies	\$ 35,000	\$	5,000	\$ 40,000
Contractual Services - Operational Cost for Snow Pit	\$ 450,000	\$	382,000	\$ 832,000
Public Utilities	\$ 11,000	\$	8,500	\$ 19,500
Taxes & Fees	\$ 8,000	\$	9,000	\$ 17,000
Street Lights	\$ 3,000	\$	2,000	\$ 5,000
Street Sign Replacement	\$ 31,000	\$	4,000	\$ 35,000
Machinery & Equip - Non Cap	\$ 4,500	\$	(2,200)	\$ 2,300
<b>Total Departmental Adjustments</b>			\$ 290,100	

#### Dept 452 - Snow Removal

Item	Current	Budget	Requested Change	Amended Budget
Regular Salaries	\$ 461,018	\$	(21,000)	\$ 440,018
Temporary Wages	\$ 80,375	\$	(54,200)	\$ 26,175
Overtime Wages	\$ 125,000	\$	(38,300)	\$ 86,700
Comprehensive Leave	\$ 11,333	\$	(11,300)	\$ 33
Health Ins Premiums	\$ 181,580	\$	(34,200)	\$ 147,380
Workers Comp Insurance	\$ 30,152	\$	2,000	\$ 32,152
PERS (Retirement)	\$ 153,979	\$	10,600	\$ 164,579
Uniforms & Personal Equip	\$ 10,000	\$	(3,800)	\$ 6,200
Street Maintenance Supplies	\$ 10,000	\$	(3,200)	\$ 6,800
Traffic Safety Supplies	\$ 97,000	\$	(83,600)	\$ 13,400
Special Operational	\$ 3,000	\$	6,100	\$ 9,100
Contractual Services	\$ 200,000	\$	(83,600)	\$ 116,400
Training, Ed, Conf & Mtgs	\$ 2,000	\$	(2,000)	\$ -
Public Utilities	\$ 43,000	\$	15,000	\$ 58,000
Traffic Signal Maintenance	\$ 5,000	\$	(5,000)	\$ -
<b>Total Departmental Adjustments</b>			\$ (306,500)	



**Dept 454 - Summer Equipment Garage**

Item	Current	Budget	Requested Change	Amended Budget
Gasoline & Diesel	\$	42,000	\$ 23,300	\$ 65,300
Vehicle Maintenance Parts	\$	35,000	\$ 6,500	\$ 41,500
Garage Vehicle Service	\$	80,000	\$ (4,000)	\$ 76,000
Vehicle & Equip Replacement	\$	166,793	\$ 10,700	\$ 177,493
Mem'ships, Dues, Subscr, Publi	\$	6,000	\$ (3,600)	\$ 2,400
Machinery & Equip - Non Cap	\$	4,000	\$ (2,300)	\$ 1,700
<b>Total Departmental Adjustments</b>			\$ 30,600	

**Dept 455 - Winter Equipment Garage**

Item	Current	Budget	Requested Change	Amended Budget
Gasoline & Diesel	\$	70,000	\$ 36,000	\$ 106,000
Vehicle Maintenance Parts	\$	190,000	\$ (54,000)	\$ 136,000
Garage Vehicle Service	\$	160,000	\$ 43,000	\$ 203,000
Mem'ships, Dues, Subscr, Publi	\$	8,500	\$ (1,600)	\$ 6,900
Training, Ed, Conf & Mtgs	\$	1,000	\$ (1,000)	\$ -
<b>Total Departmental Adjustments</b>			\$ 22,400	

**Dept 456 - Garage Operations**

Item	Current	Budget	Requested Change	Amended Budget
Regular Salaries	\$	6,046	\$ 11,400	\$ 17,446
Temporary Wages	\$	-	\$ 2,600	\$ 2,600
Health Ins Premiums	\$	1,714	\$ 3,300	\$ 5,014
Workers Comp Insurance	\$	386	\$ 2,200	\$ 2,586
Contractual Services	\$	32,000	\$ 2,700	\$ 34,700
Public Utilities	\$	70,000	\$ 34,800	\$ 104,800
Gen'l Facilities Maint	\$	1,000	\$ (1,000)	\$ -
<b>Total Departmental Adjustments</b>			\$ 56,000	

**Dept 457 - Promenade Maintenance**

Item	Current	Budget	Requested Change	Amended Budget
Public Utilities	\$	2,000	\$ (2,000)	\$ -
Transfers Out	\$	1,280,514	\$ (70,500)	\$ 1,210,014
<b>Total Departmental Adjustments</b>			\$ (72,500)	

### Summary Gas Tax Fund Revenue

Item	Amount
Charges for Services	\$ 138,900
Gax Tax	\$ 2,900
Interest	\$ 3,800
Refunds and Rebates	\$ 26,000
	<u>\$ 171,600</u>

### Summary Gas Tax Fund Expenditures

Item	Amount
Dept 450 - Street Maintenance	\$ 290,100
Dept 452 - Snow Removal	\$ (306,500)
Dept 454 - Summer Equipment Garage	\$ 30,600
Dept 455 - Winter Equipment Garage	\$ 22,400
Dept 456 - Garage Operations	\$ 56,000
Dept 457 - Promenade Maintenance	\$ (72,500)
	<u>\$ 20,100</u>

**Change in Fund Balance** \$ 151,500

### Airport Operations Fund 220

The Airport continues to work on expansion of charter service and other expansion opportunities after the commercial service was moved to Bishop in December of 2021. Advanced Air had a successful initial season of scheduled charter flights, and the Town looks to expand on these services through strategic planning on routes and coverage. The charter service does not provide as much revenue opportunities for the Airport and the core Airport leadership team is working with consultants on expanded revenue opportunities for the Airport. The current fiscal year did have some incremental revenue with Car Rental Fees, Aviation Fuel, and Hanger ground lease updates. Total revenue exceeded budget by \$115,900.

# Airport Operations

Through June 30, 2022

## Operational Revenue

Item	Current	Budget	Requested Change	Amended Budget
Car Rental Fee	\$	20,000	\$ 43,500	\$ 63,500
Vehicle Parking: Overnight	\$	3,000	\$ 600	\$ 3,600
Aviation Fuel	\$	14,000	\$ 11,300	\$ 25,300
Non-Aviation Fuel	\$	4,000	\$ 2,400	\$ 6,400
Commercial Terminal Rent	\$	-	\$ 1,700	\$ 1,700
Hanger Ground Lease	\$	85,000	\$ 32,300	\$ 117,300
AIP-45 ACRGP	\$	600,000	\$ 24,100	\$ 624,100
<b>Total Revenue Adjustments</b>			<b>\$ 115,900</b>	

The operational expense of the Airport had a number of unbudgeted impacts for the fiscal year. The previous staff charges for leadership were split between both Airport operations and Capital projects. In November of 2021, Sierra Shultz was named Deputy Airport Manager with 100% of her cost allocated to the Airport. This change did provide incremental labor costs in a few expense categories. The Airport also realized additional expenses in public utilities and incremental facility lease. The mild winter also provided benefit to Airport expenses and reduced vehicle maintenance and operational costs along with reduced contractual services. In total the Airport had additional expenses of \$167,000 for the fiscal year.

The combined additional revenue and expense produced an operational shortfall of \$51,100 for the year. In addition to this shortfall, staff has requested additional funds for facility maintenance. We want to use the existing terminal for charter service operations starting this winter (22-23 season). In order to complete minor maintenance and updates to the terminal, staff is requesting \$23,900, bringing the total funding request to \$75,000 from the General Fund. This request was included in the General Fund section of this report under staff recommendations.

### Operational Expense

Item	Current	Budget	Requested Change	Amended Budget
Regular Salaries	\$	273,859	\$ 114,300	\$ 388,159
Temporary Wages	\$	53,868	\$ 7,300	\$ 61,168
Overtime Wages	\$	-	\$ 7,400	\$ 7,400
Comprehensive Leave	\$	10,841	\$ (10,800)	\$ 41
Health Ins Premiums	\$	118,325	\$ 19,600	\$ 137,925
Workers Comp Insurance	\$	18,979	\$ (2,000)	\$ 16,979
PERS (Retirement)	\$	94,979	\$ 21,000	\$ 115,979
Uniforms & Personal Equip	\$	8,000	\$ (5,100)	\$ 2,900
Maintenance Supplies	\$	55,000	\$ (4,500)	\$ 50,500
Gasoline & Diesel	\$	30,000	\$ 10,900	\$ 40,900
Vehicle Maintenance Parts	\$	25,000	\$ 8,500	\$ 33,500
Contractual Services	\$	175,000	\$ (25,000)	\$ 150,000
Garage Vehicle Service	\$	40,000	\$ (21,000)	\$ 19,000
Insurance Premiums	\$	14,000	\$ 1,400	\$ 15,400
Training, Ed, Conf & Mtgs	\$	8,000	\$ 2,700	\$ 10,700
Public Utilities	\$	60,000	\$ 13,900	\$ 73,900
Taxes & Fees	\$	5,000	\$ (2,600)	\$ 2,400
Facility Lease	\$	84,000	\$ 28,000	\$ 112,000
Equipment Lease	\$	-	\$ 3,000	\$ 3,000
<b>Total Expenditure Adjustments</b>			<b>\$ 167,000</b>	

### Staff Recommendations

Item	Current	Budget	Requested Change	Amended Budget
Terminal and Airport Improvements	\$	-	\$ 23,900	\$ 23,900
<b>Additional GF Contribution to support operations / Staff Recommendations</b>			<b>\$ 75,000</b>	

This concludes all recommended budget adjustments for FY21-22 during 4<sup>th</sup> quarter budget review. Town Council will have an opportunity to review the complete budget outcome of FY21-22 during budget fund balance

## **OPTIONS ANALYSIS:**

**Option 1:** Staff recommends the Town Council receive the fourth quarter budget review for Fiscal Year 21-22 and adopt the resolution amending the FY21-22 budget as recommended on Attachments A-D and the FY22-23 budget as recommended in Attachment E.

**Option 2:** Provide staff with alternate direction.

## **FINANCIAL CONSIDERATIONS:**

The requested funds do not exceed additional realized revenue. The overall result of these actions will provide funding for critical needs and leave additional fund balance for future consideration.