



CITY OF SOUTH GATE BUDGET PRESENTATION

JUNE 20, 2023



AGENDA

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

PROPOSED BUDGET FY 23-24

Overview

- ✓ The FY 2023-24 Proposed Budget is balanced.
- ✓ City revenues continue to improve.
- ✓ Budget appropriations reflect City Council goals & priorities.
- ✓ Maintains existing service levels.
- ✓ Invests in City infrastructure and technology.

PROPOSED BUDGET FY 23-24

Highlights

- ✓ Incorporates salary and benefit increases per the MOUs.
- ✓ Adds new positions to Police, Community Development, Admin Services and Public Works.
- ✓ Provides CIP funding for maintaining and improving the City's infrastructure.
- ✓ Creates new stand-alone Human Resources Department.
- ✓ Adds one-time funding for Police equipment improvements.
- ✓ Includes funding to update the City's cost allocation plans.
- ✓ Adds funding for Computer Information Systems improvements.

PROPOSED BUDGET MAJOR FUNDS

Revenues by Major Funds

Fund Name	Actuals FY 2020-21	Actuals FY 2021-22	Adopted Budget FY 2022-23	Year-End Estimate FY 2022-23	Proposed Budget FY 2023-24	Change from FY 22-23 Year-End Estimate	% Variance vs FY 21-22 Estimate
General Fund	55,443,249	66,515,843	61,779,317	64,928,892	65,164,884	235,992	0%
Special Revenues Funds	47,664,439	39,849,037	71,891,143	73,476,225	42,989,920	(30,486,305)	-41%
Enterprise Funds	25,036,103	46,059,320	27,091,375	24,266,084	24,417,898	151,814	1%
Internal Service Funds	7,527,620	14,506,137	12,008,704	12,261,114	14,372,665	2,111,551	17%
Successor Agency Funds	5,678,370	6,965,257	5,404,441	5,480,603	5,375,551	(105,052)	-2%
Housing Authority Funds	5,413,752	5,108,053	5,600,279	5,519,617	5,792,108	272,491	5%
Totals	\$146,763,533	\$179,003,647	\$183,775,259	\$185,932,535	\$158,113,026	(\$27,819,509)	-14%

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	Actuals FY 2019-20	Actuals FY 2021-22	Adopted Budget FY 2022-23	Year-End Estimate FY 2022-23	Proposed Budget FY 2023-24	Change from FY 22-23 Adopted Budget	% Variance vs FY 21-22 Estimate
General Fund	53,093,381	65,491,830	65,918,249	63,211,430	67,333,662	1,415,413	2%
Special Revenues Funds	13,689,271	39,894,983	36,372,534	36,556,305	18,896,652	(17,475,882)	-48%
Enterprise Funds	19,456,869	21,222,077	41,171,746	39,899,216	29,289,799	(11,881,947)	-29%
Internal Service Funds	10,478,807	12,055,902	13,783,027	14,198,107	13,918,713	135,686	1%
Successor Agency Funds	1,822,900	3,006,269	5,012,976	4,998,646	5,052,861	39,885	1%
Housing Authority Funds	5,328,657	5,295,358	5,174,549	5,633,154	5,211,434	36,885	1%
Capital Improvement Fund	12,426,056	17,046,464	76,522,595	80,243,577	15,213,000	(61,309,595)	-80%
Totals	\$116,295,941	\$164,012,883	\$243,955,676	\$244,740,435	\$154,916,121	(\$89,039,555)	-36%

Note: FY22-23 Adopted Budget included carryovers from FY21-22.

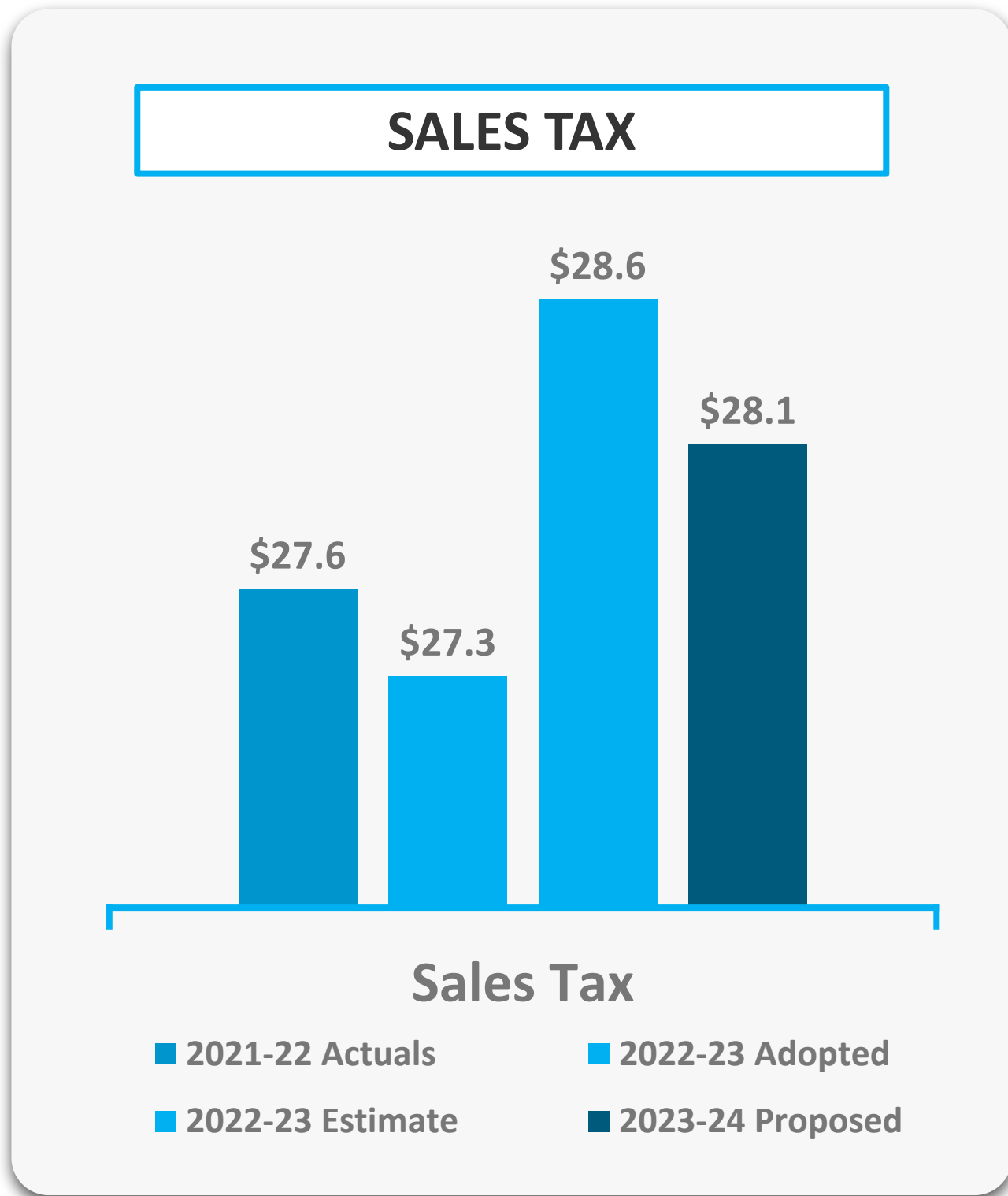
GENERAL FUND

GENERAL FUND OVERVIEW

Revenues by Major Category

Revenue Category	Actuals FY 2021-22	Adopted Budget FY 2022-23	Year-End Estimate FY 2022-23	Proposed Budget FY 2023-24	Change from Year-End Estimate	% Variance vs Estimate
Property Tax	15,462,215	15,888,803	16,136,406	17,010,000	873,594	5%
Sales Tax - 1% Bradley Burns	14,043,557	13,928,657	14,585,000	14,288,000	(297,000)	-2%
Sales Tax - 1% Measure P Local	13,645,787	13,372,000	14,086,000	13,836,000	(250,000)	-2%
Transient Occupancy Tax	556,972	570,511	570,511	561,600	(8,911)	-2%
Business License Tax	1,568,305	1,580,525	1,580,525	1,596,400	15,875	1%
Other Taxes	3,493,782	3,637,333	3,593,457	3,568,200	(25,257)	-1%
Licenses & Permits	1,623,236	1,734,601	1,613,434	1,742,000	128,566	8%
Fines and Forfeitures	1,310,097	1,127,092	1,503,951	1,310,700	(193,251)	-13%
Use of Money & Property	(730,709)	1,797,938	2,128,363	2,485,533	357,170	17%
Intergovernmental	216,631	140,389	223,133	147,500	(75,633)	-34%
Fees & Charges	2,342,110	3,092,303	3,044,723	3,451,170	406,447	13%
Other Revenue	12,983,860	4,934,624	5,863,389	5,167,781	(695,608)	-12%
Totals	\$66,515,843	\$61,804,776	\$64,928,892	\$65,164,884	\$235,992	0.4%

SALES TAX



Sales Tax History

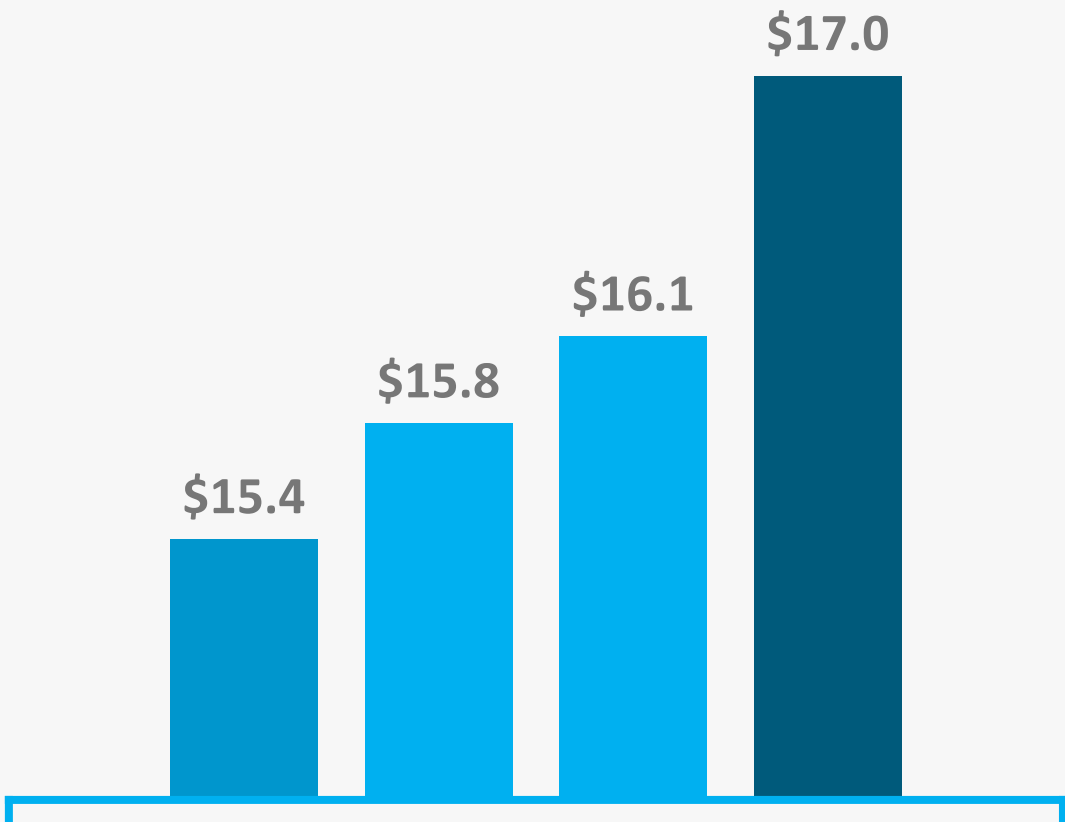
YEAR	ESTIMATE	% CHANGE
2017-18	\$21.1M	2.4%
2018-19	\$22.6M	6.8%
2019-20	\$21.2M	-6.2%
2020-21	\$25.1M	18.4%
2021-22	\$27.6M	8.8%
2022-23 Estimate	\$28.6M	4.8%
2023-24 Proposed	\$28.1M	-1.7%

10.25% Sales Tax Rate

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

PROPERTY TAX

PROPERTY TAX



Property Tax

- 2021-22 Actuals
- 2022-23 Adopted
- 2022-23 Estimate
- 2023-24 Proposed

Property Tax History

YEAR	ESTIMATE	% CHANGE
2017-18	\$12.7M	4.5%
2018-19	\$13.3M	4.7%
2019-20	\$14.1M	6.0%
2020-21	\$15.1M	7.1%
2021-22	\$15.4M	2.0%
2022-23 Estimate	\$16.1M	4.5%
2023-24 Proposed	\$17.0M	5.6%

2% CPI Growth

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	59,871	Sheriff	LACFD	County Library	8.92%	\$4.178 million	\$1.864 million	10.25%	\$0	\$0	\$100.92
Paramount	51,653	Sheriff	LACFD	County Library	6.72%	\$4.711 million	\$0	10.25%	\$0	\$0	\$91.20
Downey	109,934	Local	Local	Local	13.97%	\$8.710 million	\$2.549 million	10.00%	\$0	\$0	\$102.42
Lynwood	64,086	Sheriff	LACFD	County Library	11.30%	\$5.295 million	\$2.532 million	10.25%	\$3.960 million	\$0	\$183.92
Norwalk	98,537	Sheriff	LACFD	County Library	9.25%	\$5.606 million	\$0	10.25%	\$0	\$2.630 million	\$83.58
Bellflower	76,405	Sheriff	LACFD	County Library	6.66%	\$3.600 million	\$0	10.25%	\$0	\$0	\$47.12
Whittier	84,496	Local	LACDF	Local	7.17%	\$7.600 million	\$0	10.25%	\$0	\$5.526 million	\$155.34
Montebello	60,569	Local	Local	County Library	9.86%	\$0	\$0	10.25%	\$15.618 million	\$0	\$257.85
Carson	92,388	Sheriff	LACFD	County Library	6.74%	\$9.500 million	\$0	10.25%	\$0	\$0	\$102.83
Gardena	58,843	Local	LACFD	County Library	11.15%	\$5.962 million	\$0	10.25%	\$0	\$0	\$101.32
Average	75,678								\$0		\$122.65
South Gate	90,926	Local	LACFD	County Library	6.15%	\$0	\$2.000 million	10.25%	\$0	\$1.328 million	\$36.60

Sources:
 2022 Population Estimates - U.S. Census Bureau
 FY 23-24 Proposed Budget (South Gate)
 FY23-24 City Budgets (Various)
 Property Tax - Hdl Report
 Other - Sewer Fee
 Sales Tax - CA DTFA
 LACFD - LA County Fire District

GENERAL FUND OVERVIEW

Expenditures by Major Category

Category	Actuals FY 2021-22	Adopted Budget FY 2022-23	Year-End Estimate FY 2022-23	Proposed Budget FY 2023-24	Change from Adopted Budget	% Variance vs Adopted Budget
Salaries & Benefits	40,533,484	46,413,940	41,819,471	47,144,612	730,672	1.6%
Supplies & Services	8,501,551	9,402,354	10,693,010	9,510,325	107,971	1.1%
Internal Services	4,261,104	7,296,082	7,952,482	8,376,109	1,080,027	14.8%
Debt Service	2,214,397	2,216,849	2,216,849	2,212,616	(4,233)	-0.2%
Capital Outlay	79,031	480,818	529,618	90,000	(390,818)	-81.3%
Transfers Out	9,895,830	108,206	108,206	-	(108,206)	-100.0%
Totals	\$65,485,396	\$65,918,249	\$63,319,636	\$67,333,662	\$1,415,413	2.1%

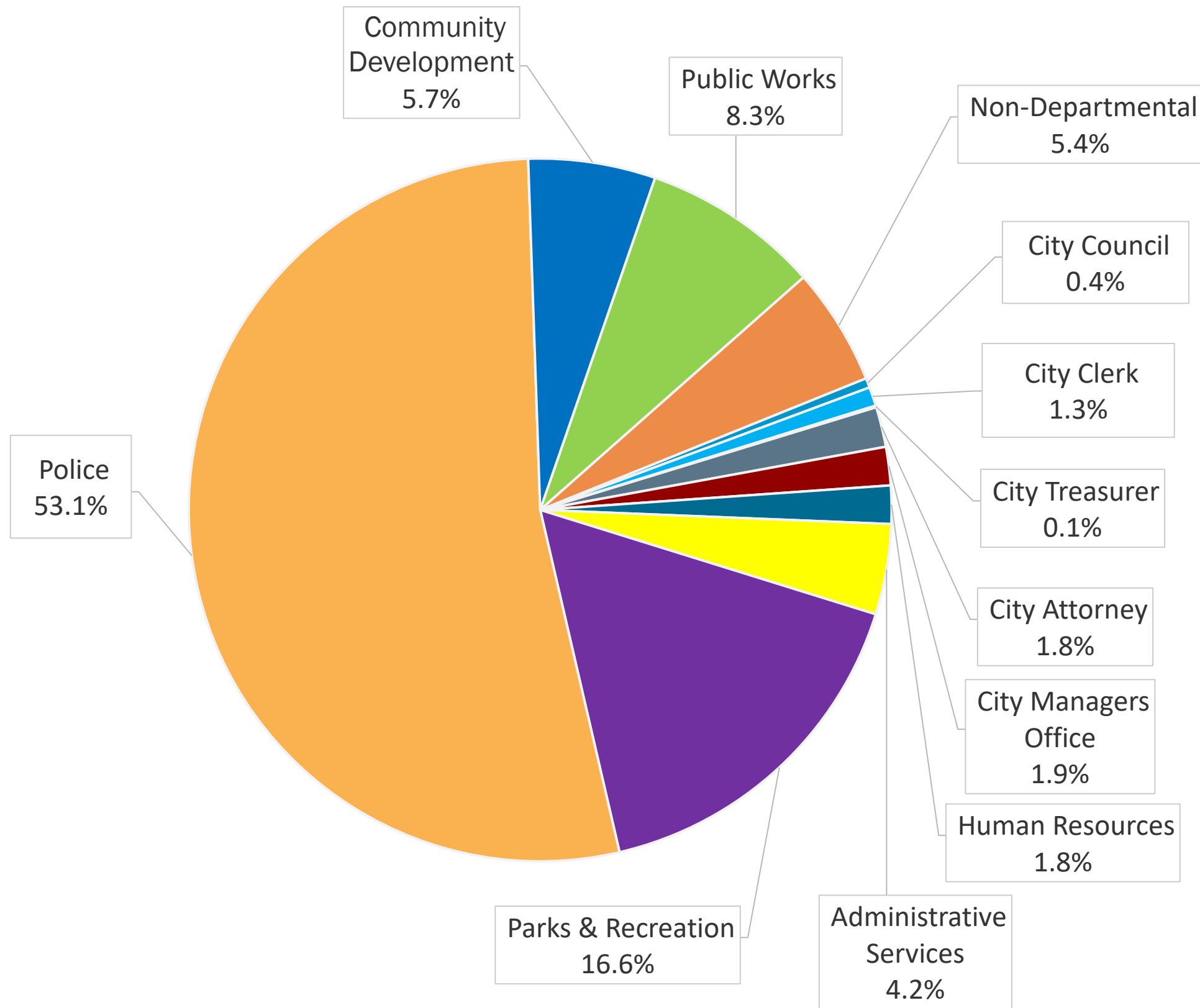
Note: This total does not include the FY23-24 Transfers Out from General Fund to the Capital Improvement Fund of \$2.9M for CIP projects.

PROPOSED BUDGET FY 23-24

General Fund Budget Changes

- \$1,080,027 – Insurance Fund Allocation
- \$781,505 – COLA Salary Increases
- \$108,723 – Misc. Supplies & Services
- \$90,000 – South Gate Park Improvements

General Fund Expenditures by Department



Department	FY 2023-24 Proposed Budget
City Council	\$298,725
City Treasurer	\$53,389
City Clerk	\$585,229
City Attorney	\$1,239,849
City Manager	\$1,188,305
Human Resources	\$1,181,343
Administrative Services	\$2,799,826
Non-Departmental	\$3,637,762
Parks & Recreation	\$11,161,161
Police	\$35,738,391
Community Development	\$3,940,621
Public Works	\$5,509,061
Total	\$67,333,662

FY 23-24 STAFFING CHANGES

Administrative Services

- Add (1) Business License Inspector
- Reclass (1) Customer Service Rep to (1) Sr. Customer Service Rep

Net Change – 1 FTE

Public Works Department

- Add (1) Senior Management Analyst

Net Change – 1 FTE

Police Department

- Add (2) Police Records Specialists
- Add (1) Court Officer
- Add (1) Public Records Act Technician
- *Add (1) Community Service Officer (Parking Enforcement)
- Add (1) Police Lieutenant
- Reclass (1) Police Officer to (1) Police Sergeant
- Reclass (1) Training Specialist to (1) Training Manager

Net Change – 6 FTE

**Was not included in the FY22-23 Proposed Budget*

FY 23-24 STAFFING CHANGES

Community Development

- Add (1) Associate Planner
- Add (1) Code Enforcement Officer
- Add (1) Housing Specialist
- Add (1) Sr. Secretary
- Reclass (1) Sr. Building Inspector to (1) Building Inspection Supervisor
- Reclass (1) Housing Specialist to (1) Sr. Housing Specialist
- Reclass (1) Sr. Planner to (1) City Planner

Net Change – 4 FTE

Full-Time Position Changes

FY22-23 Total – 331 Full-Time Positions

- Admin Services Net Changes – 1 FTE
- Public Works Net Changes – 1 FTE
- Police Net Changes – 6 FTEs
- Comm Dev Net Changes – 4 FTEs

FY23-24 Total – 343 Full-Time Positions

General Fund Cost Impact \$305,762

Other Funds Cost Impact \$443,046

GENERAL FUND 5-YEAR FORECAST

5-YEAR FINANCIAL FORECAST

GENERAL FUND	Actuals			Estimate	Proposed	Forecast			
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Est. Beginning Fund Balance			\$12,721,861	\$25,503,413	\$6,571,877	\$1,765,881	(\$2,237,783)	(\$6,043,701)	(\$10,462,977)
Revenues									
Property Tax	14,078,869	15,082,297	15,323,098	16,136,406	17,010,000	17,577,494	18,002,544	18,483,764	18,827,136
Sales Tax	21,162,524	25,106,247	27,689,344	28,671,000	28,124,000	28,817,384	29,803,779	30,708,379	31,643,479
Other Taxes	5,145,428	5,411,633	5,758,177	5,744,493	5,726,200	5,782,300	5,838,900	5,896,000	5,953,700
Permits	1,988,477	1,649,566	1,623,236	1,613,434	1,742,000	1,787,000	1,819,000	1,866,300	1,900,700
Fines & Forfeitures	1,418,757	1,040,478	1,310,097	1,503,950	1,310,700	1,323,800	1,363,400	1,404,200	1,446,100
Use of Money & Property	1,148,122	242,237	(727,636)	2,128,363	2,485,533	2,466,233	2,483,533	2,501,333	2,515,233
Intergovernmental	283,239	2,232,340	216,631	223,133	147,500	152,800	154,100	155,400	156,700
Fees & Charges	1,731,802	1,212,093	2,339,037	3,044,723	3,451,170	3,446,870	3,482,870	3,519,970	3,558,170
Other Revenues	3,998,230	3,466,358	4,196,786	5,863,388	5,167,781	4,958,500	5,083,300	5,211,900	5,344,300
Total Revenues	50,955,449	55,443,249	57,728,770	64,928,890	65,164,884	66,312,381	68,031,426	69,747,246	71,345,518
					0%	2%	3%	3%	2%
Expenditures									
Salaries & Benefits	\$38,492,866	\$39,351,224	\$40,539,917	\$41,819,471	\$47,144,612	\$49,199,500	\$50,684,500	\$52,393,100	\$53,992,500
Supplies & Services	\$7,833,221	\$7,232,531	\$8,501,551	\$10,693,010	\$9,510,325	\$9,901,100	\$9,719,000	\$10,114,800	\$9,913,700
Internal Services	\$4,283,443	\$4,268,760	\$4,261,104	\$7,952,482	\$8,376,109	\$8,585,800	\$8,797,000	\$9,014,500	\$9,238,300
Debt Service	\$2,211,482	\$2,192,444	\$2,214,397	\$2,216,849	\$2,212,616	\$2,212,600	\$2,212,600	\$2,212,600	\$2,212,600
Capital Outlay	\$26,944	\$48,422	\$79,034	\$529,618	\$90,000	\$0	\$0	\$0	\$0
Total Expenditures	\$52,847,956	\$53,093,381	\$55,596,003	\$63,211,430	\$67,333,662	\$69,899,000	\$71,413,100	\$73,735,000	\$75,357,100
					7%	4%	2%	3%	2%
Net Revenues Over (Under) Expenditures	(1,892,507)	2,349,868	2,132,767	1,717,460	(2,168,778)	(3,586,619)	(3,381,674)	(3,987,754)	(4,011,582)
Salary Target Turnover					\$1,480,127	\$1,530,732	\$1,572,229	\$1,614,861	\$1,658,655
Transfer Out for CIP				(\$2,948,979)	(\$2,900,000)				
Transfer Out to Reserves				(\$13,100,000)					
Fund Balance Coverage				(\$109,743)					
Street Light Fund Coverage				(\$2,301,698)	(\$1,217,344)	(\$1,247,778)	(\$1,278,972)	(\$1,310,946)	(\$1,343,720)
Sewer Fund Coverage						(\$700,000)	(\$717,500)	(\$735,438)	(\$753,823)
Insurance Fund Coverage				(\$2,188,576)					
Other Net Changes				(\$20,648,996)	(2,637,217)	(\$417,046)	(\$424,243)	(\$431,522)	(\$438,889)
Est. Ending Fund Balance				\$6,571,877	\$1,765,881	(\$2,237,783)	(\$6,043,701)	(\$10,462,977)	(\$14,913,448)
Excls. Fund Balance Coverage					\$1,765,881	(\$290,006)	(\$2,099,451)	(\$4,472,344)	(\$6,825,271)

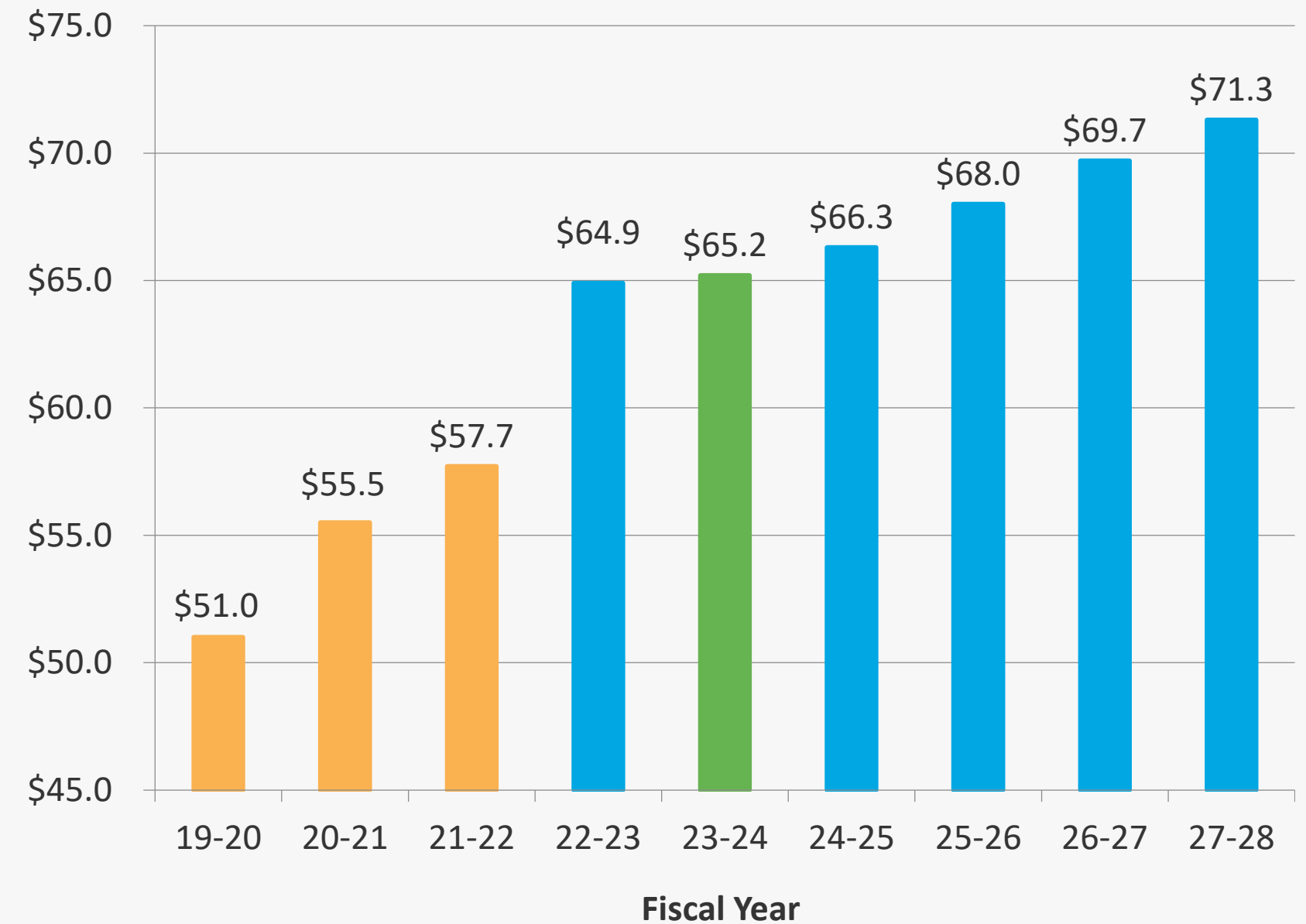
REVENUE ASSUMPTIONS

TYPE	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Prop Tax	5%	2%	2%	3%	3%
Sales Tax	-2%	2.5%	3%	3%	3%
Other Taxes	0%	1%	1%	1%	1%
Permits	8%	3%	2%	3%	2%
Fines & Forfeitures	3%	1%	3%	3%	3%
Fees & Charges	13%	1%	3%	3%	3%

Variance Explanations:

- Economists are predicting growth to slow down in the next twelve months
- Property and Sales Tax are based on projections from HDL
- Other Taxes decreased due to one-time franchise payment in FY22-23 from Torrance Pipeline
- Fees & Charges was increased in FY23-24 due to Parks & Rec programs continuing to return to pre-pandemic levels and Community Development processing more ADU and plan check reviews.

General Fund – Revenue (in millions)

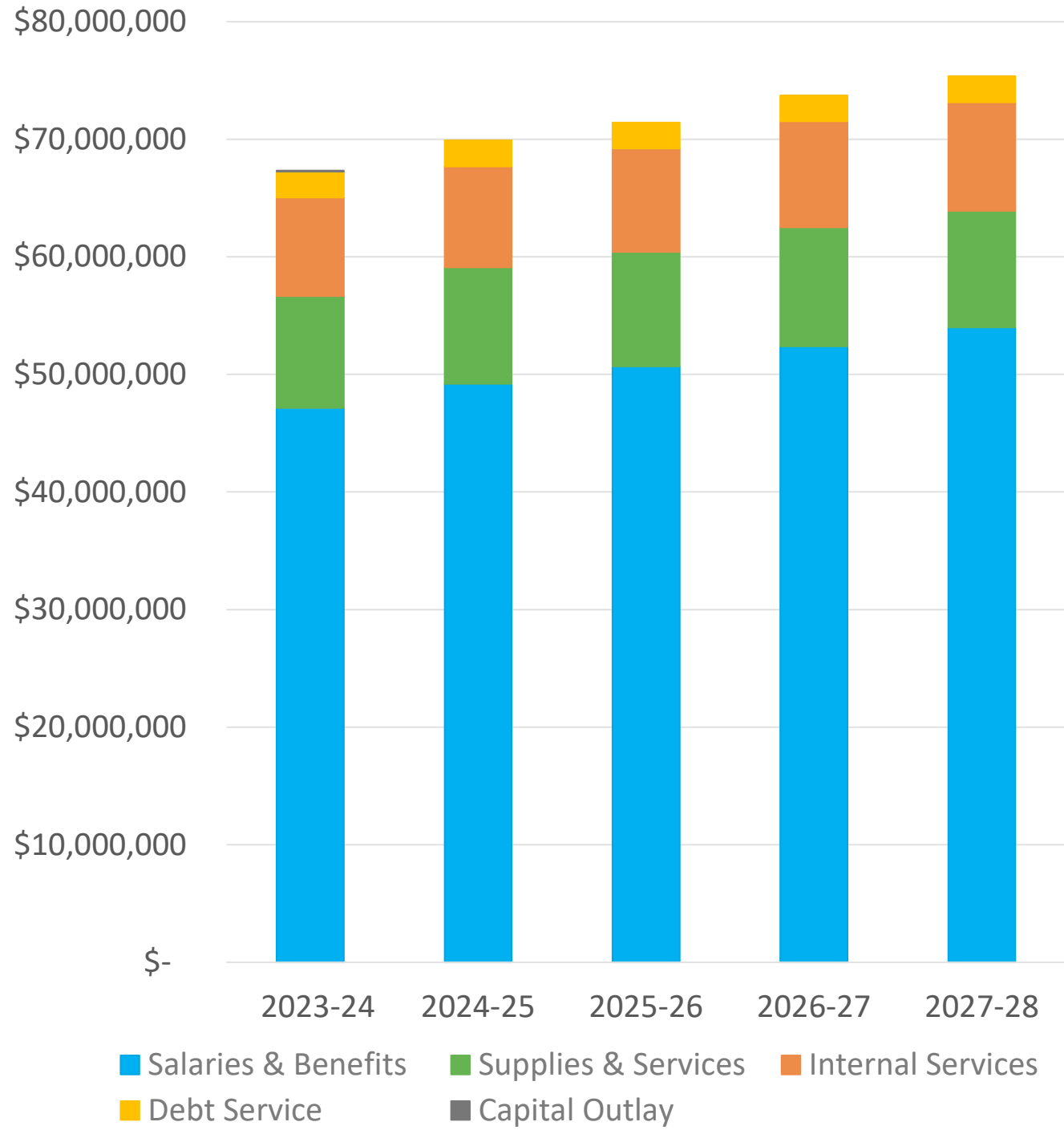


EXPENDITURE ASSUMPTIONS

Category	2023-24	2024-25	2025-26	2026-27	2027-28
Salaries & Benefits	\$ 47,144,612	\$ 49,199,500	\$ 50,684,500	\$ 52,393,100	\$ 53,992,500
Supplies & Services	9,510,325	9,901,100	9,719,000	10,114,800	9,913,700
Internal Services	8,376,109	8,585,800	8,797,000	9,014,500	9,238,300
Debt Service	2,212,616	2,212,600	2,212,600	2,212,600	2,212,600
Capital Outlay	90,000	-	-	-	-
Totals	\$ 67,333,662	\$ 69,899,000	\$ 71,413,100	\$ 73,735,000	\$ 75,357,100

Assumptions:

- Incorporates Bargaining Unit (BU) increases for salaries and benefits
- Incorporates employee cost sharing towards employer’s CalPERS contribution for retirement costs
- Average 7% increase in UAL Pension Costs (11% in FY23-24, 5% in FY24-25, 7% in FY25-26, and 5% in FY26-27)
- Annual increases of 4% in legal services, 3% in utilities, and 1% in various fees and charges.
- Debt Service is based on actual debt service schedule.
- Assumes no change in Capital Outlay and CIP Transfers Out



GENERAL FUND RESERVES

ESTIMATED RESERVE BALANCES AS OF JUNE 30, 2023

TOTAL GENERAL FUND RESERVES
\$34,680,176

UNASSIGNED RESERVES

\$6,571,877

Reserves not committed to a specific use and is readily available for operating and capital costs.

COMMITTED RESERVES

\$20,730,000

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

NON-SPENDABLE RESERVES

\$2,076,194

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

RESTRICTED RESERVES

\$450,082

Reserves to be used for debt service.

ASSIGNED RESERVES

\$4,852,023

Reserves to be used for capital projects.

GENERAL FUND RESERVES

	Unassigned	Committed Reserves					Non-Spendable Category	Restricted (Debt)	Assigned (Capital)	Total
		Emergency Reserve	Employment Resource Center	Budget Stabilization	Pension/OPEB Reserves	Revolving Loan Program				
Fund Balance as of June 30, 2022*	25,503,413	2,000,000	-	6,000,000	1,000,000	-	2,076,194	450,082	3,482,023	40,511,712
FY 2022-23 Estimated Revenues	61,779,317									61,779,317
FY 2022-23 Estimated Expenditures	(65,810,043)									(65,810,043)
FY 2022-23 Transfers In (FB Coverage)	31,151									31,151
FY 2022-23 Transfers Out (FB Coverage)	(4,659,596)									(4,659,596)
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	(2,757,204)									(2,757,204)
Council Appropriations	(648,228)									(648,228)
Mid-Year Adjustments	(2,685,902)	3,000,000			730,000			1,370,000		2,414,098
Est. Year-End Savings	3,818,969									3,818,969
Fund Balance as of June 30, 2023	6,571,877	13,000,000	-	6,000,000	1,730,000	-	2,076,194	450,082	4,852,023	34,680,176
FY 2023-24 Proposed Revenues	64,914,884									64,914,884
FY 2023-24 Proposed Expenditures	(67,333,662)									(67,333,662)
FY 2023-24 Transfers In	250,000									250,000
FY 2023-24 Transfers Out (FB Coverage)	(1,217,344)									(1,217,344)
FY 2023-24 Transfers Out Reserves	-									-
FY 2023-24 Transfers In Reserves	-									-
FY 2023-24 Transfers Out CIP	(2,900,000)									(2,900,000)
Fund Balance as of June 30, 2024	285,755	13,000,000	-	6,000,000	1,730,000	-	2,076,194	450,082	4,852,023	28,394,054

Note: Fund Balance as of June 20, 2022, includes \$1.1 million in adjustments for Investment Gain/loss

CLOSING THE FUND DEFICIT GAP

1. Continue Sewer Rate Adjustments Prop 218 Process
2. Initiate Street Lighting Assessment District Rate Study
3. Conduct Internal Service Fund Study
4. Update Cost Allocation Plan (CAP)
5. Consider a Comprehensive Fee Study
6. Consider Priority-Based Budgeting

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

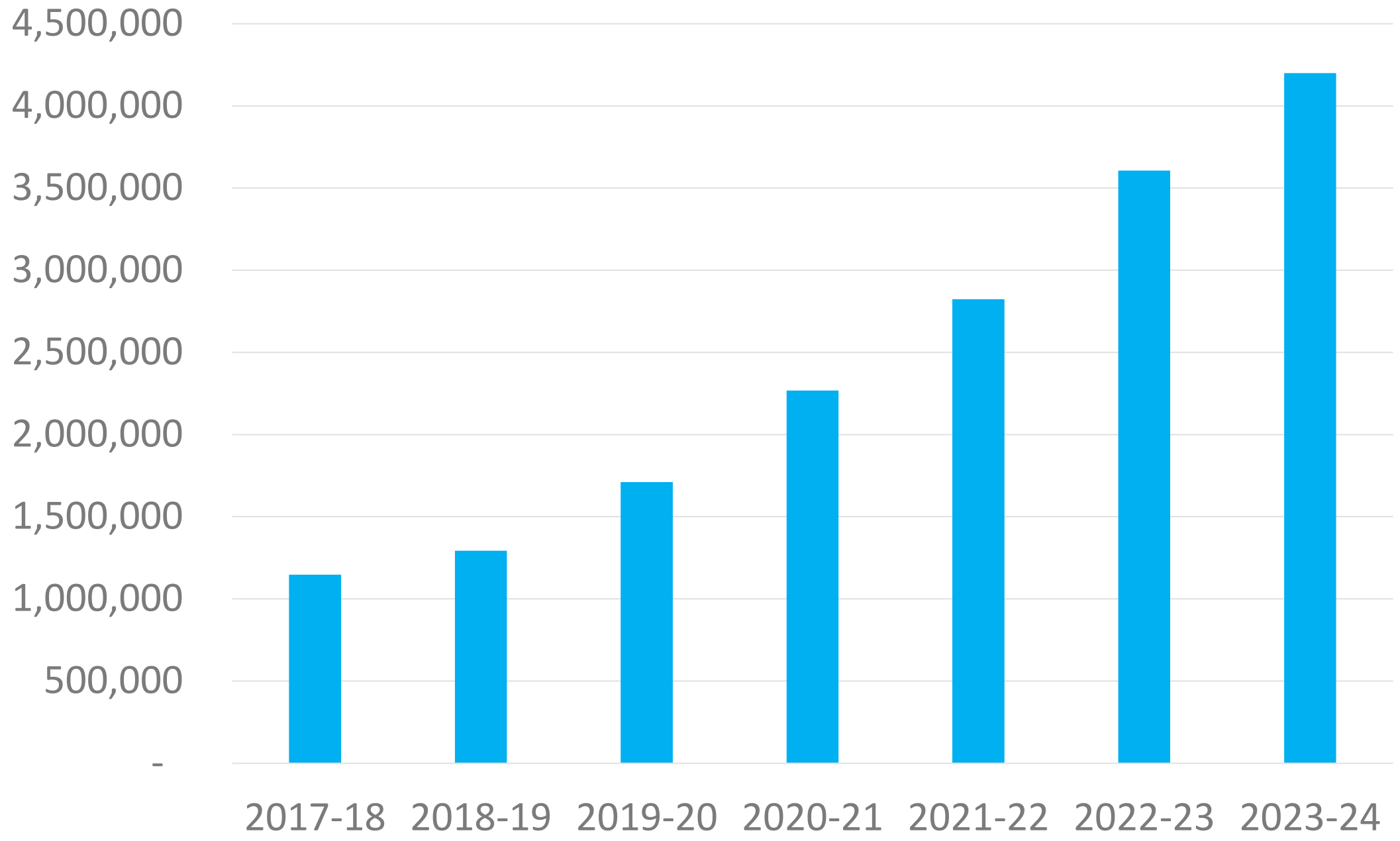
- Building improvements

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%
2023-24	\$4,199,792	16%

Insurance Premium Costs



OTHER MAJOR FUNDS

ENTERPRISE FUNDS

WATER FUND

• Revenue	\$19,676,799
• Expenditures	\$19,675,465
• Capital	\$3,925,000

- Balanced Budget
- Established Lease Schedule

SEWER FUND

• Revenues	\$1,328,099
• Expenditures	\$1,903,736
• Capital	\$3,400,000

- Sewer Rate Study
- ARPA Funds for Capital Projects

REFUSE FUND

• Revenues	\$13,000
• Expenditures	\$385,598

- Previously used to collect fees for Solid Waste services.

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		Estimate	Forecast				
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Gas Tax Fund (212)								
Est. Beginning Fund Balance			\$1,630,375	\$2,267,854	\$3,042,097	\$3,838,350	\$4,608,211	\$5,342,979
Revenues	2,099,436	2,506,693	2,461,403	2,656,150	2,713,307	2,731,382	2,741,878	2,770,952
Total Revenues	2,099,436	2,506,693	2,461,403	2,656,150	2,713,307	2,731,382	2,741,878	2,770,952
Expenditures								
Salaries & Benefits	18,289	456,355	972,552	1,088,502	1,115,715	1,143,607	1,172,198	1,201,503
Supplies & Services	72,297	117,772	462,365	423,849	428,087	440,930	454,158	467,783
Internal Services	-	419,975	367,758	369,556	373,252	376,984	380,754	384,561
Capital Outlay	-	-	14,850	-	-	-	-	-
Capital Projects	-	14,079	6,399	-	-	-	-	-
Total Expenditures	90,586	1,008,181	1,823,924	1,881,907	1,917,054	1,961,522	2,007,110	2,053,847
Net Revenues Over (Under) Expenditures	2,008,850	1,498,512	637,479	774,243	796,254	769,860	734,768	717,105
Est. Ending Fund Balance			\$2,267,854	\$3,042,097	\$3,838,350	\$4,608,211	\$5,342,979	\$6,060,084
SB1 RMRA Fund (215)								
Est. Beginning Fund Balance			\$5,321,250	\$20,649	\$226,834	\$717,091	\$1,585,143	\$2,328,552
Revenues	1,810,854	1,951,381	2,098,423	2,381,185	2,540,257	2,693,053	2,868,409	3,052,721
Total Revenues	1,810,854	1,951,381	2,098,423	2,381,185	2,540,257	2,693,053	2,868,409	3,052,721
Expenditures								
Salaries & Benefits	-	-	-	-	-	-	-	-
Supplies & Services	-	-	-	-	-	-	-	-
Internal Services	-	-	-	-	-	-	-	-
Capital Projects	662,695	180,000	7,399,024	2,175,000	2,050,000	1,825,000	2,125,000	2,225,000
Total Expenditures	662,695	180,000	7,399,024	2,175,000	2,050,000	1,825,000	2,125,000	2,225,000
Net Revenues Over (Under) Expenditures	1,148,159	1,771,381	(5,300,601)	206,185	490,257	868,053	743,409	827,721
Est. Ending Fund Balance			\$20,649	\$226,834	\$717,091	\$1,585,143	\$2,328,552	\$3,156,273

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		Estimate	Forecast				
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2026-27
Prop A Fund (221)								
Est. Beginning Fund Balance			\$4,679,796	\$5,270,182	\$2,729,320	\$3,560,069	\$4,383,836	\$5,199,993
Revenues	2,214,310	2,763,549	2,823,163	3,182,486	3,182,486	3,236,392	3,291,376	3,347,459
Total Revenues	2,214,310	2,763,549	2,823,163	3,182,486	3,182,486	3,236,392	3,291,376	3,347,459
Expenditures								
Salaries & Benefits	195,104	191,555	158,134	343,702	352,295	361,102	370,129	379,383
Supplies & Services	1,148,968	1,061,484	1,586,256	1,588,460	1,604,345	1,652,475	1,702,049	1,753,111
Internal Services	198,951	461,221	388,387	391,186	395,098	399,049	403,039	407,070
Capital Projects	447,556	-	100,000	3,400,000	-	-	-	-
Total Expenditures	1,990,579	1,714,260	2,232,777	5,723,348	2,351,737	2,412,626	2,475,218	2,539,563
Net Revenues Over (Under) Expenditures	223,731	1,049,289	590,386	(2,540,862)	830,749	823,766	816,158	807,896
Est. Ending Fund Balance			\$5,270,182	\$2,729,320	\$3,560,069	\$4,383,836	\$5,199,993	\$6,007,889

	Actuals		Estimate	Forecast				
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2026-27
Prop C Fund (222)								
Est. Beginning Fund Balance			\$4,936,358	\$59,900	\$122,900	(\$585,579)	(\$905,448)	(\$1,486,409)
Revenues	1,623,169	2,027,970	2,228,694	2,310,468	2,310,468	2,355,181	2,400,789	2,447,309
Total Revenues	1,623,169	2,027,970	2,228,694	2,310,468	2,310,468	2,355,181	2,400,789	2,447,309
Expenditures								
Salaries & Benefits	-	-	-	-	-	-	-	-
Supplies & Services	158,708	422,987	408,862	639,241	645,633	665,002	684,952	705,501
Internal Services	23,108	166,600	171,598	171,598	173,314	175,047	176,798	178,566
Capital Projects	335,849	34,884	5,024,692	936,629	1,450,000	1,085,000	1,370,000	1,309,000
WSAB Light Rail Reserve			1,500,000	500,000	750,000	750,000	750,000	750,000
Total Expenditures	517,665	624,471	7,105,152	2,247,468	3,018,947	2,675,050	2,981,750	2,943,067
Net Revenues Over (Under) Expenditures	1,105,504	1,403,499	(4,876,458)	63,000	(708,479)	(319,868)	(580,961)	(495,758)
Est. Ending Fund Balance			\$59,900	\$122,900	(\$585,579)	(\$905,448)	(\$1,486,409)	(\$1,982,167)

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		Estimate	Forecast				
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2026-27
Measure R Fund (224)								
Est. Beginning Fund Balance			\$4,814,590	\$2,716	\$537,088	\$907,860	\$1,541,966	\$2,189,596
Revenues	1,206,841	1,527,519	1,532,921	1,744,251	1,744,251	1,777,786	1,811,992	1,846,882
Total Revenues	1,206,841	1,527,519	1,532,921	1,744,251	1,744,251	1,777,786	1,811,992	1,846,882
Expenditures								
Salaries & Benefits	1,870,122	1,605,495	431,424	233,420	239,256	245,237	251,368	257,652
Supplies & Services	289,767	276,141	198,161	315,669	318,826	328,390	338,242	348,389
Internal Services	717,787	358,895	458,992	460,790	465,398	470,052	474,752	479,500
Capital Outlay	-	-	75,176	-	-	-	-	-
Capital Projects	89,505	118,099	5,181,042	200,000	350,000	100,000	100,000	400,000
Total Expenditures	2,967,181	2,358,630	6,344,795	1,209,879	1,373,479	1,143,679	1,164,362	1,485,541
Net Revenues Over (Under) Expenditures	(1,760,340)	(831,111)	(4,811,874)	534,372	370,772	634,107	647,629	361,340
Est. Ending Fund Balance			\$2,716	\$537,088	\$907,860	\$1,541,966	\$2,189,596	\$2,550,936
Measure M Fund (225)								
Est. Beginning Fund Balance			\$2,588,046	\$1,259,470	\$1,306,373	\$1,166,448	\$1,169,996	\$1,416,584
Revenues	1,383,602	1,703,138	1,697,610	1,937,118	1,937,118	1,975,124	2,013,891	2,053,433
Total Revenues	1,383,602	1,703,138	1,697,610	1,937,118	1,937,118	1,975,124	2,013,891	2,053,433
Expenditures								
Salaries & Benefits	79,142	202,399	1,000,100	1,092,432	1,119,743	1,147,736	1,176,430	1,205,841
Supplies & Services	218,321	375,058	408,457	542,858	548,287	564,735	581,677	599,128
Internal Services	8,665	8,665	8,925	8,925	9,014	9,104	9,195	9,287
Capital Outlay	-	-	45,176	-	-	-	-	-
Capital Projects	160,787	8,400	1,563,528	246,000	400,000	250,000	-	-
Total Expenditures	466,915	594,522	3,026,186	1,890,215	2,077,044	1,971,576	1,767,302	1,814,255
Net Revenues Over (Under) Expenditures	916,687	1,108,616	(1,328,576)	46,903	(139,926)	3,548	246,588	239,177
Est. Ending Fund Balance			\$1,259,470	\$1,306,373	\$1,166,448	\$1,169,996	\$1,416,584	\$1,655,762

AMERICAN RESCUE PLAN ACT

- \$34,556,473 awarded to City from the ARPA Stimulus Bill
- To date, \$30,694,586 in appropriations has been approved by City Council
- Staff is recommending the following projects/programs to be funded by ARPA for FY23-24:
 - Essential Worker Stipends per Labor Contracts/MOUs - \$ 1,032,000
 - IT Master Plan - \$160,000
 - Enhanced (COVID) Janitorial Services - \$82,920
 - Sewer System Relining Improvements - \$3,400,000
 - Emergency Back-up Generator Project - \$1,750,000
- Deobligate \$2.3M in current programs that don't meet ARPA eligibility requirements
- Remaining Balance of ARPA funds will be \$492,342 (includes \$388,593 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

			Appropriate	
			One-time	Ongoing
Available Fund Balance Proposed Budget			\$285,755	
1	Police	SEAACA Contract Amendment Increase		(75,232)
2	Police	Add (1) Community Services Officer (Parking Enforcement)		(78,329)
3	Police	Reduce Part-Time Salaries		12,546
4	Administration	Training Budget for City Clerk and City Treasurer		(11,275)
5	Community Development	Planning Commission Expense and Training		(7,500)
6	Community Development	Training Budget for Planners		(2,000)
7	Community Development	Code Enforcement Promotional Items		(5,000)
8	Non-Departmental	Christmas Decorations for Hollydale Area	(70,000)	(10,000)
Subtotal Budget Changes			(70,000)	(176,790)
Remaining Fund Balance			\$38,965	

Park Enhancement Fund

			Appropriate	
			One-time	Ongoing
Available Fund Balance Proposed Budget			\$330,836	
1	Parks & Recreation	Update Parks Master Plan	(75,000)	
Subtotal Budget Changes			(75,000)	
Remaining Fund Balance			\$255,836	\$0

Emergency Housing Voucher Fund

			Appropriate	
			One-time	Ongoing
Available Fund Balance Proposed Budget			\$222,813	
1	Community Development	Housing Assistance Payments	(200,000)	
Subtotal Budget Changes			(200,000)	
Remaining Fund Balance			\$22,813	

ADJUSTMENTS TO PROPOSED BUDGET

Gas Tax Fund

		Appropriate	
		One-time	Ongoing
Available Fund Balance Proposed Budget		\$2,750,660	
1	Public Works Sidewalk Grinding	(100,000)	
2	Public Works Temporary Sidewalk Asphalt Ramping	(100,000)	
Subtotal Budget Changes		(200,000)	0
Remaining Fund Balance		\$2,550,660	

Road Repair & Accountability Act (SB1)

		Appropriate	
		One-time	Ongoing
Available Fund Balance Proposed Budget		\$226,834	
1	Public Works Citywide Residential Resurfacing Phase IV	(130,385)	
Subtotal Budget Changes		(130,385)	0
Remaining Fund Balance		\$96,449	

Water Fund

		Appropriate	
		One-time	Ongoing
Available Fund Balance Proposed Budget		\$17,291,071	
1	Public Works Hydro Excavation Truck for Water Division	(729,524)	
Subtotal Budget Changes		(729,524)	0
Remaining Fund Balance		\$16,561,547	

MODIFICATIONS TO EXISTING BUDGET

MODIFICATIONS TO EXISTING BUDGET

Gas Tax Fund

1. Appropriate \$442,480 as one-time funds for the priority tree maintenance program.
2. Reprogram \$625,000 in Grant Funds to Gas Tax Funds for the Tweedy Blvd Complete Streets .

Information System Fund

1. Appropriate \$77,905 as one-time funds for ERP consulting services to assist with the solicitation selection, and implementation of a new ERP system.
2. Appropriate \$28,320 for broadband cable and telephone services.
3. Appropriate \$30,000 to upgrade the City's email protection services

Asset Forfeiture Fund


1. Appropriate \$75,000 as one-time funds for Police Overtime Salaries to cover increased overtime due to vacancies.

Homeland Security Grant

1. Appropriate \$3,000 for a grant amendment that was approved by CalOES for the 2020 SHSP Homeland Security Grant.

Emergency Housing Voucher

1. Appropriate \$150,000 for Housing Assistance Payments under the Emergency Housing Voucher program.



FUTURE CONSIDERATIONS

FUTURE CONSIDERATIONS

1. City's 3% local contribution for the Metro transit station - \$30M-50M (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 June 21, 2023:
 - Approve Resolution to adopt Municipal Budget for Fiscal Year 2023-24 with any changes.
 - Approve the City's GANN Limit for FY23-24
 - Approve the budget modifications for Fiscal Year 2022-23

THANK YOU