



CITY OF SOUTH GATE BUDGET PRESENTATION

AUGUST 29, 2022



AGENDA

- City Manager Comments
- Proposed Budget Overview
- Department Presentations
- Public Comment
- City Council Questions/Comments

PROPOSED BUDGET FY 22-23

Overview

- ✓ The FY 2022-23 Proposed Budget is balanced.
- ✓ City revenues continue to improve.
- ✓ Budget appropriations reflect City Council goals & priorities.
- ✓ Maintains existing service levels.
- ✓ Restores General Fund Emergency Reserves.

PROPOSED BUDGET FY 22-23

Highlights

- ✓ Incorporates salary and benefit increases for four (4) employee association groups.
- ✓ Adds back funding for Parks and Recreation programs.
- ✓ Provides CIP funding for maintaining and improving the City's infrastructure.
- ✓ Adds new positions to Police, Parks and Recreation, and Public Works.
- ✓ Incorporates costs for new stand-alone Human Resources Department.
- ✓ Adds one-time funding for Information Technology Improvements.
- ✓ Replaces several City vehicles that are significantly passed useful life.

PROPOSED BUDGET MAJOR FUNDS

Revenues by Major Funds

Fund Name	Pre-Pandemic Actuals FY 2018-19	Actuals FY 2020-21	Adopted Budget FY 2021-22	Year-End Estimate FY 2021-22	Proposed Budget FY 2022-23	Change from FY 21-22 Adopted Budget	% Variance vs FY 21-22 Adopted
General Fund	52,982,020	55,443,249	56,084,001	66,590,150	61,779,317	5,695,316	10%
Special Revenues Funds	25,444,506	47,664,439	79,641,045	48,474,382	71,891,143	(7,749,902)	-10%
Enterprise Funds	26,576,921	25,036,103	25,710,833	26,279,589	27,091,375	1,380,542	5%
Internal Service Funds	6,534,471	7,527,620	7,694,923	15,016,186	12,008,704	4,313,781	56%
Successor Agency Funds	5,906,239	5,678,370	5,502,420	6,978,679	5,404,441	(97,979)	-2%
Housing Authority Funds	4,735,597	5,413,752	5,479,550	5,109,272	5,600,279	120,729	2%
Totals	\$122,179,754	\$146,763,533	180,112,772	\$168,448,258	\$183,775,259	\$3,662,487	2%

Note: Excludes Capital Improvement Fund since all the revenues are transfers in from various funds.

PROPOSED BUDGET MAJOR FUNDS

Expenditures by Major Fund

Fund Name	Pre-Pandemic Actuals FY 2018-19	Actuals FY 2020-21	Adopted Budget FY 2021-22	Year-End Estimate FY 2021-22	Proposed Budget FY 2022-23	Change from FY 21-22 Adopted Budget	% Variance vs FY 21-22 Adopted
General Fund	48,971,767	53,093,381	58,043,302	56,553,881	65,602,875	7,559,573	13%
Special Revenues Funds	18,304,787	13,689,271	18,699,037	24,421,302	33,563,363	14,864,326	79%
Enterprise Funds	21,394,522	19,456,869	33,612,917	34,794,543	41,116,746	7,503,829	22%
Internal Service Funds	3,544,742	10,478,807	9,819,795	10,609,364	13,768,027	3,948,232	40%
Successor Agency Funds	2,064,520	1,822,900	5,165,581	2,542,171	5,012,976	(152,605)	-3%
Housing Authority Funds	4,798,278	5,328,657	5,150,959	5,508,504	5,174,549	23,590	0%
Capital Improvement Fund	13,115,604	12,426,056	69,535,722	74,869,153	76,522,595	6,986,873	10%
Totals	112,194,220	116,295,941	200,027,313	209,298,918	240,761,131	40,733,818	20%

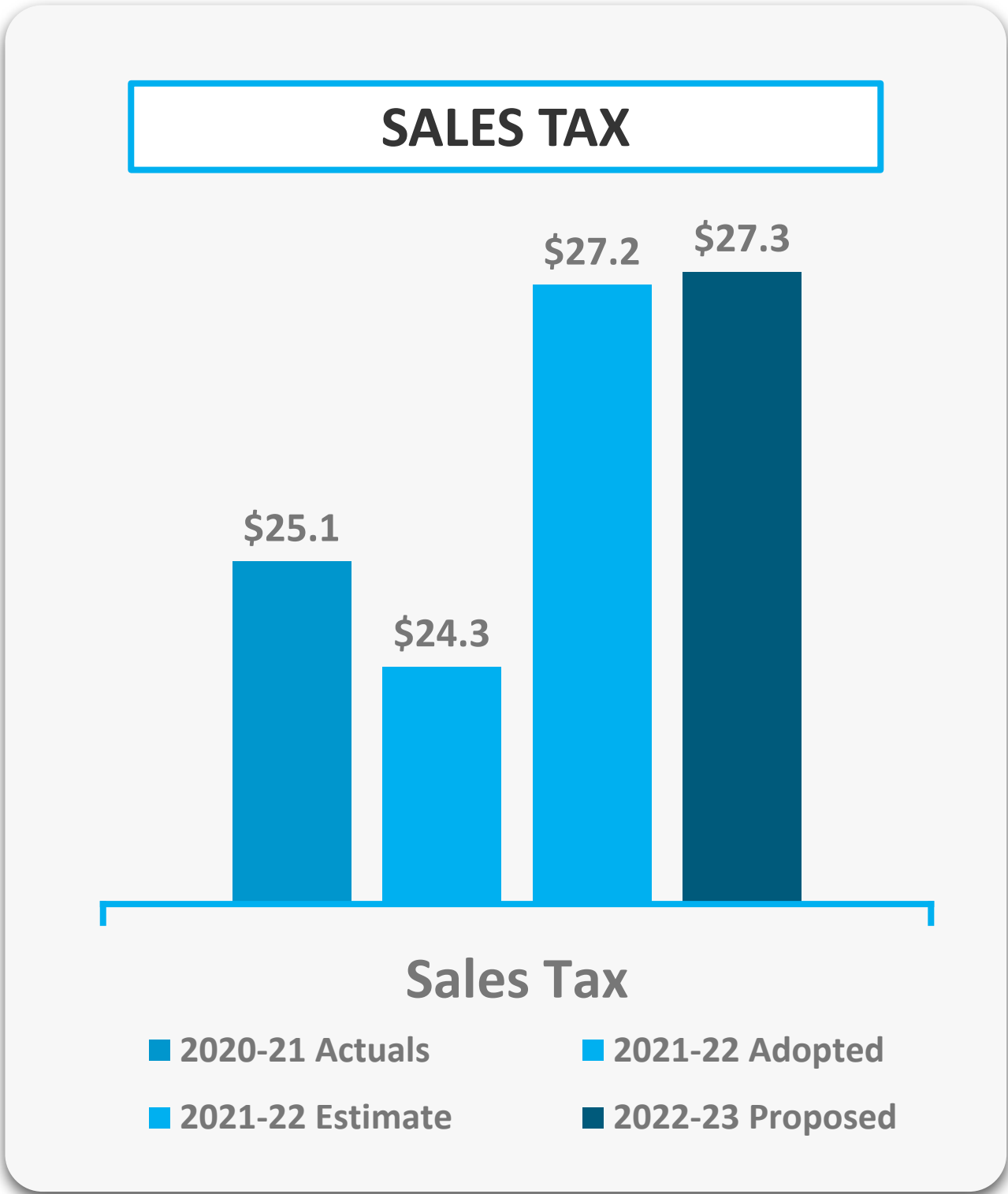
GENERAL FUND

GENERAL FUND OVERVIEW

Revenues by Major Category

Revenue Category	Actuals FY 2020-21	Adopted Budget FY 2021-22	Year-End Estimate FY 2021-22	Proposed Budget FY 2022-23	Change from Adopted Budget	% Variance vs Adopted
Property Tax	15,082,297	15,323,098	15,280,666	15,888,803	565,705	4%
Sales Tax - 1% Bradley Burns	12,769,852	12,325,707	13,831,057	13,928,657	1,602,950	13%
Sales Tax - 1% Measure P Local	12,336,395	11,936,000	13,364,000	13,372,000	1,436,000	12%
Transient Occupancy Tax	473,886	467,209	553,894	570,511	103,302	22%
Business License Tax	1,495,775	1,324,771	1,534,490	1,580,525	255,754	19%
Other Taxes	3,441,972	3,352,288	3,506,673	3,611,874	259,586	8%
Licenses & Permits	1,649,566	1,757,049	1,676,532	1,734,601	(22,448)	-1%
Fines and Forfeitures	1,040,478	1,170,587	1,094,574	1,127,092	(43,495)	-4%
Use of Money & Property	242,236	1,121,002	482,463	1,797,938	676,936	60%
Intergovernmental	2,232,341	85,500	174,331	140,389	54,889	64%
Fees & Charges	1,212,093	2,424,700	1,974,039	3,092,303	667,603	28%
Other Revenue	3,466,358	4,796,090	4,330,357	4,934,624	138,534	3%
ARPA Revenue Loss	-	-	8,787,074	-	-	0%
Totals	\$55,443,249	\$56,084,001	\$66,590,150	\$61,779,317	\$5,695,316	10%

SALES TAX



Sales Tax History

YEAR	ESTIMATE	GROWTH
2017-18	\$21.1M	2.4%
2018-19	\$22.6M	6.8%
2019-20	\$21.2M	-6.2%
2020-21	\$25.1M	18.6%
2021-22 Estimate	\$27.2M	8.3%
2022-23 Proposed	\$27.3M	0.4%

1% Growth Sales = \$273,000

1% allocation from the Bradley-Burns Tax
1% allocation from Local Measure P Tax

PROPERTY TAX

PROPERTY TAX



Property Tax History

YEAR	ESTIMATE	GROWTH
2017-18	\$12.7M	4.5%
2018-19	\$13.3M	5.3%
2019-20	\$14.1M	5.6%
2020-21	\$15.1M	7.1%
2021-22 Estimate	\$15.3M	1.3%
2022-23 Proposed	\$15.9M	4.0%

1% Growth Sales = \$158,900

84% Residential Properties
16% Industrial and Commercial

SERVICE & TAX SURVEY

<u>CITY</u>	<u>POPULATION</u>	<u>POLICE SVCS</u>	<u>FIRE SVCS</u>	<u>LIBRARY SVCS</u>	<u>% OF PROPERTY TAX</u>	<u>UTILITY USER TAX</u>	<u>SPECIAL ASSESSMENT</u>	<u>SALES TAX</u>	<u>PENSION TAX</u>	<u>OTHER FEE/TAX</u>	<u>PER CAPITA \$\$</u>
Pico Rivera	61,422	Sheriff	LACFD	County Library	8.92%	\$3.152 million	\$1.112 million	10.25%	0	0	\$69.39
Paramount	52,447	Sheriff	LACFD	County Library	6.72%	\$3.830 million	0	10.25%	0	0	\$73.02
Downey	112,584	Local	Local	Local	13.97%	\$6.75 million	\$1.941 million	10.00%	0	0	\$77.19
Lynwood	66,723	Sheriff	LACFD	County Library	11.30%	\$5.27 million	\$2.532 million	10.25%	\$3.960 million	0	\$176.28
Norwalk	101,645	Sheriff	LACFD	County Library	9.25%	\$4.396 million	0	10.25%	0	\$2.63million	\$69.12
Bellflower	77,359	Sheriff	LACFD	County Library	6.66%	\$3.00 million	0	10.25%	0	0	\$38.78
Whittier	87,931	Local	LACDF	Local	7.17%	\$7.30 million	0	10.25%	0	\$5.197 million	\$142.12
Montebello	61,622	Local	Local	County Library	9.86%	0	0	10.25%	\$14.541 million	0	\$235.97
Carson	92,362	Sheriff	LACFD	County Library	6.74%	\$8.50 million	0	10.25%	0	0	\$92.02
Gardena	51,821	Local	LACFD	County Library	11.16%	\$4.929 million	0	10.25%	0	0	\$95.11
Average	76,592										\$106.90
South Gate	93,259	Local	LACFD	County Library	6.15%	0	\$2.055 million	10.25%	0	\$1.204 million	\$34.94

Sources:
FY 22-23 Budget
Property Tax - Hdl Report
Population - 2022 CA Finance D
Other - Sewer Fee
Sales Tax - CA DTFA
LACFD - LA County Fire District

GENERAL FUND OVERVIEW

Expenditures by Major Category

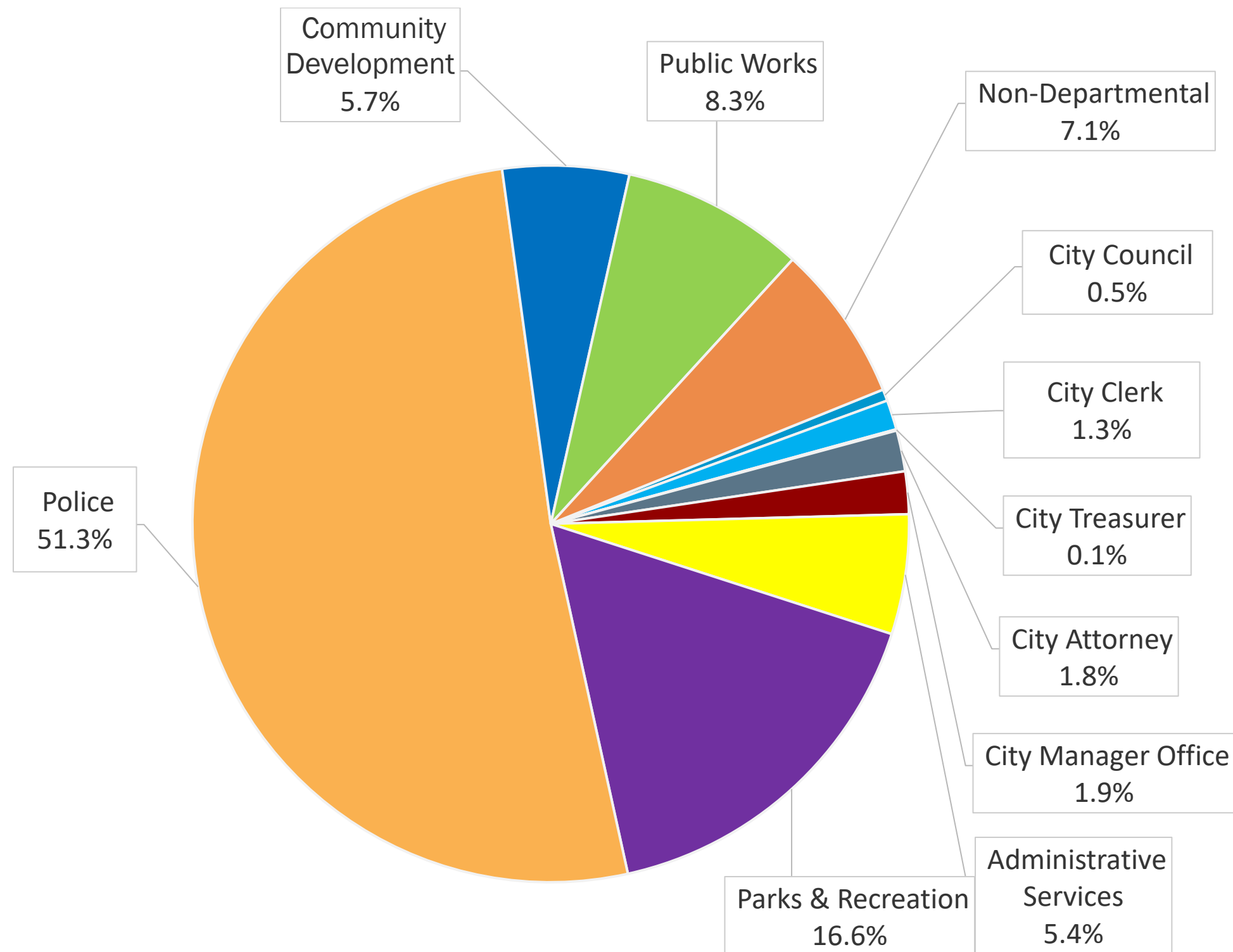
Category	Actuals FY 2020-21	Adopted Budget FY 2021-22	Amended Budget FY 2021-22	Proposed Budget FY 2022-23	Change from Adopted Budget	% Variance vs Adopted Budget
Salaries & Benefits	39,351,224	43,773,977	43,959,546	46,402,866	2,628,889	6%
Supplies & Services	7,232,531	7,938,008	8,315,224	9,298,054	1,360,046	17%
Internal Services	4,268,760	4,257,278	4,257,278	7,296,082	3,038,804	71%
Debt Service	2,192,444	2,017,039	2,017,039	2,216,849	199,810	10%
Capital Outlay	48,422	57,000	57,000	389,024	332,024	582%
Totals	\$53,093,381	\$58,043,302	\$58,606,087	\$65,602,875	\$7,559,573	12%

PROPOSED BUDGET FY 22-23

General Fund Budget Changes

- \$2,347,000 - Labor Agreements Increases
- \$777,871 - Insurance Premiums Increases
- \$670,300 - Pension Costs
- \$448,000 - Vehicle Maintenance
- \$280,000 - November 2022 Elections
- \$135,900 - Parks & Recreations Programs
- \$152,800 - Facilities Maintenance
- \$2,000,000 - Internal Service Funds Allocation Adjustments

General Fund Expenditures by Department



Department	FY 2022-23 Proposed Budget
City Council	\$342,892
City Treasurer	\$38,263
City Clerk	\$876,761
City Attorney	\$1,211,281
City Manager	\$1,259,205
Administrative Services	\$3,545,489
Non-Departmental	\$4,653,530
Parks & Recreation	\$10,870,136
Police	\$33,640,440
Community Development	\$3,742,943
Public Works	\$5,421,935
Total	\$65,602,875

PROPOSED BUDGET FY 22-23

Staffing Changes

Administrative Services

- Add (1) Human Resources Director
- Add (1) Risk Manager
- Reclass (1) Administrative Analyst and (1) Management Analyst to (2) HR Analysts

Parks & Recreation

- Add (1) Community Services Officer (Park Ranger)
- Add (1) Senior Grounds Worker
- Reinstate (1) Park Equipment Mechanic

Public Works Department

- Add (1) Senior Management Analyst
- Add (1) Electrician I
- Eliminate (1) Equipment Mechanic
- Reclass (1) Facilities Maintenance Tech II to (1) General Maintenance Lead

Police Department

- Add (1) Traffic Police Records Specialist

GENERAL FUND 5-YEAR FORECAST

5-YEAR FINANCIAL FORECAST

GENERAL FUND	Actuals			Forecast					
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Est. Beginning Fund Balance				\$12,721,861	\$20,395,647	\$1,284,646	(\$3,181,172)	(\$8,527,372)	(\$13,657,272)
Revenues									
Property Tax	13,335,824	14,078,869	15,082,297	15,280,666	15,888,800	16,404,000	16,933,600	17,479,700	18,042,900
Sales Tax	22,560,623	21,162,524	25,106,247	27,195,057	27,300,700	27,660,882	28,214,100	29,060,500	29,932,300
Other Taxes	5,256,200	5,145,428	5,411,633	5,595,057	5,762,900	5,527,700	5,581,100	5,682,700	5,786,600
Permits	1,355,596	1,988,477	1,649,566	1,676,532	1,734,600	1,754,100	1,776,200	1,815,200	1,869,400
Fines & Forfeitures	1,296,563	1,418,757	1,040,478	1,094,574	1,127,150	1,138,400	1,149,700	1,184,100	1,219,500
Use of Money & Property	1,672,319	1,148,122	242,237	482,463	1,797,900	1,807,100	1,815,900	1,825,100	1,834,600
Intergovernmental	328,896	283,239	2,232,340	174,331	140,300	140,500	140,500	140,500	140,500
Fees & Charges	2,538,836	1,731,802	1,212,093	1,974,039	3,092,300	3,087,300	3,098,400	3,132,200	3,166,900
Other Revenues	4,637,162	3,998,230	3,466,358	13,117,431	4,934,667	4,975,800	5,017,400	5,143,500	5,273,400
Total Revenues	52,982,020	50,955,449	55,443,249	66,590,150	61,779,317	62,495,782	63,726,900	65,463,500	67,266,100
						1%	2%	3%	3%
Expenditures									
Salaries & Benefits	\$35,712,594	\$38,492,866	\$39,351,224	\$43,959,546	\$46,402,866	\$48,260,100	\$49,953,600	\$51,609,200	\$53,336,800
Supplies & Services	\$7,518,214	\$7,833,221	\$7,232,531	\$8,315,224	\$9,298,054	\$9,147,300	\$9,517,300	\$9,334,500	\$9,729,400
Internal Services	\$3,086,432	\$4,283,443	\$4,268,760	\$4,257,278	\$7,296,082	\$7,341,500	\$7,387,800	\$7,435,300	\$7,483,900
Debt Service	\$2,252,520	\$2,211,482	\$2,192,444	\$2,017,039	\$2,216,849	\$2,212,700	\$2,214,400	\$2,214,400	\$2,214,400
Capital Outlay	\$402,007	\$26,944	\$48,422	\$57,000	\$389,024	\$0	\$0	\$0	\$0
Total Expenditures	\$48,971,767	\$52,847,956	\$53,093,381	\$58,606,087	\$65,602,875	\$66,961,600	\$69,073,100	\$70,593,400	\$72,764,500
						2%	3%	2%	3%
Net Revenues Over (Under) Expenditures	4,010,253	(1,892,507)	2,349,868	7,984,063	(3,823,558)	(4,465,818)	(5,346,200)	(5,129,900)	(5,498,400)
Est. Year-End Savings				\$2,052,206					
Transfer Out for CIP				(\$2,681,375)	(\$2,648,998)				
Fund Balance Coverage				(\$8,681,108)	(\$4,526,750)				
Transfer to Reserves				\$9,000,000	(\$8,000,000)				
Adjustments to Proposed					(\$111,695)				
Est. Ending Fund Balance				\$20,395,647	\$1,284,646	(\$3,181,172)	(\$8,527,372)	(\$13,657,272)	(\$19,155,672)

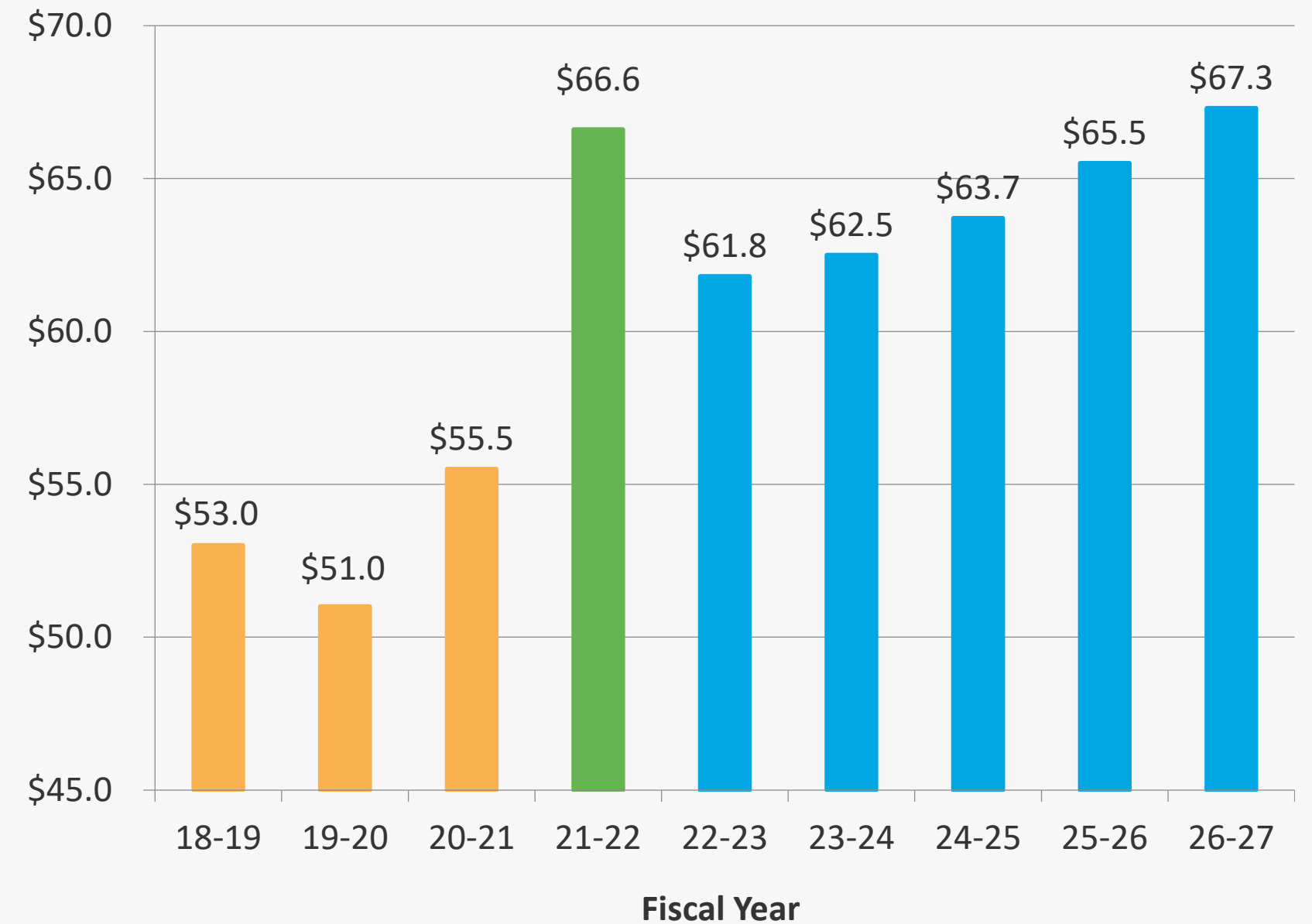
REVENUE ASSUMPTIONS

TYPE	FY 22-23	FY 23-24	FY 24-25	FY 25-36	FY 26-27
Prop Tax	4%	3%	3%	3%	3%
Sales Tax	1%	1%	2%	3%	3%
Other Taxes	3%	-4%	1%	2%	2%
Permits	3%	1%	1%	3%	3%
Fines & Forfeitures	3%	1%	1%	3%	3%
Fees & Charges	57%	1%	1%	3%	3%

Variance Explanations:

- Economists are predicting a mild recession in the next twelve to eighteen months
- Property and Sales Tax are based on projections from HDL
- Other Taxes decreased due to the reduction of South Gate waste being transferred through WM's Transfer Station
- Fees & Charges was increased in FY 2022-23 due to Parks & Recreation programs returning to pre-pandemic levels and updated fees for Community Development

General Fund – Revenue (in millions)

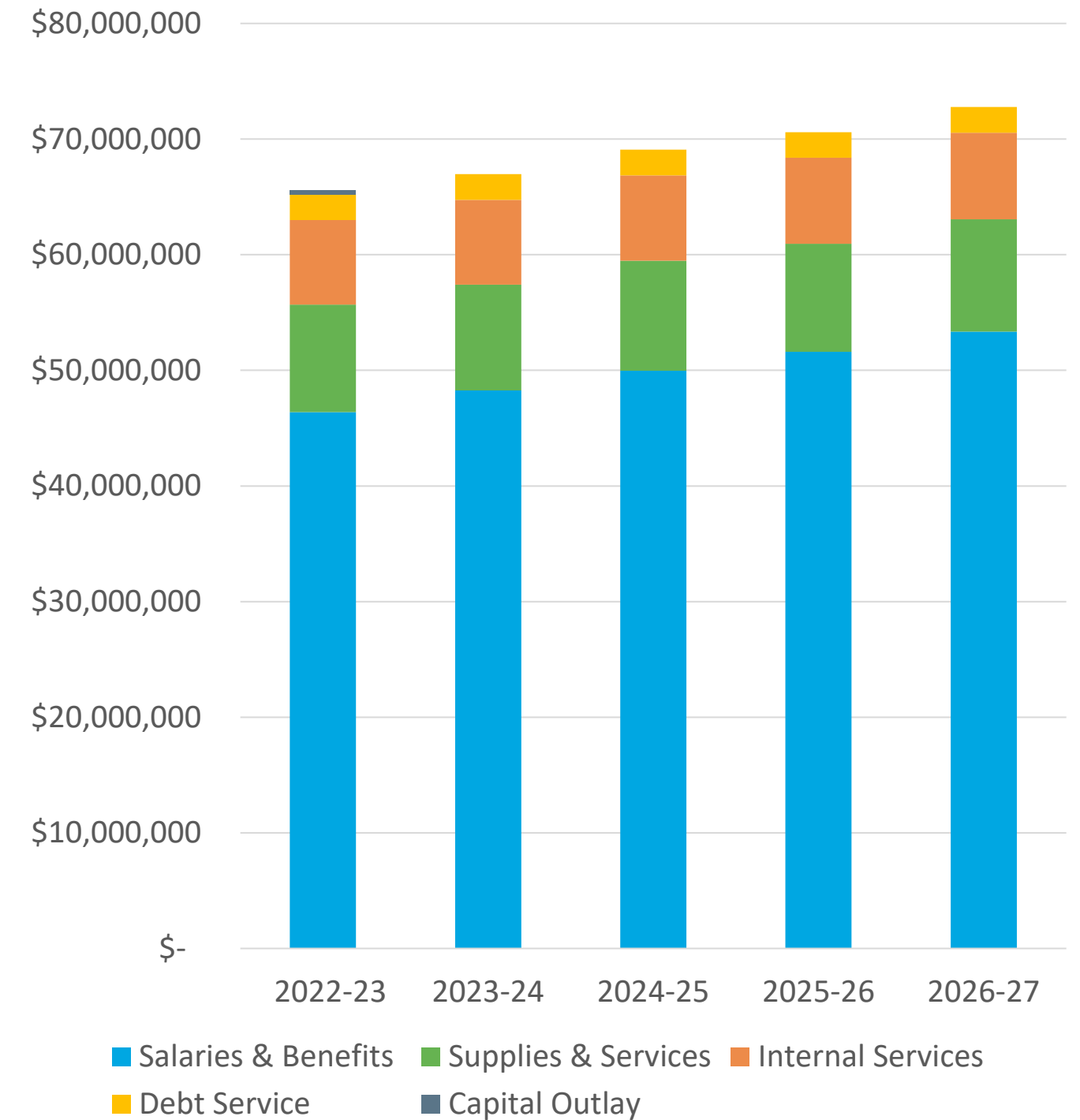


EXPENDITURE ASSUMPTIONS

Category	2022-23	2023-24	2024-25	2025-26	2026-27
Salaries & Benefits	\$ 46,402,866	\$ 48,260,100	\$ 49,953,600	\$ 51,609,200	\$ 53,336,800
Supplies & Services	9,298,054	9,147,300	9,517,300	9,334,500	9,729,400
Internal Services	7,296,082	7,341,500	7,387,800	7,435,300	7,483,900
Debt Service	2,216,849	2,212,700	2,214,400	2,214,400	2,214,400
Capital Outlay	389,024	-	-	-	-
Totals	\$ 65,602,875	\$ 66,961,600	\$ 69,073,100	\$ 70,593,400	\$ 72,764,500

Assumptions:

- Salary increases based on TAs with MEA, PMMA, POA, and PMA. 2.5% increases after agreements expire.
- Incorporates employee cost sharing towards employer's CalPERS contribution for retirement costs
- 8% increase in UAL Pension Costs (roughly \$600K/year)
- Supplies are increased by 3% in FY22-23, 1% in both FY23-24 and FY24-25, and 3% in subsequent years.
- Debt Service is based on actual debt service schedule.



GENERAL FUND RESERVES

RESERVE BALANCES AS OF JUNE 30, 2023

UNASSIGNED/UNRESTRICTED RESERVES
\$1,284,646

COMMITTED RESERVES

\$17,000,000

Reserves to assist City with maintaining essential services during a significant event impacting the economy and City operations.

NON-SPENDABLE RESERVES

\$2,024,023

Reserves for inventories, note receivables, and advances to other funds.

RESTRICTED RESERVES

\$281,933

Reserves to be used for debt service.

ASSIGNED RESERVES

\$3,482,023

Reserves to be used for capital projects.

GENERAL FUND RESERVES

	Unassigned	Committed Reserves					Non-Spendable Category	Restricted	Assigned	Total
		Emergency Reserve	Employment Resource Center	Budget Stabilization	OPEB Section 115 Trust	Revolving Loan Program				
Fund Balance as of June 30, 2021	12,721,861	10,000,000	1,870,000	6,000,000	1,000,000	1,000,000	24,009,023	281,933	3,482,023	60,364,840
FY 2021-22 Estimated Revenues	66,590,150									66,590,150
FY 2021-22 Estimated Expenditures	(58,606,087)									(58,606,087)
FY 2021-22 Transfers Out (FB Coverage)	(8,681,108)									(8,681,108)
FY 2022-23 Transfers In Reserves	9,000,000									9,000,000
FY 2022-23 Transfers Out Reserves		(8,000,000)	(1,870,000)			(1,000,000)				(10,870,000)
FY 2021-22 Transfers Out CIP	(2,681,375)									(2,681,375)
FY 2021-22 June 28 CC Meeting	-						(21,985,000)			(21,985,000)
FY 2021-22 Est. Year-End Savings	2,052,206									2,052,206
Fund Balance as of June 30, 2022	20,395,647	2,000,000	-	6,000,000	1,000,000	-	2,024,023	281,933	3,482,023	35,183,626
FY 2022-23 Estimated Revenues	61,779,317									61,779,317
FY 2022-23 Estimated Expenditures	(65,602,875)									(65,602,875)
FY 2021-22 Transfers In (FB Coverage)	31,151									31,151
FY 2021-22 Transfers Out (FB Coverage)	(4,557,901)									(4,557,901)
FY 2022-23 Transfers Out Reserves	(8,000,000)									(8,000,000)
FY 2022-23 Transfers In Reserves	-	8,000,000								8,000,000
FY 2022-23 Transfers Out CIP	(2,648,998)									(2,648,998)
Adjustments to Proposed Budget	(111,695)									(111,695)
Fund Balance as of June 30, 2023	1,284,646	10,000,000	-	6,000,000	1,000,000	-	2,024,023	281,933	3,482,023	24,072,625

INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

Insurance Fund

- Risk management employee salaries
- Insurance premiums
- Claim expenses
- Retiree Medical Insurance

Fleet Management (Vehicle Maintenance) Fund

- Fleet employee salaries
- Vehicle repairs and supplies
- Fuel

Information Systems Fund

- IT employee salaries
- IT Master Plan
- Hardware and software
- Police Radio Lease

Capital Asset & Equipment Replacement Fund

- Vehicle replacement
- Large equipment replacement

Building Maintenance & Infrastructure Fund

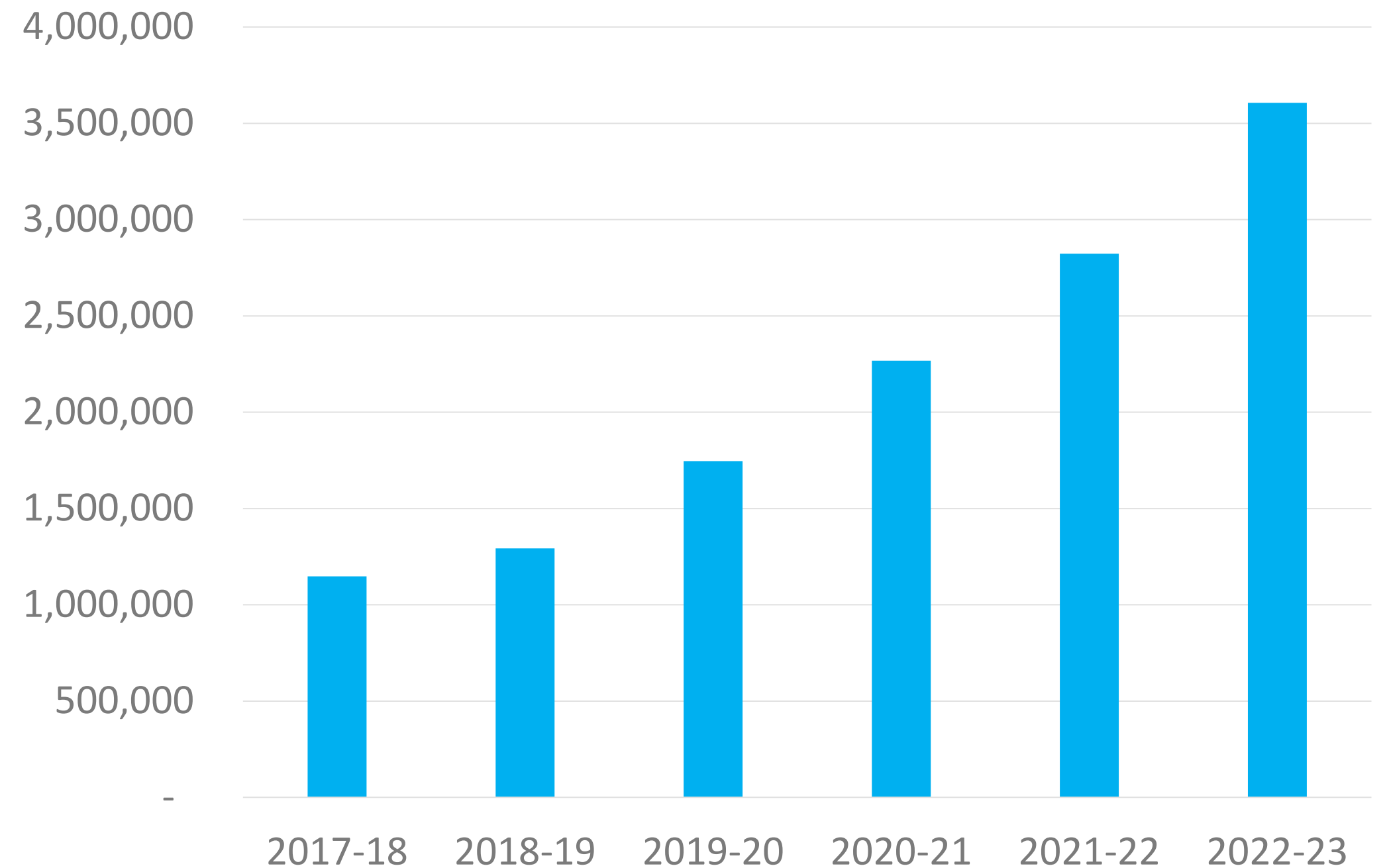
- Building improvements

INSURANCE PREMIUMS

ICRMA Insurance Premiums

YEAR	AMOUNT	% CHANGE
2013-14	\$847,973	12%
2014-15	\$818,268	-4%
2015-16	\$985,342	20%
2016-17	\$1,203,751	22%
2017-18	\$1,147,510	-5%
2018-19	\$1,292,942	13%
2019-20	\$1,746,393	35%
2020-21	\$2,267,492	30%
2021-22	\$2,823,021	24%
2022-23	\$3,605,892	28%

ICRMA Insurance Premium Costs



OTHER MAJOR FUNDS

ENTERPRISE FUNDS

WATER FUND

- Revenue \$20,563,664
- Expenditures \$19,082,377
- Capital \$15,139,697

- Fiscal Policies – Operational Reserves and Capital Fund
- Established Lease Schedule

SEWER FUND

- Revenues \$1,204,380
- Expenditures \$1,944,296
- Capital \$799,703

- Discharged \$21.9M Sewer Loan
- Established Lease Schedule
- Sewer Rate Study

REFUSE FUND

- Revenues \$4,523,628
- Expenditures \$4,150,673

- Used to collect fees for Solid Waste services and curbside collection.

STREET AND TRANSPORTATION FUNDS

Gas Tax Fund and SB1 (Road Maintenance and Rehabilitation Account) Fund

- Revenues received from excise taxes on gasoline and diesel fuel, sales taxes on gasoline and diesel fuel and registration taxes on motor vehicles
- Revenues must be spent on street related construction and/or maintenance projects

	Actuals		Forecast					
Gas Tax Fund (212)	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Est. Beginning Fund Balance			\$535,299	\$2,033,811	\$2,714,720	\$3,387,924	\$4,047,400	\$4,741,154
Revenues	2,076,608	2,099,436	2,506,693	2,793,379	2,821,313	2,849,526	2,935,012	3,023,062
Total Revenues	2,076,608	2,099,436	2,506,693	2,793,379	2,821,313	2,849,526	2,935,012	3,023,062
Expenditures								
Salaries & Benefits	1,691,998	18,289	456,355	1,317,837	1,363,961	1,398,060	1,433,012	1,468,837
Supplies & Services	136,068	72,297	117,772	408,626	412,712	416,839	429,345	442,225
Internal Services	709,122	-	419,975	367,758	371,436	375,150	378,901	382,690
Capital Projects	41,431	-	14,079	18,249	-	-	-	-
Total Expenditures	2,578,619	90,586	1,008,181	2,112,470	2,148,109	2,190,050	2,241,258	2,293,752
Net Revenues Over (Under)	(502,011)	2,008,850	1,498,512	680,909	673,204	659,476	693,754	729,310
Est. Ending Fund Balance	(\$1,448,294)	\$535,299	\$2,033,811	\$2,714,720	\$3,387,924	\$4,047,400	\$4,741,154	\$5,470,463
	Actuals		Forecast					
SB1 RMRA Fund (215)	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Est. Beginning Fund Balance			\$3,948,652	\$5,792,506	\$619,575	\$1,042,929	\$1,513,766	\$2,027,729
Revenues	1,852,858	1,810,854	2,023,854	2,226,093	2,248,354	2,270,837	2,338,963	2,409,131
Total Revenues	1,852,858	1,810,854	2,023,854	2,226,093	2,248,354	2,270,837	2,338,963	2,409,131
Expenditures								
Salaries & Benefits	-	-	-	-	-	-	-	-
Supplies & Services	-	-	-	-	-	-	-	-
Internal Services	-	-	-	-	-	-	-	-
Capital Projects	527,502	662,695	180,000	7,399,024	1,825,000	1,800,000	1,825,000	1,825,000
Total Expenditures	527,502	662,695	180,000	7,399,024	1,825,000	1,800,000	1,825,000	1,825,000
Net Revenues Over (Under) Expenditures	1,325,356	1,148,159	1,843,854	(5,172,931)	423,354	470,837	513,963	584,131
Est. Ending Fund Balance	\$2,800,493	\$3,948,652	\$5,792,506	\$619,575	\$1,042,929	\$1,513,766	\$2,027,729	\$2,611,860

STREET AND TRANSPORTATION FUNDS

Prop A and Prop C Funds

- ½ cent sales tax for Prop A and ½ cent sales tax for Prop C
- Both are administered through Metropolitan Transit Authority (MTA/Metro)
- Funds must be used in developing and/or improving local public transit, paratransit, and related transportation infrastructure
- Prop C is more flexible in that funds can also be used for street/traffic signal improvements

	Actuals		Forecast					
Prop A Fund (221)	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Est. Beginning Fund Balance			\$3,522,575	\$4,571,864	\$5,195,069	\$5,819,422	\$6,446,861	\$7,102,126
Revenues	2,366,279	2,214,310	2,763,549	2,818,952	2,847,142	2,875,613	2,961,881	3,050,738
Total Revenues	2,366,279	2,214,310	2,763,549	2,818,952	2,847,142	2,875,613	2,961,881	3,050,738
Expenditures								
Salaries & Benefits	160,912	195,104	191,555	203,364	210,482	215,744	221,137	226,666
Supplies & Services	1,558,115	1,148,968	1,061,484	1,603,996	1,620,036	1,636,236	1,685,323	1,735,883
Internal Services	221,901	198,951	461,221	388,387	392,271	396,194	400,156	404,157
Capital Projects	-	447,556	-	-	-	-	-	-
Total Expenditures	1,940,928	1,990,579	1,714,260	2,195,747	2,222,789	2,248,174	2,306,616	2,366,706
Net Revenues Over (Under) Expenditures	425,351	223,731	1,049,289	623,205	624,353	627,439	655,265	684,032
Est. Ending Fund Balance	\$3,331,560	\$3,522,575	\$4,571,864	\$5,195,069	\$5,819,422	\$6,446,861	\$7,102,126	\$7,786,158

	Actuals		Forecast					
Prop C Fund (222)	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Est. Beginning Fund Balance			\$5,842,204	\$7,245,703	\$1,200,585	\$92,151	(\$324,317)	\$73,972
Revenues	1,718,095	1,623,169	2,027,970	1,993,794	2,013,732	2,033,869	2,094,885	2,157,732
Total Revenues	1,718,095	1,623,169	2,027,970	1,993,794	2,013,732	2,033,869	2,094,885	2,157,732
Expenditures								
Salaries & Benefits	-	-	-	-	-	-	-	-
Supplies & Services	87,796	158,708	422,987	637,477	643,852	650,290	669,799	689,893
Internal Services	113,608	23,108	166,600	171,598	173,314	175,047	176,798	178,566
Capital Projects	673,524	335,849	34,884	5,729,837	1,555,000	875,000	100,000	1,425,000
WSAB Light Rail Reserve				1,500,000	750,000	750,000	750,000	510,000
Total Expenditures	874,928	517,665	624,471	8,038,912	3,122,166	2,450,337	1,696,597	2,803,459
Net Revenues Over (Under) Expenditures	843,167	1,105,504	1,403,499	(6,045,118)	(1,108,434)	(416,468)	398,289	(645,727)
Est. Ending Fund Balance	\$4,736,701	\$5,842,204	\$7,245,703	\$1,200,585	\$92,151	(\$324,317)	\$73,972	(\$571,755)

STREET AND TRANSPORTATION FUNDS

Measure R and Measure M Funds

- ½ cent sales tax for Measure R and ½ cent sales tax for Measure M
- Both are administered through Metropolitan Transit Authority (MTA/Metro)
- Funds must be used to finance new transportation projects and programs, and accelerate those already in the pipeline

	Actuals		Forecast					
Measure R Fund (224)	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Est. Beginning Fund Balance			\$4,861,557	\$4,030,446	\$2,626,234	\$2,380,851	\$2,221,570	\$2,391,376
Revenues	1,374,111	1,206,841	1,527,519	1,502,171	1,517,193	1,532,365	1,578,336	1,625,686
Total Revenues	1,374,111	1,206,841	1,527,519	1,502,171	1,517,193	1,532,365	1,578,336	1,625,686
Expenditures								
Salaries & Benefits	235,380	1,870,122	1,605,495	415,138	429,668	440,410	451,420	462,705
Supplies & Services	189,135	289,767	276,141	365,669	369,326	373,019	384,210	395,736
Internal Services	8,665	717,787	358,895	458,992	463,582	468,218	472,900	477,629
Capital Projects	38,261	89,505	118,099	1,666,584	500,000	410,000	100,000	300,000
Total Expenditures	471,441	2,967,181	2,358,630	2,906,383	1,762,575	1,691,646	1,408,529	1,636,070
Net Revenues Over (Under) Expenditures	902,670	(1,760,340)	(831,111)	(1,404,212)	(245,383)	(159,282)	169,806	(10,384)
Est. Ending Fund Balance	\$6,621,895	\$4,861,557	\$4,030,446	\$2,626,234	\$2,380,851	\$2,221,570	\$2,391,376	\$2,380,992

	Actuals		Forecast					
Measure M Fund (225)	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Est. Beginning Fund Balance			\$2,444,716	\$3,553,332	\$2,112,933	\$2,286,440	\$2,445,160	\$2,614,469
Revenues	1,367,745	1,383,602	1,703,138	1,676,560	1,693,326	1,710,259	1,761,567	1,814,414
Total Revenues	1,367,745	1,383,602	1,703,138	1,676,560	1,693,326	1,710,259	1,761,567	1,814,414
Expenditures								
Salaries & Benefits	15,309	79,142	202,399	1,064,148	1,101,393	1,128,928	1,157,151	1,186,080
Supplies & Services	202,420	218,321	375,058	405,358	409,412	413,506	425,911	438,688
Internal Services	8,665	8,665	8,665	8,925	9,014	9,104	9,195	9,287
Capital Projects	304,976	160,787	8,400	1,638,528	-	-	-	140,000
Total Expenditures	531,370	466,915	594,522	3,116,959	1,519,819	1,551,538	1,592,258	1,774,056
Net Revenues Over (Under) Expenditures	836,375	916,687	1,108,616	(1,440,399)	173,507	158,721	169,309	40,358
Est. Ending Fund Balance	\$1,528,028	\$2,444,716	\$3,553,332	\$2,112,933	\$2,286,440	\$2,445,160	\$2,614,469	\$2,654,828

AMERICAN RESCUE PLAN ACT

- \$34,556,473 awarded to City from the ARPA Stimulus Bill
- To date, \$21,746,540 in appropriations has been approved by City Council
- Staff is recommending the following projects/programs to be funded by ARPA for FY22-23:
 - Essential Worker Stipends per Labor Contracts/MOUs - \$1,850,000
 - IT Master Plan - \$856,000
 - Enhance Janitorial Services - \$83,000
 - Sanitary Sewer Relining Project - \$600,000
 - Citywide LED Street Light Conversion - \$600,000
 - Emergency Back-up Generator Project - \$350,000
 - Sports Center Lockers Replacement - \$130,000
 - Food Insecurity Program - \$188,000
 - Mental Health Services - \$175,000
 - Staff Time and Contract Services - \$150,000
 - Hub Cities grant for permit fees - \$35,000
- Remaining Balance of ARPA funds will be \$7,992,723 (includes \$199,790 in Interest Earned)
- Funds must be obligated by December 31, 2024 and expended by December 31, 2026

ADJUSTMENTS TO PROPOSED BUDGET

ADJUSTMENTS TO PROPOSED BUDGET

GENERAL FUND

		Request	
		One-Time	Ongoing
Available Fund Balance Proposed Budget		\$12,026	\$0
1	Additional Projected Year-End Savings	1,384,315	
Updated Available Fund Balance		1,396,341	-
2	Centennial Celebration Initial Planning	(10,000)	
3	Fund Balance Coverage for Street Lighting & Landscaping for Tree Maintenance Contract	(101,695)	
Subtotal Budget Changes		(111,695)	-
Remaining Fund Balance		\$1,284,646	\$0

ARPA FUND

		Request	
		One-Time	Ongoing
Available Fund Balance Proposed Budget		\$8,540,723	\$0
1	Mental Health Services	(175,000)	
2	Food Insecurity Program - North Gate	(188,000)	
3	Add contract services to administer ARPA Programs	(100,000)	
4	Add staff time to administer ARPA Programs	(50,000)	
5	Hub Cities grant for permit fees for tenant improvements to 4370 Tweedy Blvd	(35,000)	
Subtotal Budget Changes		(548,000)	-
Remaining Fund Balance		\$7,992,723	\$0

ADJUSTMENTS TO PROPOSED BUDGET

CDBG FUND

		Request	
		One-Time	Ongoing
Available Fund Balance Proposed Budget		\$636,143	
1	Additional Year-End Savings from CDBG Projects	279,701	
Updated Available Fund Balance		915,844	-
1	Budget Alignment to CDBG Action Plan (Revenues) presented to CC on 6-28-22	442,084	
2	Budget Alignment to CDBG Action Plan (Expenditures) presented to CC on 6-28-22	(1,357,928)	
Subtotal Budget Changes		(915,844)	-
Remaining Fund Balance		\$0	\$0

HOME FUND

		Request	
		One-Time	Ongoing
Available Fund Balance Proposed Budget		\$7,298,144	
1	Budget Alignment to HOME Action Plan (Revenues) presented to CC on 6-28-22	26,475	
2	Budget Alignment to HOME Action Plan (Expenditures) presented to CC on 6-28-22	(801,547)	
Subtotal Budget Changes		(775,072)	-
Remaining Fund Balance		\$6,523,072	\$0

ADJUSTMENTS TO PROPOSED BUDGET

STREETLIGHTING & LANDSCAPING FUND

		Request	
		One-Time	Ongoing
Available Fund Balance Proposed Budget		\$0	\$0
1	Fund Balance Coverage from General Fund for Tree Maintenance Contract	101,695	
2	Tree Maintenance Contract - Proposals	(101,695)	
Subtotal Budget Changes		-	-
Remaining Fund Balance		\$0	\$0

COUNCIL CONSIDERATIONS

COUNCIL CONSIDERATIONS

1. Add two (2) Crossing Guards at LB Blvd/Willow Pl and Santa Fe Ave/Willow - \$27,200
2. Resurfacing north playground at South Gate Park - \$200,000 (est.)
3. Public Works Field Services Assessment Study - \$100,000 (est.)

FUTURE CONSIDERATIONS

FUTURE CONSIDERATIONS

1. City's 3% local contribution for the Metro transit station - \$40M-53M (est.)
2. Replacement of Financial Enterprise Resource Planning (ERP) System - \$2-4M (est.)
3. Roof Replacement for Municipal Auditorium - \$867,000 (est.)
4. HVAC Replacement for Sports Center - \$5.2M (est.)
5. Inflation increases for Capital Improvement Projects
6. Increasing insurance premiums and liability claims

KEY POINTS AND NEXT STEPS

KEY POINTS

- Develop new methodologies for Internal Services Funds and ensure costs are being allocated appropriately.
- Update Fee Schedule to ensure appropriate cost recovery for City services.
- Complete quarterly and mid-year financial reports to include re-estimates for both revenues and expenditures.
- Closely monitor Pension Costs and explore cost-saving measures.
- Maintain General Fund Reserves to ensure the City's financial stability.
- Continue identifying costs efficiencies and seeking new revenue sources.

NEXT STEPS

- Receive budget presentations from City departments
- Provide feedback to the City Manager regarding the Proposed Budget
- On August 30, 2022:
 - Approve Resolution to adopt Municipal Budget for Fiscal Year 2022-23 with any changes.
 - Approve the City's GANN Limit for FY22-23
- Provide City Council Mid-Year Financial Update in Jan/Feb

THANK YOU