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Title: FISCAL YEAR 2024-2025 BUDGET WORKSHOP NO. 2

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Report to Mayor and City Council

Tuesday, June 04, 2024

Discussion

SUBJECT:

FISCAL YEAR 2024-2025 BUDGET WORKSHOP NO. 2

I. SUMMARY

This is the second planned Budget Workshop being presented to the City Council before its consideration of adoption of the Fiscal Year 2024-2025 budget on June 18, 2024. The first Budget Workshop took place on May 7, 2024, where staff presented detailed information on the City General funds revenues, the General Fund Reserve, departments' operating expenditures and a preliminary estimate of the Los Angeles County Sheriff contract.

This report includes the proposed staffing budget, vacancy rates, the Los Angeles Sheriff contract rates (Exhibit No. 3), and Special Events Budget (Exhibit No. 4).

The nine City Council priorities identified at the Workshop on Mission, Vision and Priorities will serve as the foundation for financial planning in formulating the Fiscal Year 2024-2025 budget. Departments proposed expenditures will be prioritized in alignment with the newly defined City Council priorities highlighted below:

1. Quality of life improvements (infrastructure, maintenance, beautification)

2. Economic development
3. Governance policies and procedures pertaining to districts
4. Housing
5. Increase public safety
6. Make progress on development that provides community benefits in the long term
7. Maintain quality City programs and services
8. Advocacy for funds from county, state and federal government
9. Increased outreach and information to the community

Of these nine priorities, the City Council concluded that (a) Economic Development, (b) Increased Public Safety, (c) Maintaining Quality City Programs and Services and (d) Quality of Life Improvements are its top four priorities.

II. RECOMMENDATION

1. PROVIDE direction to Salaries and Benefits budget to build the proposed draft Fiscal year 2024-2025 Budget.
2. PROVIDE direction to Special Events budget to build the proposed draft Fiscal year 2024-2025 Budget.

III. ALTERNATIVES

TAKE another action deemed appropriate by City Council.

IV. BACKGROUND

On May 7, 2024, the City Council conducted its first Budget Workshop for Fiscal Year 2024-2025 that included a detailed analysis of the City's Overview of Financial Performance:

- Sales and Use Tax
- Transaction and Use Tax (Measure K)
- Property Tax
- Utility Users Tax (Measure R)
- Oil Industry Business Tax (Measure C)

- Transient Occupancy Tax
- License & Permits
- Other Revenues

Budget Workshop no. 1 determined the revenue baseline to build the operational budget at \$137 million.

The purpose of the second workshop is to provide additional information that the City Council requested as well as information on the Sheriff's Contract rate and Special Events.

Fiscal Year 2024-2025 Special Events

For Fiscal Year 2024-2025, the Department of Community Services is proposing a total direct budget of **\$777,770** to support the following fourteen (14) Council-approved Special Events listed below:

- Samoan Flag Day*
- Heroes Day/9-11 Tribute*
- Cajun & Blues White Linen Festival
- Jazz Festival
- Women's Health Conference
- Country Western Fair*
- Winterfest
- Earth Day Kids Fest
- Cinco De Mayo
- FamFest
- Philippine Independence Day
- Juneteenth
- Samoan Heritage Day
- State Of the City Address

The programs have historically presented solid entertainment by recognized performers while bringing together local vendors, agencies, and community groups for the enjoyment and edification of all segments of the Carson community. For next fiscal year, the department is committed to continuing this legacy by ensuring that needed resources are

provided through this proposed budget.

For Fiscal Year 2023-2024, \$618,596 in direct costs were approved by the City Council. Non-Council approved Special Events (i.e. Cesar Chavez Tribute, Volunteer Recognition Banquet, Larry Itliong Day, Black History Money are currently budgeted in Community Services Operational Budget proposal.

Los Angeles County Sheriff Contract

The Sheriff's contract is approximately 17% of the General Fund budget. On June 18, 2019, the City Council approved a five-year contract renewal agreement with the Los Angeles Sheriff's Department for the period of July 1, 2019, through June 30, 2024. The billing rates of the Contract City Law Enforcement Services is adjusted by the County Auditor-Controller annually effective July 1 of each year to reflect the cost of such service in accordance with the policies and procedures for the determination of such rates as adopted by the County Board of Supervisors. The Sheriff's Department has confirmed a rate increase for Fiscal Year 2024-2025. Services are estimated to increase by \$766,977 or 3.44%, which includes liability coverage and rate of law enforcement personnel.

V. FISCAL IMPACT

After Budget Workshop No. 1, the Operational Budget Revenue baseline was established at **\$138,295,596**. The estimated surplus with Special Events budgeted at **\$777,770**, is **\$126,961**.

VI. EXHIBITS

1. Proposed FY 2024-25 Salaries and Benefits (pg. 5)
2. FY 2024-25 Beginning Vacancy Rate (pg. 6)
3. County of Los Angeles Sheriff - Contract City Rates Fiscal Year 2024-2025 (pg. 7)

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