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Title: FISCAL YEAR 2023-2024 BUDGET WORKSHOP NO. 3

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Attachments: 1. EXHIBIT 1-FY 2023-2024 General Fund Revenue Projection, 2. EXHIBIT 2-FY 2023-2024 General Fund Operating Budget, 3. EXHIBIT 3-Measure C and K Budget Oversight Committee Recommendations, 4. EXHIBIT 4- FY 2023-2024 Special Events Budget, 5. EXHIBIT 5- FY 2023-2024 5-Year CIP Plan

Date	Ver.	Action By	Action	Result
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Report to Mayor and City Council

Tuesday, May 16, 2023

Discussion

SUBJECT:

FISCAL YEAR 2023-2024 BUDGET WORKSHOP NO. 3 (CITY COUNCIL)

I. SUMMARY

This is the third planned Budget Workshop being presented to the City Council before its considering adoption of the Fiscal Year 2023-2024 budget on June 20, 2023. The first Budget Workshop took place on March 21, 2023, where staff presented detailed information on the City General funds revenues. The second budget workshop took place April 18, 2023, and included updated information regarding the General Fund Reserve, projections for the Fiscal Year 2023-2024 General Fund personnel expenditures, departments' operating expenditures and a preliminary estimate of the Los Angeles County Sheriff contract. This report includes updated information on departments' General Fund operating expenditures, the Los Angeles Sheriff contract, Special Events budget, 5-Year Capital Improvement Projects Plan.

General Fund revenue line items discussed in detail at the first Budget Workshop, including the three-year forecast. see **Exhibit (1)**

Exhibit (2) table shows the proposed Fiscal Year 2023-2024 in City departments' General Fund operating budget.

Based upon the following changes requested by the City Council at Budget Workshop No. 2, the draft Fiscal Year 2023-2024 General Fund expenditures totals \$120 million.

At this workshop, we will provide the City Council with updated information on the Los Angeles County Sheriff contract, Special Events fund, Capital Improvement Projects.

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 2023-2024 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 staff on any expenditure line item that will be used to build the proposed draft Fiscal year 2023-2024 Budget.
2. APPROVE Measure C and K Budget Oversight Committee Recommendations
3. APPROVE proposed Fiscal Year 2023-2024 CIP 5 Year Plan

III. ALTERNATIVES

TAKE another action deemed appropriate by City Council.

IV. BACKGROUND

On March 21, 2023, the City Council conducted its first Budget Workshop for Fiscal Year 2023-2024 that included a detailed analysis of the City's major General Fund revenues:

- Sales and Use Tax
- Property Tax

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

Budget Workshop no. 1 determined the revenue baseline to build the operational budget at \$121 million.

On April 18, 2023, the City Council held the second Budget Workshop that included updated information regarding the General Fund Reserve, projections for the Fiscal Year 2023-2024 General Fund personnel expenditures, departments' operating expenditures and a preliminary estimate of the Los Angeles County Sheriff contract.

The purpose of the third workshop is to provide additional information that the City Council requested as well as information on Special Events and the Capital Improvement Program.

(1) Fiscal Year 2023-2024 Additional Operational Budget Requests

- 3 FTE Groundworkers: Staff requests the funding for these positions as the increase in torrential rains and varied weather has caused a tremendous increase in the need to deploy staff for City needs. The City is in need to have more staff to combat the trees and ground growth due to the inclement weather. Estimated Cost: **\$277,377**
- 1 FTE Park Superintendent: Staff requests this position as a finality to the Restructuring exercise from the previous FY. The recommendation of approval of having a Superintendent over the expansive Park Maintenance Division will be critical in seeing operations and maintenance of our City parks with direct oversight. This position will be responsible of handling all Park Maintenance and grounds upkeep with assigned staff. Estimated Cost: **\$190,704**
- 1 FTE Sr. Council Aide: This position is being requested as it will serve as the lead and direct supervisor of the 5 current Council Aides to date. Having a direct supervisor who will "on hands" with the Council Aides to provide immediate solutions to the day-to-day operations and community inquiries. Estimated Cost: **\$121,487**
- 2 Part Time Code Enforcement Officers: Staff requests 2 Part-Time Code Enforcement Officers to assist in the day-to-day operations of enforcing City Code. These positions will be vital in supplying support and coverage to current City Code Enforcement Officers as well as being a provided a proper succession plan to a Full-Time capacity for the Code Enforcement Officer position. Estimated Cost: **\$81,337**

- 2 Part Time Public Safety Engagement Officers: Staff requests 2 Part-Time Public Safety Engagement Officers to assist in the continuation of transitional housing of homeless in or near the City of Carson. The success of the City Council's decision to create 2 Full-Time positions last FY was paramount in the placement of multiple families and individuals into transitional and permanent housing. These 2 Part-Time positions will serve the community by being assigned to the weekend schedule and providing a 7 day a week coverage. Estimated Cost: **\$81,337**

Pending Council approval, total request for additional budget for positions will be **\$752,244**.

City Clerk Department: Staff requests additional **\$104,975** to Elections Account for the City to make second of five payment installments of **\$304,975** to L.A. County Registrar for 2021 Special Elections. Total cost for 2021 Special Election is **\$1,524,878**. The last payment for this election cycle is May 15, 2027.

(2) Measure C and K Budget Oversight Committee Recommendations

The Measure C and K Budget Oversight Committee is tasked with providing the City Council with recommendations on the allocation of revenues generated by the tax measures. Measure C, the Oil Business Tax, approved by voters in 2017 and Measure K, the Transaction and Use Tax, approved by voters in 2020 account for 24% (**\$30M**) of projected General Fund Revenue for Fiscal Year 2023-2024. The Oversight Committee recommendations are as follows:

- Continue making residential street pothole repair/slurry seal a priority
- Continue making public roadway pothole repair/slurry seal a priority
- Continue making sidewalk repair a priority
- Identify and develop a center median beautification schedule for major streets
- Identify and develop a First Time Home Buyers incentive program
- Identify and work with commercial property owners, provide incentives and/or reduced permit fees to encourage quality and affordable grocery stores to come to Carson
- Identify and develop a program to distribute additional trash cans on private and public property.
- Identify and develop a partnership with the City based nonprofit businesses to

support beautification actions or alternative “as needed” efforts to keep the City clean.

See **Exhibit (3)** for Budget Oversight Committee recommendations to Council.

(3) Fiscal Year 2023-2024 Special Events

For Fiscal Year 2023-2024, the Department of Community Services is proposing a total direct budget of **\$545,791** to support the following thirteen Council approved Special Events listed below:

- Samoan Flag Day
- Heroes Day/9-11 Tribute
- State Of the City
- 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

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 2022-2023, \$390,470 in direct costs were approved by the City Council. The \$168,809 increase in Fiscal Year 2023-2024 budget is attributed to increasing cost in materials, supplies, professional services, staffing salaries. 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. See **Exhibit (4)**

(4) Fiscal Year 2023-2024 Public Works 5 Year CIP Plan

The following summarizes the proposed Fiscal Year 2023-2024 Five-Year Plan for the City's Capital Improvement Program (CIP). The CIP will guide the City in the planning and scheduling of infrastructure improvement projects over the next five years, from Fiscal Year 2023-2024 through Fiscal Year 2027-2028. The CIP represents funding to accommodate the City's growing infrastructure needs based on deferred maintenance and projects required to stay at the level of service residents expect. For Fiscal Year 2023-2024, the Proposed Capital Improvement Program annual budget request is \$56.4 million. This is a \$25 million decrease compared to last fiscal year adopted CIP of \$81.8 million. Of the \$56.4 million, \$36.2 million is funded through Special Revenue and not the General Fund. The comprehensive Five-Year CIP represents \$327 million dollars.

Each year, the City's Public Works department goes through a process of working with each city department that may have a CIP project to determine the scope and description of what is being requested and/or required. During this process, a cost estimate and schedule is developed.

Projects proposed for the Fiscal Year 2023-2024 take into consideration potential sources of funding including grants and other potential financing opportunities. Projects are evaluated and prioritized based on the protection of public health and safety, adherence to both regulatory and legal requirements, environmental benefits, public support, and alignment with the Strategic Key Targets of the Mayor and City Council.

Funding Sources:

The City's general revenue streams are insufficient to fund all the infrastructure rehabilitation and new projects requested by City Council and expected by the public. Therefore, Public Works has been proactive in obtaining grants for Roadways and Bike Lanes and currently has over \$34 million in grants from various agencies, including Caltrans and Metro. The Waste Division in Public Works has also been proactive and obtained numerous State grants for improving the City's compliance related to waste management and recycling. However, Public Works is responsible for the design and construction of everything in the city that is considered a capital project. Therefore, Public Works continues to seek out grants for projects city-wide and assists other departments, primarily for parks, bike lanes and roadway projects so that it can leverage projects with non-General Funds.

The type and cost of the project generally determines the funding source. The City receives monies from the following funding sources for CIP projects:

- Gas Tax
- SB1 (State sales tax for road improvements)
- Measure R (County sales tax for road improvements)
- Measure M (County sales tax for road improvements)

- CalRecycle (for recycling programs)
- Development Impact Fees (City-imposed)
- County Quimby funds
- CBDG (Locally-allocated federal dollars)
- Measure W (County parcel tax for stormwater improvements)

The City has a significant backlog of capital needs from maintenance being deferred over the past 10 plus years. This backlog has deteriorated the quality of the City's infrastructure. Public Works is focused on investing in capital projects that reduce maintenance and operating costs.

Fiscal Year 2023-2024 Proposed CIP Expenditures

The largest capital funding investment for Fiscal Year 2023-2024 is in the category of Roadways. At \$30.6 million, the Roadways category represents 53% of all proposed projects. In the past, Roadways were funded by Regional programs such as Measure R and Measure M, as well as State and Federal funds. Proportionally, the General Fund has not been the primary source for CIP projects related to City facilities. The CIP proposed expenditures for Fiscal Year 2023-2024 by category are presented in **Exhibit (5)**.

1) FISCAL IMPACT

After Budget Workshop no.1, the Operational Budget Revenue baseline was established at **\$121 million**. After Budget Workshop #2 the Operational Budget Expenditures was established at **\$120 million**. The estimated surplus with Special Events budgeted at **\$475,791**, is **\$1.4 million**. If the City Council approves the additional positions(\$752,244) and additional budget for City Clerk (\$104,975), the surplus will decrease to **\$518,694**.

2) EXHIBITS

1. Exhibit (1): Fiscal Year 2023-2024 General Fund Revenue Projection
2. Exhibit (2): Fiscal Year 2023-2024 General Fund Operating Budget
3. Exhibit (3): Measure C and K Budget Oversight Committee Recommendations
4. Exhibit (4): Fiscal Year 2023-2024 Special Events Budget
5. Exhibit (5): Fiscal Year 2023-2024 5 Year CIP Plan

1.

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