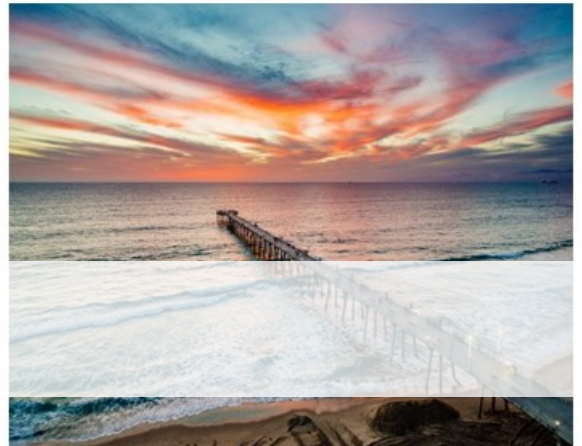
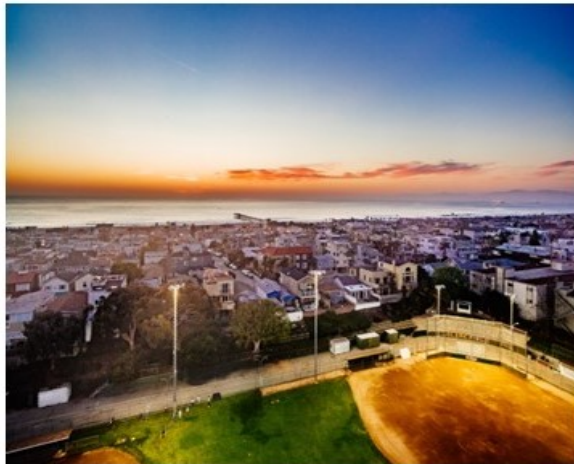


# 2021-22 Budget Workshop





# Agenda

- **Opening Comments, City Manager**
- **Overview of the Budget, Finance Director**
  - **Overview of the 2021-22 Budget**
    - **Revenue**
    - **Appropriations**
    - **How the Budget is Balanced**
    - **Highlights**
    - **Capital Improvement Plan**
    - **FEMA Public Assistance Update**
  - **Councilmembers Questions/Comments**



A photograph of a beach at sunset. The sky is a gradient of orange and blue. In the foreground, there is a wooden lifeguard stand on the sand. In the background, a long pier extends into the ocean. The text "Opening Comments" and "City Manager" is overlaid on the image.

# Opening Comments

## City Manager





# 2021-22 Budget Overview



# General Fund Revenue Overview

## Top Tax

### Revenue Sources

### Amount

### % Change

### % of Total

Secured Property Tax

\$16.5m

+ 3.3%

**41%**

Sales Tax

\$2.7m

-1.2%

**7%**

Utility Users Tax (UUT)

\$2.1m

1.4%

**6%**

Transient Occupancy Tax (TOT)

\$1.9m

5.0%

**5%**

**Top Tax Total**

**\$23.2m**

**59%**

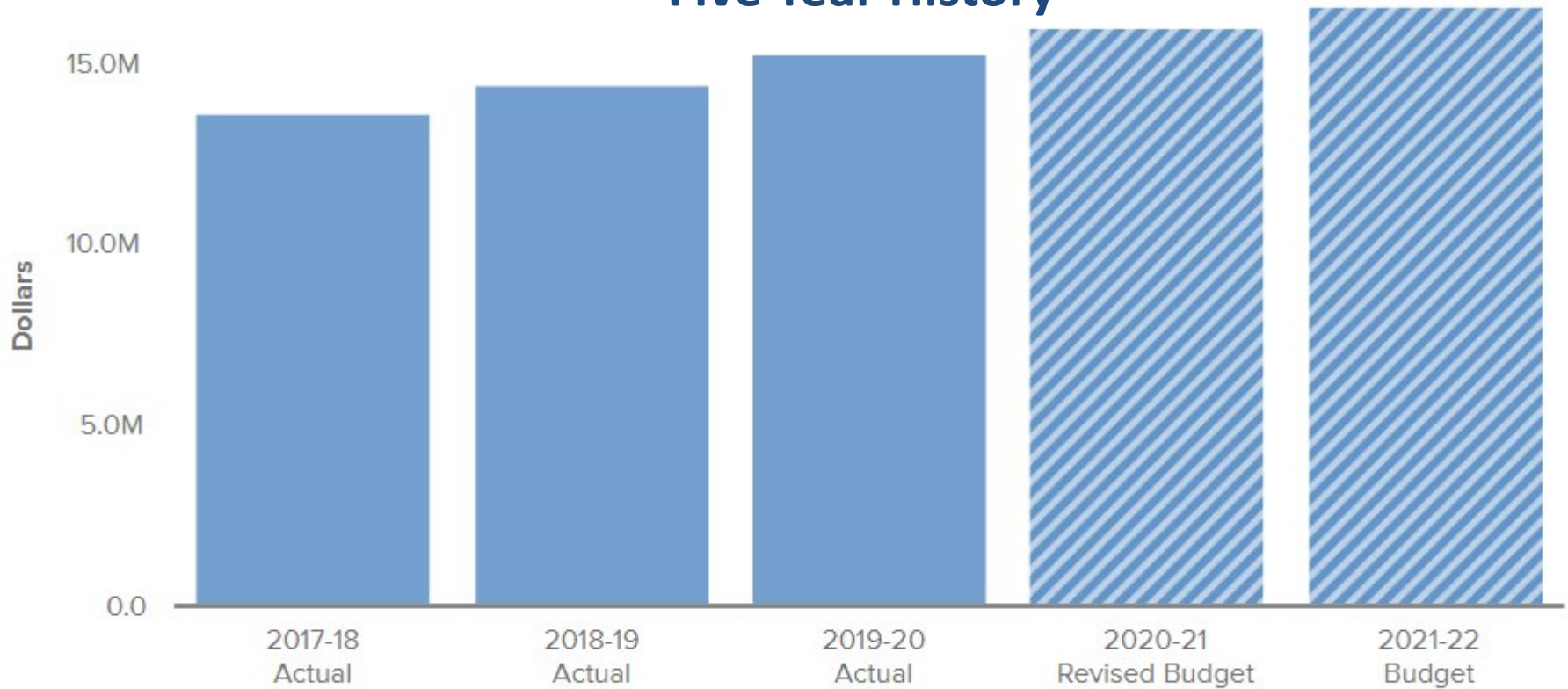




# General Fund

## Revenue Overview- Secured Property Tax

### Five Year History



2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Revised Budget	2021-22 Budget
\$ 13,587,043	\$ 14,428,526	\$ 15,231,923	\$ 15,992,604	\$ 16,525,157



# General Fund

## Revenue Overview- Median Home Sales Price

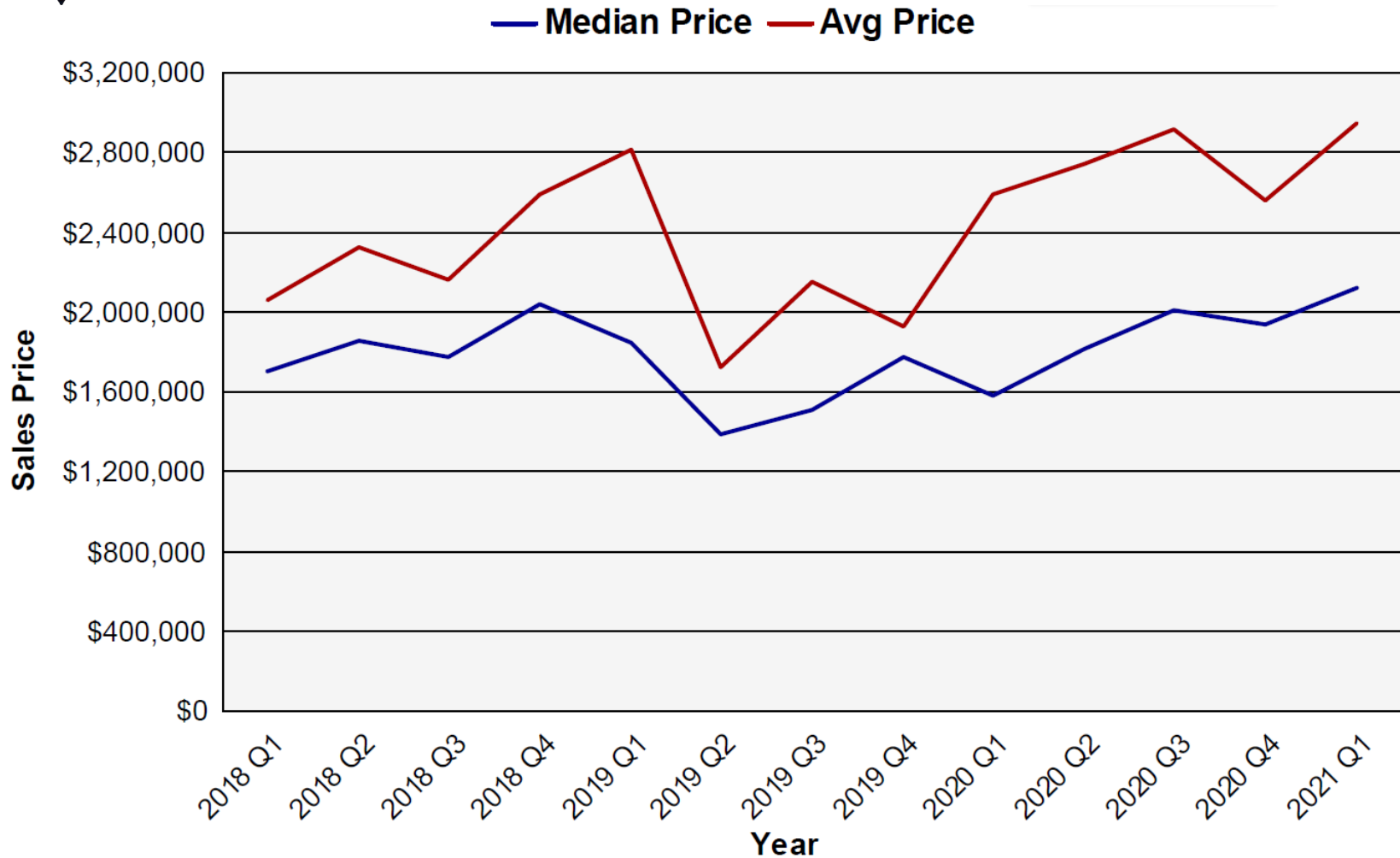


Chart provided by HdL, Coren & Cone, based on data from Los Angeles County Recorder.



# General Fund

## Revenue Overview- Median Home Sales Price

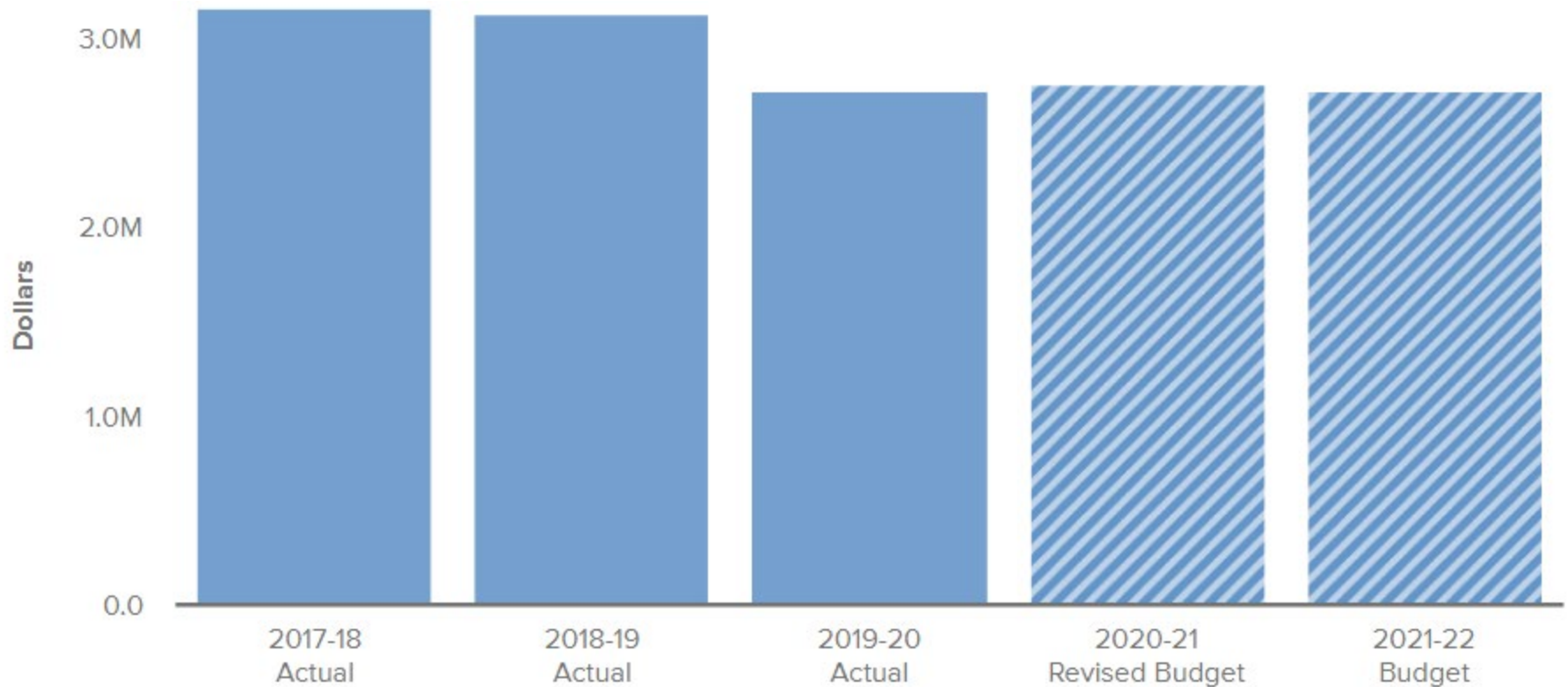
### Detached Single Family Residential Full Value Sales (01/01/2018 - 3/31/2021)

Year	Full Value Sales	Average Price	Median Price	Median % Change
2018 Q1	19	\$2,059,289	\$1,705,000	
2018 Q2	27	\$2,320,630	\$1,850,000	8.50%
2018 Q3	19	\$2,156,263	\$1,775,000	-4.05%
2018 Q4	24	\$2,589,542	\$2,037,500	14.79%
2019 Q1	19	\$2,817,895	\$1,840,000	-9.69%
2019 Q2	27	\$1,723,889	\$1,381,000	-24.95%
2019 Q3	23	\$2,153,587	\$1,505,000	8.98%
2019 Q4	31	\$1,925,952	\$1,775,000	17.94%
2020 Q1	27	\$2,585,759	\$1,575,000	-11.27%
2020 Q2	24	\$2,737,229	\$1,817,500	15.40%
2020 Q3	34	\$2,915,544	\$2,012,500	10.73%
2020 Q4	29	\$2,559,552	\$1,935,000	-3.85%
2021 Q1	28	\$2,943,143	\$2,124,500	9.79%





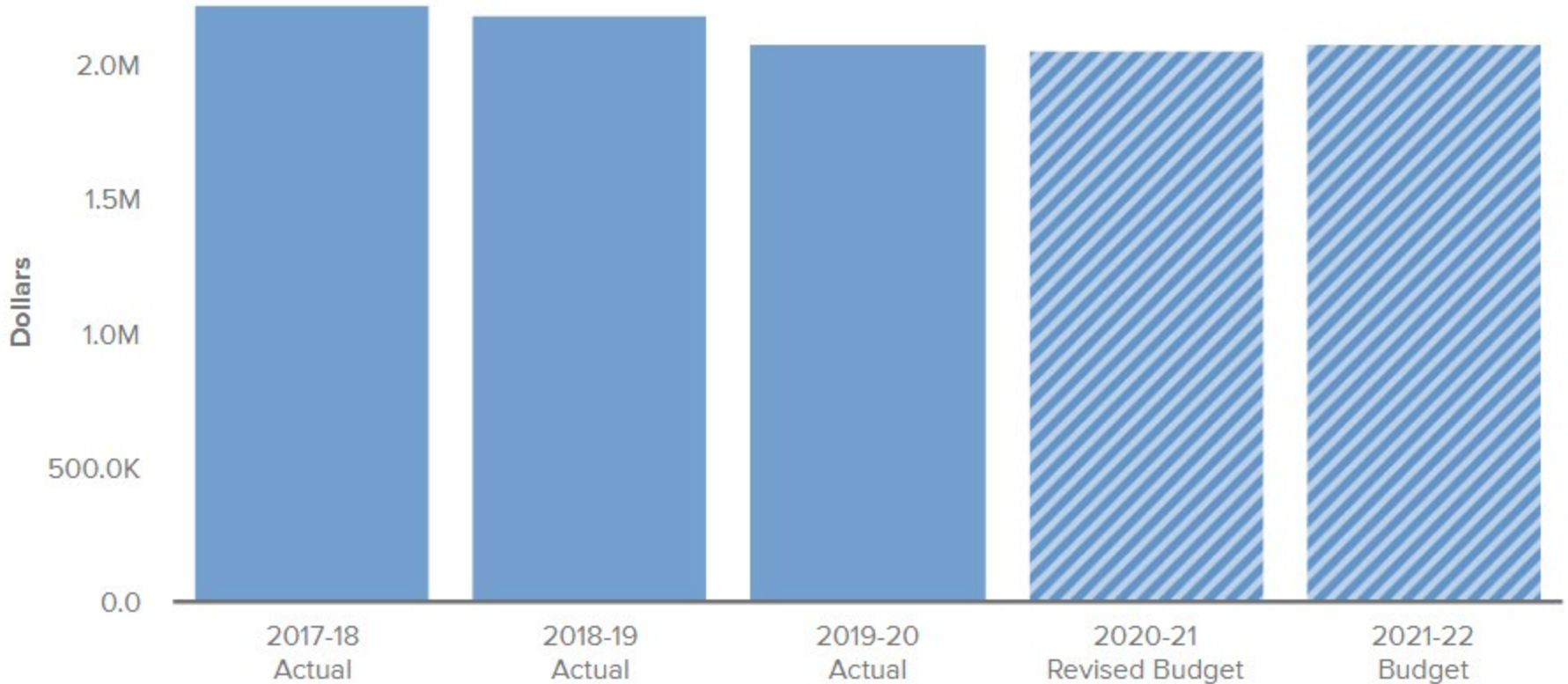
# General Fund Revenue Overview- Sales Tax Five Year History



2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Revised Budget	2021-22 Budget
\$ 3,151,207	\$ 3,133,311	\$ 2,722,468	\$ 2,750,820	\$ 2,717,628



# General Fund Revenue Overview- UUT Five Year History



**2017-18 Actual**

\$ 2,229,906

**2018-19 Actual**

\$ 2,195,815

**2019-20 Actual**

\$ 2,093,903

**2020-21 Revised Budget**

\$ 2,065,046

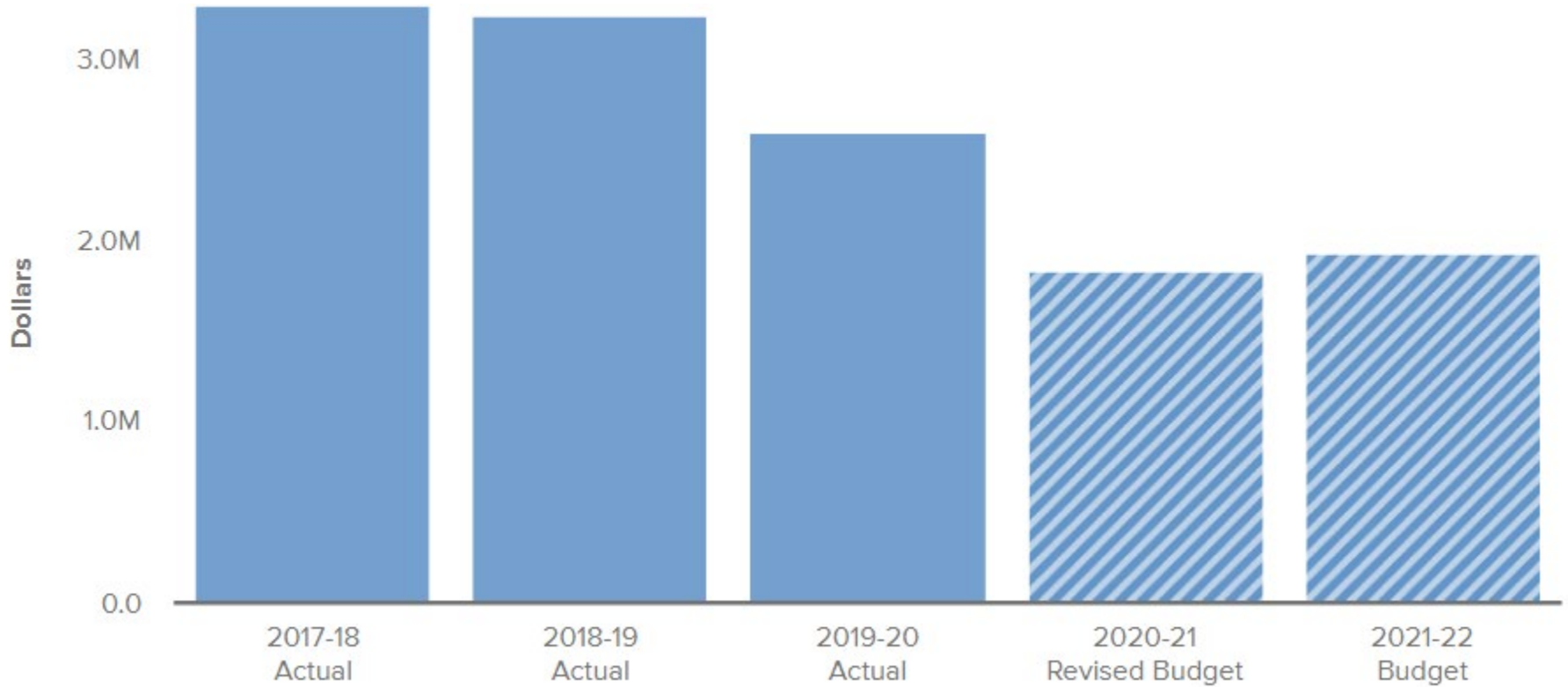
**2021-22 Budget**

\$ 2,093,903



# General Fund Revenue Overview- TOT

## Five Year History



**2017-18 Actual**

\$ 3,295,207

**2018-19 Actual**

\$ 3,251,349

**2019-20 Actual**

\$ 2,597,953

**2020-21 Revised Budget**

\$ 1,836,531

**2021-22 Budget**

\$ 1,928,358





# General Fund

## Revenue Overview (Continued)

<u>Revenue Sources</u>	<u>Amount</u>	<u>% Change</u>	<u>% of Total</u>
Other Taxes	\$6.5m	1%	15%
Licenses/Permits	\$0.8m	-12.9%	2%
Fines/Forfeitures	\$1.9m	-3.7%	5%
Use/Money and Property	\$1.5m	131%	4%
Intergovt/State	\$0.1m	12%	0%
Service Charges	\$6.0m	20%	15%
Other Revenue	<u>\$0.01m</u>	-80%	<u>0%</u>
	\$16.8m		41%
<b>Total General Fund Revenue</b>	<b>\$40m</b>	<b>6.1%</b>	



# General Fund Revenue Assumptions

- **Major Non-tax revenue assumptions include:**

- Licenses and Permits- Decrease of 12.9 percent**

- Building Permits – (\$131,052) or 19 percent

- Estimate is based on 2020–21 baseline permits, excluding Skechers

- Fines and Forfeitures- Decrease of 3.7 percent**

- Court Fines/Parking – (\$72,191) or 3.7 percent

- Due to decreased citation issuance

- Use of Money and Property- Increase by 13.3 percent**

- Community Center Leases, Rentals, and Theatre increase by \$214,806 assuming the current lease agreements continue without impact and park reservations, field reservations, outdoor fitness permits, South Park and Community Center rentals, and Theatre reservations return to pre-COVID-19 levels.
    - Special Event Permits increase by \$83,600, returning to pre-pandemic levels.



# General Fund Revenue Assumptions

## ■ Major revenue assumptions (continued)

### **Use of Money and Property (continued)**

- One-time Proposition A fund exchange of \$490,000 to fund a new Assistant Engineer

### **Service Charges- Increase by 20.3 percent**

- Parking Meters – \$61,765 or 4 percent
- Lot A – \$93,266 or 29.4 percent  
Based on 75 percent of 2018-19 levels
- Parking Structure Revenue – \$241,246 or 88.3 percent  
Based on 75 percent of 2018–19 levels
- Contract Recreation Classes and Other Recreation Programs – \$109,000 and 187,000 respectively  
Assumes pre-pandemic levels
- One-time Reimbursement of \$300,000 – \$150,000 each for the solid waste and street sweeping contracts.





# General Fund Appropriations

---

## **Expenditures**

## **% of Total**

Full-Time Salaries	35%
Part-Time Salaries	2%
Retirement	13%
Benefits	6%
Retiree Health (OPEB)	1%
Medicare	<u>&lt;1%</u>
<b>Salaries and Benefits Subtotal</b>	<b>57%</b>



# General Fund Appropriations (Continued)

<b><u>Expenditures</u></b>	<b><u>% Change</u></b>
Full-Time Salaries	8%
Part-Time Salaries	35%
Retirement	15%
Benefits	13%
Retiree Health Benefits (OPEB)	4%
Medicare	11%
<b>Salaries and Benefits</b>	<b>10%</b>



# Personnel Changes

**Two of the Ten frozen staff positions were restored by City Council during 2020-21:**

- Deputy City Manager (**City Manager's Office**)- Position was restored on 10/13/2020 when the Assistant to the City Manager position became vacant and the Assistant to the City Manager position was frozen.
- Assistant Engineer was restored on 5/25/2021 (**Public Works**)

**Other position changes approved by City Council during 2020-21:**

- Change Personnel Analyst to Human Resources Analyst (**Human Resources**)- no change in compensation





# Personnel Changes

The remaining frozen staff positions were reviewed and the following positions are recommended to be restored in 2021-22:

- Deputy City Clerk (**City Clerk's Office**)
- Geographic Information System (GIS) Analyst (**moved from Public Works to City Manager's Office**)
- Management Analyst (**City Manager's Office**)
- Crew Supervisor (**Public Works**)
- Police Captain (**Police Department**)- Funds from the Police Captain position will be used to promote the two Lieutenants to Captains and add one Officer position, which will be frozen. The two vacant Lieutenant positions will be eliminated, but the overall number of sworn staff will remain the same.
- Police Service Officer (PSO) Supervisor (**Police Department**)- The PSO Supervisor position will be filled through internal recruitment and the newly vacant PSO position will be frozen.



# Personnel Changes

**The following positions will remain frozen for 2021-22:**

- Senior Office Assistant <sup>1</sup>(City Clerk's Office)
- Assistant to the City Manager (City Manager's Office)
- Police Officer (Police Department)
- Police Officer (Police Department)- Newly added Officer position<sup>2</sup>
- Police Service Officer (PSO) (Police Department)- The newly vacant PSO position from filling the restored PSO Supervisor Position.

<sup>1</sup> Approved to be filled with temporary staff

<sup>2</sup> Currently, there are 29 Police Officers due to an over hire of recruits to fill positions becoming vacant. The additional Police Officer will not be filled until the over hire is eliminated. Police will now have 27 authorized Police Officer positions.



# Personnel Changes

## Other Position Changes:

- Planning Manager **(Community Development)** – The Planning Manager position will be changed to a Senior Planner position and the resulting salary savings will partially cover the conversion of the part-time temporary Office Assistant to full-time permanent.
- Office Assistant **(Community Development)** – The 20 hour a week Office Assistant position will be converted to full-time permanent.

## New Positions

- Assistant Engineer **(Public Works)** – New Assistant Engineer position to be funded using Proposition A Fund Exchange proceeds.
- Pickle ball Court Monitor **(Community Resources)** – Continue part-time position temporarily added in 2020-21 to enforce public health orders. Position was funded from the FEMA fund in 2020-21.
- Intern **(Public Works)** – Fund a second intern position



# Salary and Benefit Assumptions

- **One new full-time permanent position was added (Assistant Engineer) and one was converted from part-time temporary (Office Assistant).**
- **Two positions were reclassified Police Lieutenants (2) to Captains (2).**
- **Vacant Planning Manager position will be changed to a Senior Planner position.**
- **Existing essential ongoing part-time, temporary staff positions are recommended to be filled. Two part-time temporary positions were added (Public Works Intern and Pickle ball Court Monitor) and one was converted to full-time permanent (Office Assistant).**





# Salary and Benefit Assumptions

- **Salary increases of 6 percent (Police Officer's Association and Police Management) and 3 percent for all other labor groups are included for the third year of three year Memorandums of Understanding (MOUs).**
- **The only other salary increases included are step increases for employees with less than 5 years service and whose performance meets expectations.**
- **Employee benefits (Effective January 1)**
  - **Estimated 9% increase on health and 4% on dental**



# General Fund Appropriations (Continued)

<b><u>Expenditures</u></b>	<b><u>% of Total</u></b>
Contract Services- Private	11%
Contract Services- Government	17%
Supplies, Maintenance, Utilities	4%
Equipment Purchases	<1%
Equip Replacement/Building Maintenance/Insurance Charges	11%
Building Improvements	0%
Capital Improvement (Prior Year Carryforward)	<u>&lt;1%</u>
	<b>43%</b>
<b>Total General Fund Appropriations</b>	<b>100%</b>



# General Fund Appropriations

<b><u>Expenditures</u></b>	<b><u>% Change</u></b>
Contract Services	
Private	-4%
Capital Improvement Projects (CIP)	-87%
Government	10%
Materials/Supplies/Other	8%
Equipment Furniture	-34.4%
Buildings/Improvements	<u>0%</u>
<b>Total Appropriations</b>	<b>7.2%</b>



# 2021–22 General Fund

## Summary of Budget Balancing Actions

---

<b>Total General Fund Starting Surplus/Deficit</b>	(\$3,507,454)
<b>New Revenue- Prop A Fund Exchange</b>	\$490,000
<b>Changes to Appropriations</b>	
Add Supplemental Requests	(\$248,303)
Add Position Requests/Frozen Positions	(\$765,356)
Add Prospective Expenditures	(\$100,000)
<b>Changes in Fund Balance Reserves</b>	
Increase Contingency to 16% of Operating Expenditures	(\$132,455)
Assign balance of Prop A Exchange Funds not used for Engineer in 2021–22	(\$369,470)
2019–20 Unspent Funds	\$1,751,727
2020–21 Midyear Unspent Funds	\$1,823,416
<b>Changes to Transfers out</b>	
Cover Lighting/Landscaping Deficit from RTI Undersea Cable Fund	\$204,790
Transfer 2019–20 and Midyear 2020–21 Unspent Funds to Capital Improvement Fund	(\$1,772,773)
<b>Use of Other Funding Sources</b>	
Move Crossing Guards to Proposition C fund	\$315,000
Transfer ½ Federal American Rescue Plan Act Funds to General Fund	<u>\$2,310,878</u>
<b>Balance Projected for 6/30/2022</b>	<sup>25</sup> <b>\$0</b>





# 2021–22 General Fund

## How the Budget is Balanced

<b>Revenue</b>	<b>\$40,015,295</b>	<b>Appropriations</b>	<b>\$42,419,974</b>
<b>Transfers In:</b>		<b>Transfers Out:</b>	
Recurring Transfers	\$418,382	Storm Water Fund Operations	\$700,000
American Rescue	\$2,310,878	Debt Service Oil	\$661,345
Plan Act Funds		Capital Improvement Fund	\$1,772,773
<b>Current Year Revenue</b>	<b>\$42,744,555</b>	<b>Current Year Appropriations</b>	<b>\$45,554,092</b>



### Changes to Fund Balance:

Funding carried over from 19-20 CIPs	(\$40,411)
Contingencies (16% of Operating Budget)	\$477,812
2019-20 Unspent Funds	(\$1,751,727)
2020-21 Midyear Unspent Funds	(\$1,823,416)
Prop A Exchange Funds	(\$131,775)
New Prop A Fund Exchange	\$369,470
Change in Fund Balance Commitments	<u>\$90,510</u>

**Total Changes to Fund Balance** **(\$2,809,537)**

**Total Appropriations and Changes to Fund Balance** **\$42,744,555**



# **2021–22 General Fund**

## **Summary of Budget Balancing Actions**

**Staff recommends the transfer \$2,310,878 from the American Rescue Plan Act (ARPA) Fund to the General Fund.**

- **The City will receive federal ARPA funds of \$4.6 million. At a high level, American Rescue Plan Act funds have the following eligible uses:**
  - **COVID-19 or a negative economic impact;**
  - **Premium pay for eligible workers;**
  - **Government Services to the extent of the loss of revenue; or**
  - **Investments in water, sewer, and broadband infrastructure.**
- **Since the funds may be used to replace revenue lost since March of 2020, and to restore staffing to pre-pandemic levels, staff recommends using the first half of the ARPA funds to working towards restoring staffing to pre-pandemic levels and providing public safety.**
- **The proposed use of \$2.3 million in the 2021-22 Budget would free up General Fund revenue and allow for the transfer of prior year unspent funds to the Capital Improvement Fund in the amount of \$1,772,773.<sup>27</sup>**



# **2021–22 General Fund**

## **Summary of Budget Balancing Actions**

**Staff recommends a transfer \$1,772,773 from the General Fund to the Capital Improvement Fund.**

- **As a part of the Midyear Budget Review on March 9, 2021, staff recommended assigning the unspent General Funds from 2019-20 of \$1,751,688 and the remaining available balance of \$1,823,416 from the 2020-21 Budget for use in the 2021-22 Budget process.**
- **The recommended transfer of \$1,772,773 in unspent funds from prior years is consistent with the City's Financial Policies and would provide funding of \$886,386 for future Capital Improvement Projects, increase the Capital Facilities Reserve by \$316,813, and establish a reserve of \$569,574 for the remaining Fire Facility payments to the County for the newly renovated fire station.**
- **The remaining \$1,802,370 from Midyear 2020-21 would be used to cover the deficit in the General Fund.**



# **2021–22 General Fund**

## **Summary of Budget Balancing Actions**

### **Sewer Fund**

- **A transfer of \$3 million was made from the Sewer Fund to balance the 2020–21 Budget.**
- **Since the sewer service charge was implemented after the \$3 million was put in the sewer fund, there is no requirement to pay the funds back.**
- **The sewer service charge is intended to cover the expenses in the sewer fund .**





# Budget Highlights

- **Presentation of a Capital Improvement Plan for 2021-22 and Five Year Capital Improvement Program to identify the City's longer term infrastructure needs.**
  - **A total of \$19.5 million is funded of which \$3.2 million is new funding.**
- **\$1,291,891 for final design and Phase I construction for the new City Yard is appropriated as a part of the 2021-22 Capital Improvement Plan.**
  - **\$1,397,387 is reserved in the Capital Improvement Fund for the remaining construction and project contingency.**



# Budget Highlights

- **Payments to L.A. County Fire for fire facility renovation and equipment conversions.**
  - **\$379,716 is budgeted for facility payment. Payments started January 2019 and costs are spread over 5 years. The remaining payments totaling \$569,574 are reserved in the Capital Improvement Fund. (Capital Improvement Fund)**
  - **\$43,062 is budgeted for fire equipment conversion payments. Payments started in January 2018 and costs are spread over 5 years. (Fire Protection Fund)**
- **\$661,345 is transferred from the General Fund for debt service related to the oil settlement (Lease Revenue Bonds). The 2015 Lease Revenue Bonds were refunded in 2020–21, saving approximately \$1 million over the life of the bonds. (General Fund/Lease Revenue Bond Fund)**



# Budget Highlights

- **\$30,000 remains from funds set aside in 2017-18 for required radio upgrades as part of the South Bay Regional Public Communication Authority upgrade for dispatching. Project completion is anticipated in 2021-22. (Equipment Replacement Fund)**
- **One new undersea cable is anticipated to be operational in 2021-22.**
  - **One-time payments of \$253,000 will be received in the RTI Fund and \$184,000 will be received in the RTI Tidelands Fund for cable 3.**
  - **Quarterly payments of \$40,500 (\$162,000 annually) will be received for the first two cables. (RTI Fund)**



# Budget Highlights

- **\$300,000 is budgeted for Request for Proposal (RFP) development for the solid waste (\$150,000) and street sweeping contracts (\$150,000). The RFPs will include language that requires the winner proposer to reimburse the City for all costs. The offsetting revenue is included in the 2021–22 Budget as well. (General Fund)**
- **Replacement of seven vehicles, five for the Police Department and two for Community Services. (Air Quality Management District (AQMD) Fund and Equipment Replacement Fund)**
- **650 new smart meters will be purchased to complete the replacement of coin parking meters. CIP 108 includes funding for pay-by-app signage. (Equipment Replacement Fund and Capital Improvement Fund)**





# Budget Highlights

- Noise consultant services added as part of the General Plan implementation. **(Funded from General Plan Maintenance Fees in the General Fund)**
- Disaster shelter supplies and operational supplies are funded **(General Fund)**, along with \$192,880 for an ongoing capital improvement project to make the Emergency Operations Center (EOC) more functional. **(Capital Improvement Fund)**
- \$30,000 is included for a new User Fee Study to ensure that the city is recovering the cost of services provided to the public. **(General Fund)**
- Wellness program for Police Department sworn and non-sworn staff. **(General Fund)**



# Budget Highlights

- **\$30,000 for a Lighting/Landscaping Assessment District study to consider creating a new supplemental district. The current fee has not changed since 1996 and requires an annual contribution from the General Fund or other discretionary funds to cover the deficit. (Lighting/Landscaping District Fund)**
- **\$50,000 for an annual sidewalk grinding contract to prevent trip hazards and increase pedestrian safety. (Gas Tax Fund)**
- **Building maintenance: New air conditioning for the server room and Police Department, new lawn bowling green roof, and repair the roof on the Bard Street motor office. (Building Maintenance Reserve funds in the Equipment Replacement Fund) Also included are new furnishings for the Clark Building. (General Fund)**



# Budget Highlights

- The following technology upgrades are budgeted:
  - iPads for Code Enforcement and Building Inspectors, Community Development
  - Bluebeam plans software to create and edit PDF plans and specs, Public Works
  - Wi-Fi project hardware and City Hall user core switch stack, Citywide **(Equipment Replacement Fund)**
- Seven additional body-worn cameras for incoming staff and to issue to other positions, such as code enforcement officers as needed. **(Supplemental Law Enforcement Services Fund )**



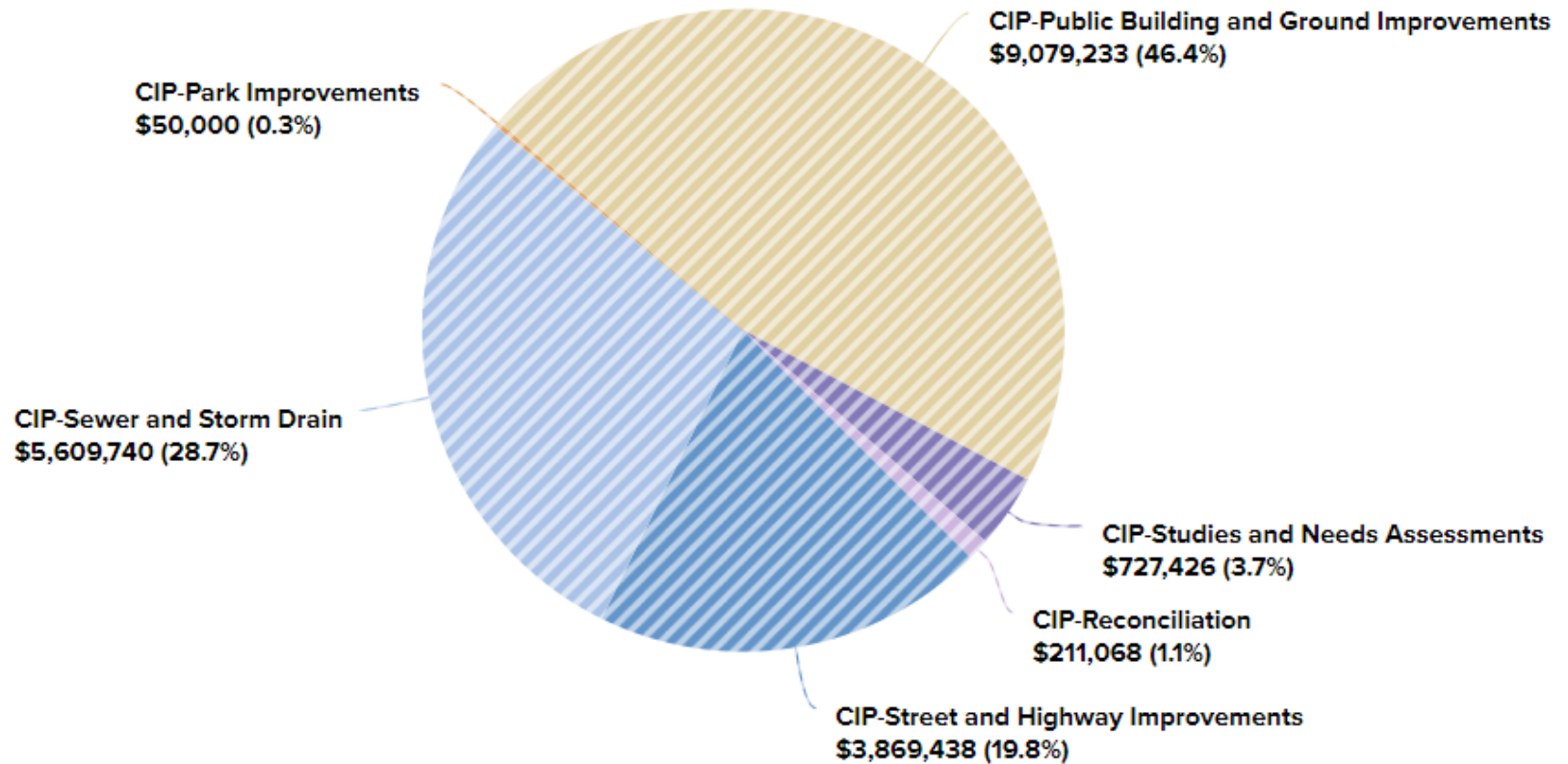


# Capital Improvement Program





# Capital Improvement Program



**Total: \$19,546,905**





# Capital Improvement Program

- **Street & Highway Improvements- \$3,869,438**
  - **Bus Stop Improvements**
  - **Pay-By-App Parking Signage**
  - **PCH Mobility Improvement Project (On Hold)**
  - **Hermosa Avenue Green Street**
  - **Street Improvements- Various Locations**
  - **Strand Bikeway and Walkway Improvements a 35<sup>th</sup> Street**
  - **Annual Street Improvements (CIP 190)**
  - **Annual Street Improvements (New) (CIP 191)**
  - **Annual Striping Improvements (New)**





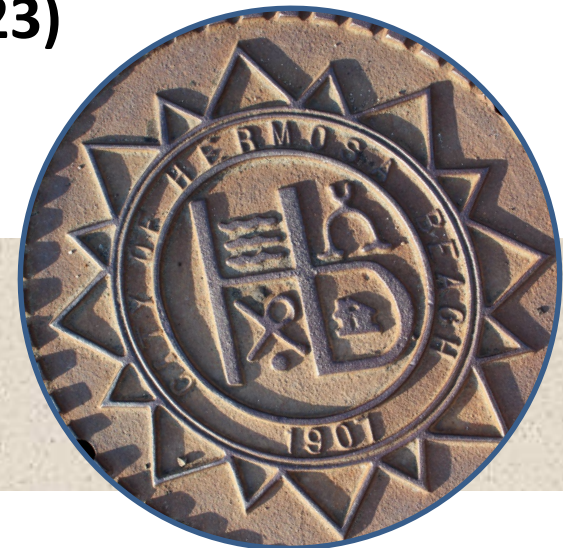
# Capital Improvement Program

- **Street & Highway Improvements- Continued**
  - Pedestrian Crossing Safety Improvements (New)
  - Annual Striping Improvements (NEW)
  - City Sidewalk Improvements (NEW)
  
- **Park Improvements- \$50,000**
  - Park Planting Improvements (NEW)



# Capital Improvement Program

- **Sewer/Storm Drain Improvements- \$5,609,740**
  - **Storm Drain Improvements- Various Locations**
  - **Storm Drain Pipe Screens**
  - **Annual Sewer Improvements (CIP 421)**
  - **Annual Storm Drain Improvements (CIP 422)**
  - **Annual Sewer Improvements (CIP 423)**
  - **Annual Storm Drain Improvements (CIP 424)**





# Capital Improvement Program

- **Public Buildings and Ground Improvements- \$9,079,233**
  - **Prospect Ave Curb Ramps**
  - **South Park Slope and Irrigation Repairs (NEW)**
  - **City Wide ADA Improvements (New)**
  - **Downtown Lighting Improvements**
  - **Downtown Strategic Plan Improvements**
  - **New Corporate Yard Facilities**
  - **Municipal Pier Structural Assessment and Repairs**
  - **Municipal Pier Electrical Repairs**
  - **City Park Restrooms and Renovation**
  - **Parking Lot D Improvements**



# Capital Improvement Program

- **Public Buildings and Ground Improvements- Continued**
  - Emergency Operations Center Renovations
  - Clark Building Renovations
  - 14<sup>th</sup> Street Beach Restroom Construction
  - Parking Lot A Improvements
  - Police Station Improvements
  - ADA Improvements
  - Parking Structure (Lot C) Improvements (NEW)
- **Reconciliation- \$211,068**
  - PCH Traffic Improvements
  - Tree Well Grates





# Capital Improvement Program

- **Studies- \$727,426**

- **Stakeholder- Public Works:**

- Hermosa Ave Greenwich Village Street Realignment Assessment
- Sea Level Rise Risk Assessment
- Greenbelt Accessible Path Assessment
- **City Facilities Condition and Needs Assessment (NEW)**

- **Stakeholder- Community Resources:**

- Citywide Park Master Plan
- Library Community Project Phase II Assessment



# FEMA Public Assistance Grant

- **The City has incurred just under \$782,000 of COVID-19 related expenditures incurred to date.**
  - **The rules for allowable expenses have changed three times during the course of the pandemic, with different reimbursement policies for each of the three periods.**
  - **Staff is actively working with FEMA and Cal OES to maximize the reimbursement of expenses.**
  - **The City has funds set aside from using the CARES Act funding for cover public safety costs at the beginning of the pandemic. Should COVID-19 related expenditures be denied reimbursement by FEMA, the City has approximately \$242,000 available to cover the unbudgeted expenses.**



# City Council Questions/Comments