



Legislation Details (With Text)

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| File #: | REPORT 17-0327 | Version: | 1 | Name: | |
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| File created: | 6/7/2017 | In control: | | City Council | |
| On agenda: | 6/15/2017 | Final action: | | | |
| Title: | ADOPTION OF 2017-18 BUDGET (Finance Director Viki Copeland) | | | | |
| Sponsors: | | | | | |
| Indexes: | | | | | |
| Code sections: | | | | | |
| Attachments: | 1. Request from Chamber of Commerce, 2. Request from Sister City Association, 3. 2017-18 CIP Summary, 4. Reso No 17-xxxx - Budget Adoption, with Exhibit A, 5. Written Communication received May 30 - June 7.pdf, 6. SUPPLEMENTAL Letter from Peggy Barr (added 6-12-17 at 4pm).pdf, 7. SUPPLEMENTAL Memo from Public Works Director Andrew Brozyna regarding Cost Analysis of Public Restrooms (added 6-15-17 at 3pm).pdf, 8. SUPPLEMENTAL Letter from Chamber of Commerce President Kim MacMullan (added 6-15-17 at 3pm).pdf, 9. SUPPLEMENTAL Information submitted by George Barks at meeting.pdf | | | | |

| Date | Ver. | Action By | Action | Result |
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Honorable Mayor and Members of the Hermosa Beach City Council Regular Meeting of June 15, 2017

ADOPTION OF 2017-18 BUDGET (Finance Director Viki Copeland)

Recommended Action:

It is recommended that the City Council:

1. Consider the request from the Chamber of Commerce for \$15,000 to share in the costs of replacing the Christmas tree at the Pier and holiday decorations around the city;
2. Consider the request from the Sister City Association for \$10,000 for the 50th anniversary celebration and rededication of the Loreto Plaza with a new monument;
3. Approve revisions to the Preliminary Budget;
4. Review Budget Workshop Discussion Items from 5/24/17;
5. Approve recommendations from the City Manager regarding the Capital Improvement Program;
6. Hear public testimony regarding the 2017-18 Budget;
7. Approve contracts for services contained herein;
8. Adopt Resolution 17- XXXX, approving the 2017-18 Budget as presented in Exhibit A

(attached to the resolution).

Background:

A budget workshop was held on May 24, 2017. A slide show overview of the operating budget, Capital Improvement Plan and Forecast was presented. Councilmembers reviewed the budget, commented and asked questions of the City Manager, Finance Director and department heads.

(Link to City Budget Page: <http://www.hermosabch.org/index.aspx?page=211>)

Analysis:

Requests from Chamber of Commerce and Sister City Association

The letters of request are attached. Both organizations spoke about their request at the Budget Workshop. Funds in the amount of \$15,000 for the Chamber of Commerce and \$7,500 for the Sister City Association were added to the City Manager budget. The Sister City request was revised to \$10,000 subsequently. If the requests are not approved by City Council, funds will be added to Prospective Expenditures. If the revised total for the Sister City Association is approved, \$2,500 would be added from Prospective Expenditures.

Revisions and Corrections to Preliminary Budget

The following two changes to the preliminary operating budget are reflected in the budget summary attached to the budget resolution. Other formatting and grammatical corrections will be made in the Adopted Budget that do not affect the amounts in the budget summary. As discussed at the Budget Workshop, staff does not plan to update the Priority Based Budgeting system for inclusion in the Adopted Budget.

General Fund

- Move the \$30,000 in funding for the Downtowner Shuttle from the General Fund to the Proposition A Fund since the program is eligible. See Workshop Discussion Items below for further information.

Equipment Replacement Fund (ERF)

- There was consensus at the Budget Workshop to approve the request from Community Services for a change in vehicles from a Kia Niro to a Jeep and for the Police Department to change from a Highlander Hybrid to a Ford 150 Pickup Truck. These changes result in a net change to the ERF of \$10,704.

Budget Workshop Discussion Items from 5/24/17

The following is an update on some items where there were multiple questions from Councilmembers or where status information is needed from staff. Capital Improvement Projects are under a separate title below. The comment or question is in bold and the answer or update from staff is in italics below.

- **Utility User Tax (UUT) decline - Finance will provide a chart on sources of UUT. Information was requested about whether other cities are experiencing the same declines as Hermosa Beach**

The chart and more detailed information regarding UUT revenue will be brought back with the Financial Plan.

- **Signage**

A separate item will come back to City Council on all signage issues including Downtown and PCH designs, entry signs, monument signs, etc.

- **Feedback on Downtowner shuttle, opportunities to partner with Manhattan Beach**

Funding will be changed from the General Fund to the Proposition A Fund as mentioned. Staff explored two (2) shuttle service providers that provide on-demand, short trips mostly in downtown business districts. The Downtowner <<http://www.ridedowntowner.com/>>, and 2) The Free Ride <<http://www.thefreeride.com/santa-monica.phpand>>. Free Ride pays their drivers while the Downtowner drivers rely on passenger tips.

Current CPUC regulations do not allow shuttle service providers to traverse city boundaries, therefore riders would disembark and re-embark at a location on either side of the city borders. Benefits of using the same provider may be limited to the use of the same app and recognition. Staff will meet with shuttle providers again, explore any partnering opportunities and report back to the City Council.

- **Parking Meter Pilot/Other Parking Issues**

Staff will report back to the City Council after the pilot meter project is completed. There were many other comments about parking at the workshop. Since hiring of a parking consultant is part of the Local Coastal Plan grant, staff believes this would be an ideal time to explore all parking issues such as parking permits, meter pricing (including demand pricing), mobile applications and non-metered locations, among others, to develop a parking strategy with a "parking expert".

- **Parking Enforcement until 2 or 3 a.m.**

There appeared to be consensus for later enforcement but not for starting at 8:00 a.m. With the hiring of one Community Services Officer, this program will be implemented.

- **Discussion about business license rates and restaurant encroachment fees**

These items will come back with the Financial Plan.

- **Discussion of Additional Police Officers**

The Police Department is applying for an officer to be funded through the COPS program. If approved, the grant would pay 75% of salary and benefits per officer over a 36 month period up to \$125,000. (not \$125,000 for each year) Cost of an entry level Police Officer is currently \$94,000, therefore the City requirement would be \$157,000 over three years. In addition, the City would be required to keep the officer for an additional 12 months beyond the COPS required 36 months. The Police Department did apply last year but did not make it into the funded group. Notification of application results last year occurred in November. Applications are due July 10th. If the application is approved, it may be that the Police Department would agree to partial use of our annual COPS allocation of \$100,000 toward the cost of the officer. This allocation in the past has been used only for purchase of additional equipment, software, etc. rather than to fund salaries and benefits. When the City receives notification from COPS, staff will return with a recommendation if the grant is received. The City is not bound to accept the grant simply because we have applied.

- **Update Regarding Accela Automation Land Management and Permitting System**

Staff will provide an update separately to the City Council.

City Manager Recommendations Regarding CIP Budget

The proposed 2017-18 Capital Improvement Program includes 44 individual projects ranging from street, sewer, park and facility improvements totaling \$12,743,110 in capital funding. Of this total, 13 capital projects are newly proposed for this fiscal year and 24 are currently underway in various stages. Following an assessment by the City Manager's Office of departmental capacity, priority needs, sequencing demands and funding constraints, staff is recommending that 7 capital projects originally submitted and discussed during the May 24th budget workshop be postponed for further review. It is evident that some of these projects - such as the 'Greenbelt Decomposed Granite Path' - would benefit significantly from additional public outreach and Council discussion prior to ultimate policy direction. Furthermore, a working group comprised of city staff will be meeting separately to discuss facility projects such as the proposed City Hall/Police Building replacement. Once projects currently underway are completed, staff will reevaluate the possibility of moving forward with additional capital improvement projects. Listed below is a break-down of all capital projects.

New Proposed Projects (FY17/18) (Total: 13)

- 17-186 Street Improvements - Various Locations (Pavement Rehab)

- 17-187 Stamped Concrete Replacement on the Strand
- 17-188 Strand Bikeway and Walkway Improvements at 35th Street
- 17-189 Intersection Improvements - Hermosa Avenue
- 17-416 Sewer Improvements - Various Locations
- 17-417 Storm Drain Improvements - Various Locations
- 17-543 Fort Lots-O-Fun Park Improvements
- 17-546 Citywide Park Improvements
- 15-615 New Corporate Yard Facility
- 15-668 Library Community Needs Assessment Phase I & II (Previously Named "Library Needs Assessment")
- 17-685 Community Services Building Improvements
- 17-687 ADA Improvements at Various Locations
- 17-689 Clark Building Renovations

Underway/Carry-Over Projects (Total: 24)

(Projects listed within this category have remaining prior year funding)

- 12-143 PCH/Aviation Mobility Improvement Project
- 16-159 Street Improvements - 24th St.
- 12-160 PCH Traffic Improvements
- 15-162 Beach Drive Green Alley (Previously named 'Porous Concrete on Beach Dr.)
- 14-168 Bike Friendly Street Improvements (Previously named "Valley Drive Sharrows", "Bike Friendly Routes on 22nd St./Monterey Blvd. & Longfellow Ave.")
- 14-173 8th Street SR2S Improvements
- 16-184 Pacific Coast Highway Sidewalk Improvements
- 16-185 ADA Improvements on PCH Between 2nd St. and 21st St.
- 15-504 Greenbelt Root Barrier System
- 13-538 Citywide Park Master Plan
- 16-540 South Park Phase II
- 16-542 Stormwater/Urban Run-Off Diversion Project on Greenbelt
- 12-609 Downtown Strategic Plan Implementation
- 14-614 Police Facilities Improvements
- 16-629 Municipal Pier Structural Assessment and Repairs
- 15-634 Community Center Solar Photovoltaic Installation
- 15-650 Community Center General Improvements - Phase III
- 15-660 Municipal Pier Electrical Repairs
- 15-669 City Park Restroom Renovations (Previously named 'Fort Lots-O-Fun and Seaview Parkette Restrooms'; combined with 'South Park Restroom Renovations', and 'Clark Field Restroom Improvements')
- 15-670 Installation of Grates in Tree Wells on Pier Plaza
- 15-672 Council Chambers Improvements
- 16-675 Pier Plaza Lamp Post Replacement
- 16-682 Electrical Vehicle and Bicycle Transportation Infrastructure Expansion
- 17-683 Bard Street Closure

Proposed On-Hold (Total: 7)

(It is proposed that projects listed within this category be postponed as a result of priority needs, staff capacity and/or funding constraints)

- 16-174 Street Improvements - Various Locations (slurry sealing)
 - Pending master plans for streets, sewers and storm drains. Likely to begin coordinated effort during 2018-19 fiscal year.
- 17-544 Greenbelt Decomposed Granite Path
 - Additional public outreach and Council discussion recommended.
- 17-545 Clark Stadium Bleachers
 - Staff capacity concerns
- 16-611 City Hall Replacement
 - Working group to reevaluate
- 16-618 Police Building Replacement
 - Working group to reevaluate
- 16-678 Municipal Pier Use Options and Feasibility Study
 - Staff capacity concerns. Needs to be part of larger downtown strategy.
- 17-684 Emergency Operations Center Renovations
 - Staff capacity concerns

Grand Total: 44

Contracts for Services

The following contracts, budgeted in various departments, are for outsourced services or services where particular expertise is required. Rather than submitting them individually on future agendas, we are submitting them en masse. As requested during the discussion on Professional Services over \$30,000 in October 2016, staff is providing comments regarding the satisfaction with the current providers. The contracts are on file for review in the Finance Department.

| <u>DEPARTMENT/CONTRACTOR</u> | <u>SERVICE PROVIDED</u> | <u>TERM/AMOUNT</u> |
|-------------------------------|---|--|
| City Manager | | |
| E. Tseng and Associates, Inc. | 50% Waste Reduction Goals (AB939) Compliance Consultant. Consultant works with the City and Athens Services to develop, design, and implement cost effective waste diversion programs that assist the City in meeting 50% waste reduction goals. Consultant is an expert in this field and has assisted the City in achieving compliance for over a decade. Services provided have been very satisfactory. | |
| | | 7/1/2017-6/30/2020 - \$55,000 (\$18,500/yr.) |
| McGowan Consulting | Municipal Separate Sewer System (MS4) Permit Compliance Consultant. MS4 permit identifies conditions, requirements, and programs that municipalities must implement to protect regional water resources from adverse impacts associated with pollutants in stormwater and urban runoff. Consultant was retained due to familiarity with City's storm water system and is one of the most highly respected consultants in this field. Services provided have been very satisfactory. | |
| | | 7/1/2017-6/30/2018 - \$64,235/yr. |
| Community Development | | |
| Hayer Consultants, Inc. | Plan Checks. The fee is based on thirty four percent (34%) of the City's Plan Check fees collected based on the formula/calculations used by the City. Consultant's staff is thorough, efficient and bring expertise and professionalism to complex building code interpretations. RFP issued in 2010 showed highly competitive prices. Services continue to be exceptional | |
| | | 7/1/2017-6/30/2020 - 34% of fees collected |
| Finance Administration | | |
| Prosum Technology Services | Ongoing network and information technology (IT) support. Firm selected by RFP for network design. Subsequently in-house IT service outsourced to this firm. Contract pricing has remained the same since inception. Services provided have been very satisfactory. | |
| | | 7/1/2017-6/30/2018 - \$12,659 per month. |

Budget Resolution/Summary

The Budget Summary is attached to the budget resolution as “Exhibit A” at the end of this packet. Any changes made by City Council may be incorporated into the motion to approve the budget, with changes to be reflected in the Adopted Budget. The Budget Summary and resolution will be modified according to City Council direction.

Adopted Budget

The Adopted Budget will include all changes, revisions and corrections as previously mentioned. The Budget Message will also be revised to reflect changes and comments from the City Manager. Both the Adopted Budget and the Budget in Brief document will be posted to the website and distributed to departments and City Council who want a printed copy. The Adopted Budget will also be submitted to the Government Finance Officers Association (GFOA) for the budget award program for the fifth time. The award is only good for a one year period.

Attachments:

1. Request from Chamber of Commerce
2. Request from Sister City Association
3. 2017-18 CIP Summary
4. Resolution 17-xxxx 2017-18 Budget Adoption, with Exhibit A - Budget Summary
5. Written Communication received from May 30, 2017 - June 7, 2017

Respectfully Submitted by: Viki Copeland, Finance Director

Concur: Sergio Gonzalez, City Manager