

City of Avalon

Fiscal Year 2023-2024 Budget Discussion

APRIL 18, 2023

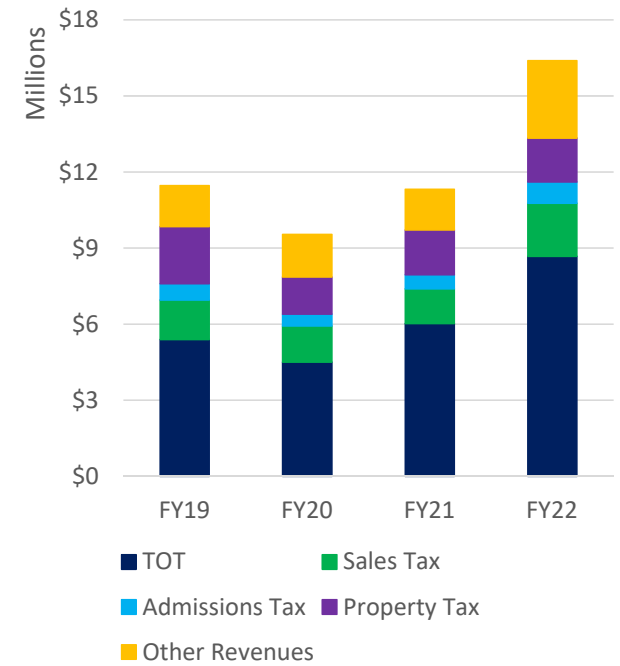


Overview

- City should operate under a structurally balanced budget.
- Revenue estimates should be conservative to ensure adequate funding.
- City should be transparent concerning its forecasting approach and underlying assumptions.
- New recurring revenue sources should be dedicated as follows:
 1. Fixed cost increases (e.g. contract escalators, negotiated benefit increases, etc.)
 2. Replenishing reserves to established targets
 3. Funding significant long-term liabilities
 4. Replenishing internal service funds for vehicle replacement and deferred maintenance
 5. Other discretionary expenditures
- Estimates will continue to be updated throughout the development of the budget.

General Fund Revenues

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual
TOT – Hotels	3,904,449	3,263,477	4,302,876	\$ 6,005,947
TOT – Vacation Rentals	1,488,739	1,237,150	1,717,170	2,670,443
Sales Tax (City)	911,966	839,099	892,133	1,319,099
Sales Tax (Hospital)	642,796	588,840	483,422	771,510
Admission Tax	645,673	466,505	549,551	844,568
Property Tax	2,250,984	1,466,735	1,769,294	1,724,604
Other Taxes	213,427	230,131	334,126	312,040
Licenses, Permits, and Fees	488,732	547,566	505,968	601,823
Charges for Services	551,014	525,712	464,752	582,481
Other Revenues	365,884	370,990	301,910	1,553,927
Total	\$ 11,463,663	\$ 9,536,205	\$ 11,321,200	\$16,386,442



General Fund Revenues

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 YTD thru March
TOT – Hotels	3,904,449	3,263,477	4,302,876	\$ 6,005,947	\$ 3,799,466
TOT – Vacation Rentals	1,488,739	1,237,150	1,717,170	2,670,443	1,826,977
Sales Tax (City)	911,966	839,099	892,133	1,319,099	870,685
Sales Tax (Hospital)	642,796	588,840	483,422	771,510	497,928
Admission Tax	645,673	466,505	549,551	844,568	498,519
Property Tax	2,250,984	1,466,735	1,769,294	1,724,604	593,604
Other Taxes	213,427	230,131	334,126	312,040	150,537
Licenses, Permits, and Fees	488,732	547,566	505,968	601,823	366,330
Charges for Services	551,014	525,712	464,752	582,481	505,976
Other Revenues	365,884	370,990	301,910	1,553,927	786,639
Total	\$ 11,463,663	\$ 9,536,205	\$ 11,321,200	\$16,386,442	\$ 9,896,681

TOT through March + \$5.6M compared to \$5.7M budgeted

General Fund Revenues

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 YTD thru March	FY23 Est. Low	
TOT – Hotels	3,904,449	3,263,477	4,302,876	\$ 6,005,947	\$ 3,799,466	\$ 5,064,466	} Approx. \$7.4M
TOT – Vacation Rentals	1,488,739	1,237,150	1,717,170	2,670,443	1,826,977	2,352,218	
Sales Tax (City)	911,966	839,099	892,133	1,319,099	870,685	1,300,000	
Sales Tax (Hospital)	642,796	588,840	483,422	771,510	497,928	650,000	
Admission Tax	645,673	466,505	549,551	844,568	498,519	655,836	
Property Tax	2,250,984	1,466,735	1,769,294	1,724,604	593,604	1,392,368	
Other Taxes	213,427	230,131	334,126	312,040	150,537	250,000	
Licenses, Permits, and Fees	488,732	547,566	505,968	601,823	366,330	425,000	
Charges for Services	551,014	525,712	464,752	582,481	505,976	550,000	
Other Revenues	365,884	370,990	301,910	1,553,927	786,639	1,085,550	→ Includes Hospital Measure H
Total	\$ 11,463,663	\$ 9,536,205	\$ 11,321,200	\$16,386,442	\$ 9,896,681	\$ 13,725,438	

General Fund Revenues

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY22 YTD thru March	FY23 Est. Low	FY23 Est. High
TOT – Hotels	3,904,449	3,263,477	4,302,876	\$ 6,005,947	\$ 3,799,466	\$ 5,064,466	\$ 5,774,466
TOT – Vacation Rentals	1,488,739	1,237,150	1,717,170	2,670,443	1,826,977	2,352,218	2,672,218
Sales Tax (City)	911,966	839,099	892,133	1,319,099	870,685	1,300,000	1,456,926
Sales Tax (Hospital)	642,796	588,840	483,422	771,510	497,928	650,000	728,463
Admission Tax	645,673	466,505	549,551	844,568	498,519	655,836	779,568
Property Tax	2,250,984	1,466,735	1,769,294	1,724,604	593,604	1,392,368	1,662,478
Other Taxes	213,427	230,131	334,126	312,040	150,537	250,000	300,000
Licenses, Permits, and Fees	488,732	547,566	505,968	601,823	366,330	425,000	500,000
Charges for Services	551,014	525,712	464,752	582,481	505,976	550,000	700,000
Other Revenues	365,884	370,990	301,910	1,553,927	786,639	1,085,550	1,242,000
Total	\$ 11,463,663	\$ 9,536,205	\$ 11,321,200	\$16,386,442	\$ 9,896,681	\$ 13,725,438	\$15,816,119

Transient Occupancy Tax

Combined	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Est. Low	% Change
July	\$ 896,731	\$ 922,228	\$ 653,950	\$ 1,328,769	\$ 1,495,464	+12.5%
August	811,148	892,324	843,949	1,233,358	1,334,448	+8.2%
September	591,808	614,448	726,057	891,078	918,315	+3.1%
October	483,149	534,134	605,663	774,119	747,338	-3.5%
November	302,564	323,092	303,535	468,056	410,087	-12.4%
December	220,063	226,652	70,872	301,314	285,188	-5.4%
January	178,181	185,434	69,404	242,453	197,300	-18.6%
February	175,556	245,205	137,594	326,745	193,544	-40.8%
March	323,140	101,779	348,900	532,350	320,000	
April	393,631	4,513	554,539	742,154	445,000	
May	426,202	13,176	707,213	739,113	445,000	
June	599,714	236,072	983,110	1,055,940	625,000	
Total	\$ 5,401,887	\$ 4,299,096	\$ 6,004,785	\$ 8,635,450	\$ 7,416,684	

Low range estimate assumes revenues down 40% from FY22 peaks

Transient Occupancy Tax

Combined	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Est. Low	FY23 Est. High
July	\$ 896,731	\$ 922,228	\$ 653,950	\$ 1,328,769	\$ 1,495,464	\$ 1,495,464
August	811,148	892,324	843,949	1,233,358	1,334,448	1,334,448
September	591,808	614,448	726,057	891,078	918,315	918,315
October	483,149	534,134	605,663	774,119	747,338	747,338
November	302,564	323,092	303,535	468,056	410,087	410,087
December	220,063	226,652	70,872	301,314	285,188	285,188
January	178,181	185,434	69,404	242,453	197,300	197,300
February	175,556	245,205	137,594	326,745	193,544	193,544
March	323,140	101,779	348,900	532,350	320,000	425,000
April	393,631	4,513	554,539	742,154	445,000	700,000
May	426,202	13,176	707,213	739,113	445,000	740,000
June	599,714	236,072	983,110	1,055,940	625,000	1,000,000
Total	\$ 5,401,887	\$ 4,299,096	\$ 6,004,785	\$ 8,635,450	\$ 7,416,684	\$ 8,446,684

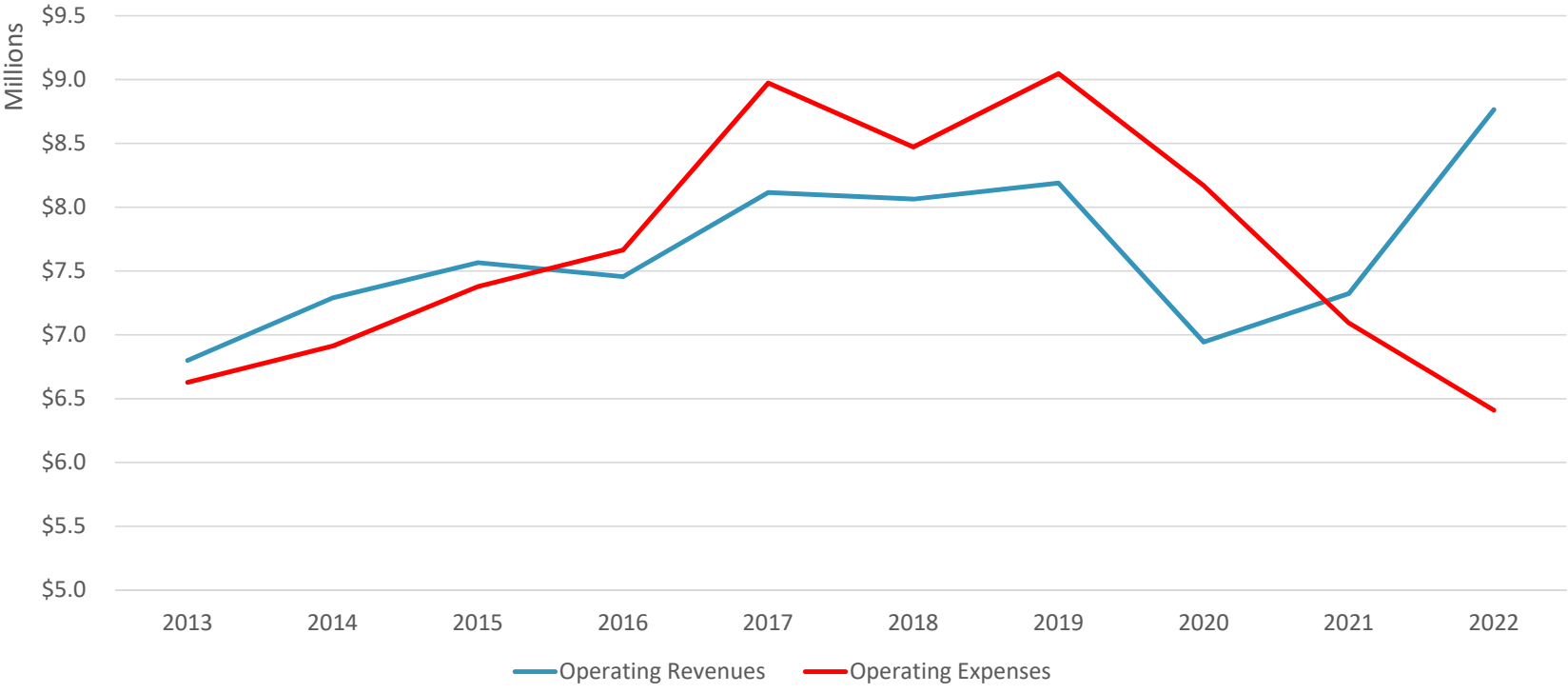
March
down
~20% with
last
quarter
nearly
matching
FY22

General Fund Reserves

	FY23 Adopted Budget	FY23 Midyear Budget	FY23 Low	FY23 High
Beginning Fund Balance	\$ 11,851,369	\$ 12,259,253	\$ 12,259,253	\$ 12,259,253
Operating Revenues	12,053,318	12,053,318	\$ 13,725,438	\$15,816,119
Operating Expenditures*	(9,756,821)	(9,926,731)	(10,354,401)	(10,659,464)
Internal Service Expenditures	(1,827,453)	(1,883,113)	(1,883,113)	(1,883,113)
Net Operating Revenue (Loss)	469,045	243,474	1,487,924	3,273,542
Grants	2,414,851	2,414,851	2,414,851	2,414,851
Capital Projects	(3,746,307)	(3,746,307)	(3,746,307)	(3,746,307)
Transfers (Net)	(375,000)	(375,000)	(375,000)	(375,000)
Net Change in Fund Balance	(1,237,411)	(1,462,982)	(218,532)	1,567,086
Ending Balance	\$ 10,613,958	\$ 10,796,271	\$ 12,040,721	\$ 13,826,339

Approximately \$500,000 in net capital spending unlikely to occur between now and end of fiscal year.

Harbor Operating Income – Last 10 Fiscal Years



Harbor Fund Operating Revenues

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 thru March 31	FY22 Actual	FY23 Budget	FY23 thru March 31
Cross Channel Wharfage	2,438,689	1,813,096	1,966,741	1,680,069	2,693,757	2,350,000	1,522,611
Nightly Moorings	1,679,914	1,498,292	1,892,950	1,500,137	1,990,437	1,875,000	1,423,061
Cruise Ship Wharfage	603,573	611,410	-	150,310	662,350	1,025,770	857,610
Pier and Tideland Rentals	586,769	452,188	538,954	475,793	631,484	600,000	446,035
Harbor Use Fees	389,855	278,177	390,399	266,401	449,626	390,000	285,805
Admission Tax	142,963	108,874	191,885	127,289	236,155	190,000	154,077
Annual Mooring Permits	247,484	259,725	268,368	364,874	243,562	288,500	344,376
Transfer Fees	232,955	155,575	376,069	252,527	346,977	100,000	199,863
Other Revenues	45,977	30,131	7,406	12,600	44,713	5,000	30,397
Cross Channel Wharfage (Fund 104)	1,021,084	1,085,682	1,166,066	1,003,026	1,609,821	1,400,000	909,471
Fuel Dock (Fund 114)	906,097	743,969	709,150	21,098	31,098	30,000	21,096
Total Operating Revenues	\$ 8,295,360	\$ 7,037,119	\$ 7,507,988	\$ 5,854,124	\$ 8,939,980	\$ 8,254,270	\$ 6,194,402

Harbor Fund Operating Revenues

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Budget	FY23 thru March 31	FY23 Estimate
Cross Channel Wharfage	2,438,689	1,813,096	1,966,741	2,693,757	2,350,000	1,522,611	2,350,000
Nightly Moorings	1,679,914	1,498,292	1,892,950	1,990,437	1,875,000	1,423,061	1,875,000
Cruise Ship Wharfage	603,573	611,410	-	662,350	1,025,770	857,610	1,425,000
Pier and Tideland Rentals	586,769	452,188	538,954	631,484	600,000	446,035	600,000
Harbor Use Fees	389,855	278,177	390,399	449,626	390,000	285,805	420,000
Admission Tax	142,963	108,874	191,885	236,155	190,000	154,077	210,000
Annual Mooring Permits	247,484	259,725	268,368	243,562	288,500	344,376	250,000
Transfer Fees	232,955	155,575	376,069	346,977	100,000	199,863	200,000
Other Revenues	45,977	30,131	7,406	44,713	5,000	30,397	31,000
Cross Channel Wharfage (Fund 104)	1,021,084	1,085,682	1,166,066	1,609,821	1,400,000	909,471	1,400,000
Fuel Dock (Fund 114)	906,097	743,969	709,150	31,098	30,000	21,096	30,000
Total Operating Revenues	\$ 8,295,360	\$ 7,037,119	\$ 7,507,988	\$ 8,939,980	\$ 8,254,270	\$ 6,194,402	\$ 8,791,000

Harbor Fund Operating Revenues

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Budget	FY23 thru March 31	FY23 Estimate
Cross Channel Wharfage	2,438,689	1,813,096	1,966,741	2,693,757	2,350,000	1,522,611	2,350,000
Nightly Moorings	1,679,914	1,498,292	1,892,950	1,990,437	1,875,000	1,423,061	1,875,000
Cruise Ship Wharfage	603,573	611,410	-	662,350	1,025,770	857,610	1,425,000
Pier and Tideland Rentals	586,769	452,188	538,954	631,484	600,000	446,035	600,000
Harbor Use Fees	389,855	278,177	390,399	449,626	390,000	285,805	420,000
Admission Tax	142,963	108,874	191,885	236,155	190,000	154,077	210,000
Annual Mooring Permits	247,484	259,725	268,368	243,562	288,500	344,376	250,000
Transfer Fees	232,955	155,575	376,069	346,977	100,000	199,863	200,000
Other Revenues	45,977	30,131	7,406	44,713	5,000	30,397	31,000
Cross Channel Wharfage (Fund 104)	1,021,084	1,085,682	1,166,066	1,609,821	1,400,000	909,471	1,400,000
Total Operating Revenues	\$ 7,389,263	\$ 6,293,150	\$ 6,798,838	\$ 8,908,882	\$ 8,224,270	\$ 6,173,306	\$ 8,761,000

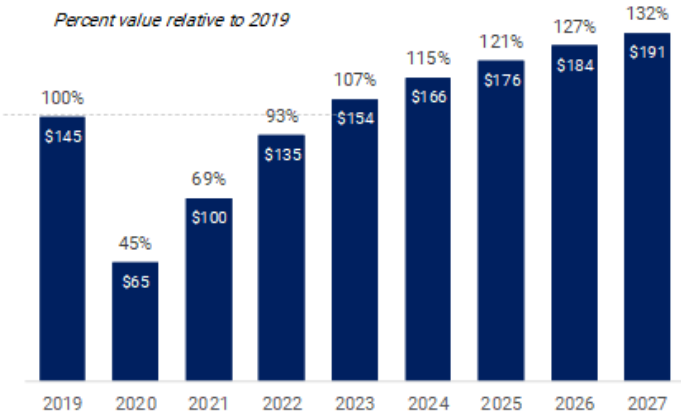
Harbor Fund Reserves

	FY23 Adopted Budget	FY23 Midyear Budget	FY23 Estimate
Beginning Working Capital	\$ 1,286,047	\$ 1,322,787	\$ 1,322,787
Operating Revenues	8,254,270	8,254,270	8,761,000
Operating Expenditures	(5,782,561)	(5,917,494)	(5,917,494)
Internal Service Expenditures	(1,335,077)	(1,373,313)	(1,373,313)
Net Operating Revenue (Loss)	\$ 1,136,631	\$ 963,463	\$ 1,470,193
Grants	7,427,387	7,427,387	7,427,387
Capital Projects	(9,654,019)	(9,754,019)	(9,754,019)
Transfers (Net)	-	-	-
Ending Working Capital	\$ 196,046	\$ (40,382)	\$ 466,348

Includes Local Match of \$940,000 for Mole Phase 2 and approximately \$400,000 for other capital projects not anticipated to be spent in FY23

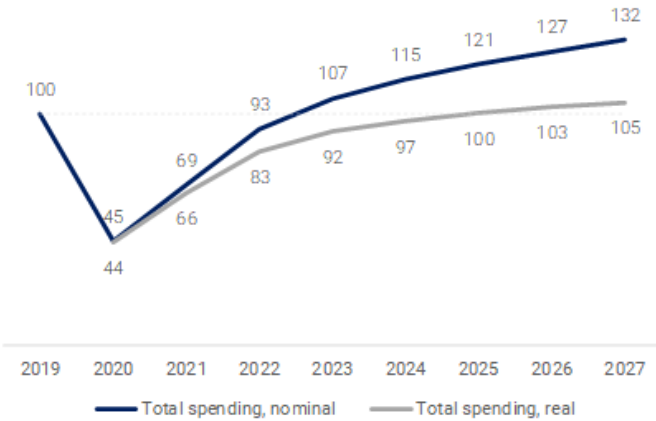
FY24 Revenue Outlook

Total visitor spending in California
(\$ billions)



Source: Dean Runyan; Tourism Economics

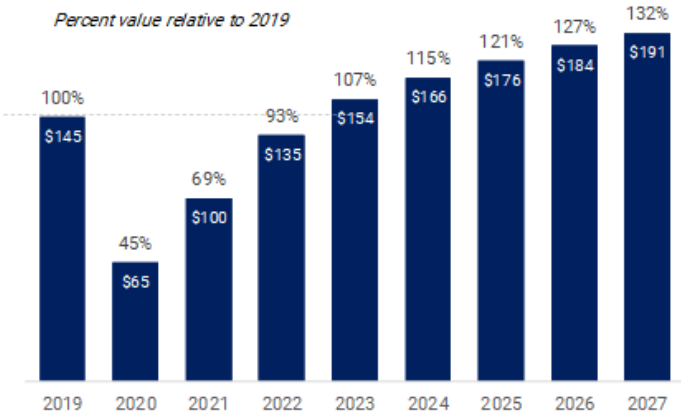
Total visitor spending in California
Percent relative to 2019



Source: Dean Runyan; Tourism Economics

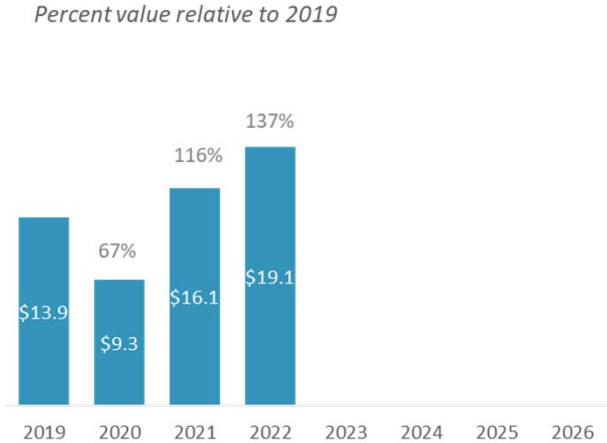
FY24 Revenue Outlook

Total visitor spending in California
(\$ billions)



Source: Dean Runyan; Tourism Economics

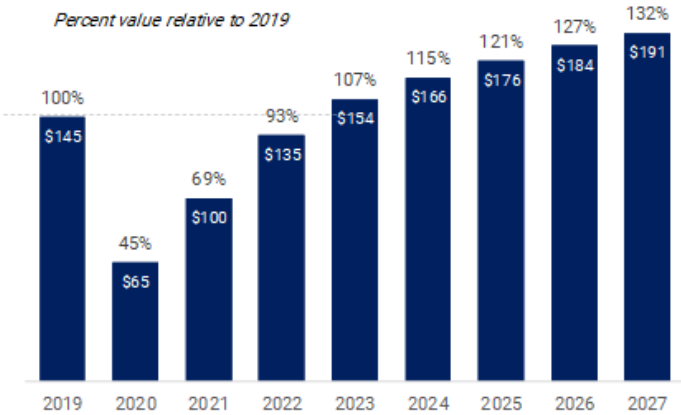
Visitor-driven revenues in Avalon
(\$ millions)



Source: Visitor-Driven Revenue Report – December 2022

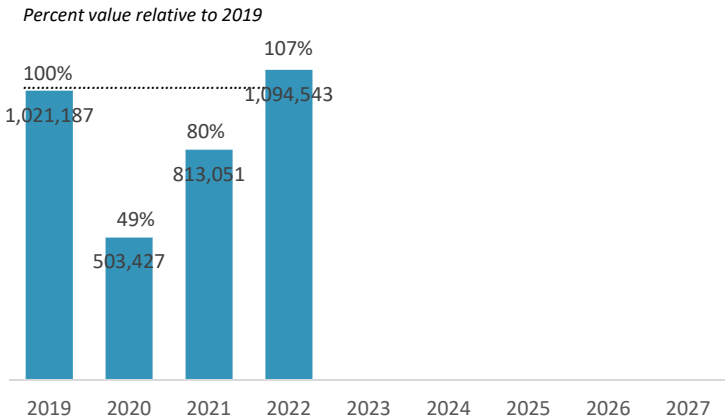
FY24 Revenue Outlook

Total visitor spending in California
(\$ billions)



Source: Dean Runyan; Tourism Economics

Catalina Island Visitor Count



Source: Love Catalina – Catalina Island Visitor Counts



FY24 Estimated Operating Revenues

General Fund Revenues

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Est.	FY24 Budget	% Change (Est.)
TOT – Hotels	3,904,449	3,263,477	4,302,876	\$ 6,005,947	\$ 5,250,000	\$ 4,800,000	-8.6%
TOT – Vacation Rentals	1,488,739	1,237,150	1,717,170	2,670,443	2,400,000	2,200,000	-8.3%
Sales Tax (City)	911,966	839,099	892,133	1,319,099	1,456,926	1,400,000	-3.9%
Sales Tax (Hospital)	642,796	588,840	483,422	771,510	728,463	700,000	-2.0%
Admission Tax	645,673	466,505	549,551	844,568	700,000	700,000	0.0%
Property Tax	2,250,984	1,466,735	1,769,294	1,724,604	1,600,000	1,514,000	-5.4%
Other Taxes	213,427	230,131	334,126	312,040	275,000	280,500	+2.0%
Licenses, Permits, and Fees	488,732	547,566	505,968	601,823	438,450	423,750	-3.3%
Charges for Services	551,014	525,712	464,752	582,481	627,100	591,500	-5.7%
Other Revenues	365,884	370,990	301,910	1,553,927	1,085,550	1,155,000	+6.4%
Total	\$11,463,663	\$9,536,205	\$11,321,200	\$16,386,442	\$14,561,489	\$13,764,750	-5.5%

General Fund Operating Income

	FY23 Adopted Budget	FY23 Midyear Budget	FY23 Estimate	FY24 Budget
Operating Revenues	\$ 12,053,318	\$ 12,053,318	\$ 14,562,000	\$ 13,764,750
Salaries and Benefits	3,849,002	3,885,179	3,885,179	4,273,697
Maintenance and Operations	773,242	901,975	901,975	992,173
Contract Services	5,134,177	5,139,577	5,611,000	5,920,800
Internal Services	1,827,453	1,883,113	1,883,113	2,071,424
Operating Expenses	\$ 11,583,874	\$ 11,809,844	\$ 12,281,267	\$ 13,258,094
Net Operating Income	\$ 469,444	\$ 243,474	\$ 2,280,733	\$ 506,656

Harbor Fund Operating Revenues

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Est.	FY24 Budget	% Change
Cross Channel Wharfage	2,438,689	1,813,096	1,966,741	2,693,757	2,350,000	\$ 2,350,000	0.0%
Nightly Moorings	1,679,914	1,498,292	1,892,950	1,990,437	1,875,000	1,875,000	0.0%
Cruise Ship Wharfage	603,573	611,410	-	662,350	1,425,000	1,400,000	-1.8%
Pier and Tideland Rentals	586,769	452,188	538,954	631,484	600,000	600,000	0.0%
Harbor Use Fees	389,855	278,177	390,399	449,626	420,000	420,000	0.0%
Admission Tax	142,963	108,874	191,885	236,155	210,000	210,000	0.0%
Annual Mooring Permits	247,484	259,725	268,368	243,562	250,000	250,000	0.0%
Transfer Fees	232,955	155,575	376,069	346,977	200,000	100,000	-50.0%
Cross Channel Wharfage (104)	1,021,084	1,085,682	1,166,066	1,609,821	1,400,000	1,400,000	0.0%
Other Revenues*	26,582	13,128	6,760	44,713	31,000	4,500	-85.5%
Total Operating Revenues	\$ 7,389,263	\$ 6,293,150	\$ 6,798,838	\$ 8,908,882	\$ 8,761,000	\$ 8,644,500	-1.3%

Cruise Ship Wharfage

Combined	# Scheduled	Capacity	Occupancy (90%)	Rate	FY24 Budget	FY19 Arrivals	FY19 Visitors
July 2023	6	18,450	16,605	\$ 5.00	83,025	10	26,709
August 2023	8	23,978	21,580	\$ 5.00	107,901	9	21,679
September 2023	10	26,146	23,531	\$ 5.00	117,657	9	19,150
October 2023	15	42,608	38,347	\$ 5.00	191,736	15	29,820
November 2023	11	29,876	26,888	\$ 5.00	134,442	6	14,706
December 2023	10	28,446	25,601	\$ 5.00	128,007	12	23,533
January 2024	7	18,278	16,450	\$ 5.00	82,251	9	20,142
February 2024	6	15,304	13,774	\$ 5.00	68,868	9	19,381
March 2024	11	27,596	24,836	\$ 5.00	124,182	9	21,809
April 2024	14	35,982	32,384	\$ 5.00	161,919	10	26,303
May 2024	12	36,818	33,136	\$ 5.00	165,681	7	17,070
June 2024	8	28,348	25,513	\$ 5.00	127,566	8	22,045
Total	118	331,830	298,647	\$ 5.00	\$ 1,493,235	113	262,347

Harbor Fund Operating Income

Funds 103, 104	FY23 Adopted Budget	FY23 Midyear Budget	FY23 Estimate	FY24 Budget
Operating Revenues	\$ 8,254,270	\$ 8,254,270	\$ 8,761,000	\$ 8,644,500
Salaries and Benefits	3,123,851	3,206,328	3,206,328	3,526,961
Maintenance and Operations	895,320	952,776	952,776	1,048,053
Contract Services	1,763,390	1,758,390	1,758,390	1,934,229
Internal Services	1,335,077	1,373,313	1,373,313	1,510,644
Operating Expenses	\$ 7,117,684	\$ 7,290,807	\$ 7,290,807	\$ 8,019,887
Net Operating Income	\$ 1,136,632	\$ 963,463	\$ 1,470,193	\$ 624,613

Other Enterprise Funds

Per Cost of Service Study	FY22	FY23	FY24	FY25	FY26
Sewer	+7.0%	+7.0%	+3.5%	+3.0%	+3.0%
Saltwater	+2.5%	+2.5%	+2.5%	+2.5%	+2.5%
Solid Waste	+19.5%	+19.5%	+9.5%	+3.0%	+3.0%

Other Enterprise Funds

Rate Charged	FY22	FY23	FY24	FY25	FY26
Sewer	+7.0%	+7.0%			
Saltwater	+2.5%	+2.5%			
Solid Waste	+19.5%	+11.5%			

Other Enterprise Funds

Rate Proposed	FY22	FY23	FY24	FY25	FY26
Sewer	+7.0%	+7.0%	+3.5%	+3.0%	+3.0%
Saltwater	+2.5%	+2.5%	+2.5%	+2.5%	+2.5%
Solid Waste	+19.5%	+11.5%	+7.5%	+7.5%	+7.5%



California's Visitor Economy

Travel Forecast & Key Drivers

January 2023

Prepared for:

